THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Power International Development Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

CHINA POWER INTERNATIONAL DEVELOPMENT LIMITED
中國電力國際發展有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 2380)

(1) MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO THE ACQUISITIONS AND (2) REVISION OF ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS

中信建投國際 CHINA SECURITIES INTERNATIONAL

CITIC SECURITIES

Joint Financial Advisers to the Company

Gram Capital Limited
嘉林資本有限公司

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

A letter from the Board is set out on pages 6 to 22 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 23 of this circular. A letter from Gram Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 24 to 48 of this circular.

A notice dated 18 August 2023 convening a GM to be held on Wednesday, 6 September 2023 at 10:30 a.m. at Salon 5, JW Marriott Ballroom, 3/F, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong is set out at the end of this circular on pages GM-1 to GM-3. Whether or not you are able to attend the GM, you are requested to complete the form of proxy accompanying the notice of the GM in accordance with the instructions printed thereon and return it (i) to the Company's share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or (ii) electronically via the Company's email address at eproxy@chinapower.hk not less than 48 hours before the time appointed for the holding of the GM or any adjournment thereof (as the case may be). Submission of the form of proxy will not preclude any member of the Company from attending the GM or any adjournment thereof and voting in person if such member so wishes and in such event, the form of proxy will be deemed to be revoked.

Please note that there will be NO serving of any refreshments or beverages and NO distribution of gifts, souvenirs or bakery vouchers at the GM.

18 August 2023

CONTENTS

Independent Shareholders are advised to read carefully the notice of the General Meeting and its accompanying notes as set out at the end of this circular.

In this circular, unless the context otherwise requires, the following expressions shall have the meanings set out below:

"Acquisitions"	Acquisition I and Acquisition II (individually the Acquisition where the context requires)
"Acquisition Agreements"	Agreement I and Agreement II (individually the Acquisition Agreement where the context requires)
"Acquisition I"	the proposed acquisition of Equity Interests I by the Company pursuant to Agreement I
"Acquisition II"	the proposed acquisition of Equity Interests II by the Company pursuant to Agreement II
"Agreement I"	the conditional sale and purchase agreement dated 26 July 2023 entered into by the Company and SPIC in relation to Acquisition I
"Agreement II"	the conditional sale and purchase agreement dated 26 July 2023 entered into by the Company, SPIC Guangdong and CPCEC in relation to Acquisition II
"Announcement"	the announcement of the Company dated 26 July 2023 regarding, among other things, the Acquisitions
"Appraisal Benchmark Date"	the date on which the appraised value of the Target Companies are determined as set out in the Asset Appraisal Reports, which is 31 March 2023
"Asset Appraisal Reports"	(i) the asset appraisal reports prepared by PCAA in relation to Beijing Company, Heilongjiang Company and Shanxi Company; and (ii) the asset appraisal reports prepared by Zhongtianhua in relation to Fujian Company and Jieyang Company, in each case as filed in accordance with the relevant regulations as promulgated by the SASAC
"associates"	has the meaning given to it under the Listing Rules
"Beijing Company"	SPIC Beijing Electric Power Co., Ltd (國家電投集團北京電力有限公司), a company incorporated in the PRC with limited liability and a non wholly-owned subsidiary of SPIC, together with its subsidiaries from time to time (excluding the Reorganization Equity Interests to which Beijing Company relates)
"Board"	the board of Directors of the Company
"CBIRC"	China Banking and Insurance Regulatory Commission* (中國銀行保險監督管理委員會), which was replaced by NAFR in May 2023
"CITICS"	CITIC Securities (Hong Kong) Limited (中信證券(香港)有限公司), one of the Company's joint financial advisers
"Company", "China Power" or "Purchaser"	China Power International Development Limited (中國電力國際發展有限公司), a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange
"Completion"	with respect to each of the Equity Interests, after all the conditions precedent to the relevant Acquisition Agreement have been satisfied or waived (if applicable), the completion of the SAMR filings for the change in business registration in relation to the transfer of the respective Equity Interests in the relevant Target Company pursuant to the relevant Acquisition Agreement

"Completion Date"	with respect to each of the Equity Interests, the date of Completion
"connected person"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"CPCEC" or "Seller" as to Agreement II	China Power Complete Equipment Co., Ltd. (中國電能成套設備有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of SPIC, thus an associate of SPIC and a connected person of the Company
"CPDL"	China Power Development Limited, a company incorporated in the British Virgin Islands with limited liability, a substantial shareholder of the Company and a subsidiary of CPI Holding, thus an associate of SPIC and a connected person of the Company
"CPI Holding"	China Power International Holding Limited, a company incorporated in Hong Kong with limited liability, the controlling shareholder of the Company and a wholly-owned subsidiary of SPIC, thus an associate of SPIC
"CPNE"	China Power (New Energy) Holdings Limited, a company incorporated in Hong Kong with limited liability, a substantial shareholder of the Company and an indirect non-wholly owned subsidiary of SPIC, thus an associate of SPIC and a connected person of the Company
"CSCI"	China Securities (International) Corporate Finance Company Limited (中信建投（國際）融資有限公司), one of the Company's joint financial advisers
"Director(s)"	director(s) of the Company
"Enlarged Group"	the Group as enlarged by the Acquisitions (assuming the Acquisitions have been completed)
"Equity Interests"	Equity Interests I and Equity Interests II
"Equity Interests I"	55.15% equity interest in Beijing Company, 100% equity interest in Fujian Company, Heilongjiang Company and Shanxi Company
"Equity Interests II"	100% equity interest in Jieyang Company
"Existing FS Annual Cap"	the maximum daily balance of deposits (including accrued interests) placed by the Group with SPIC Financial during the term of the FS Framework Agreement as set out in the announcement of the Company dated 6 May 2022
"FS Framework Agreement" or "Financial Services Framework Agreement"	the framework agreement dated 6 May 2022 entered into between the Company and SPIC Financial for provision of financial services by SPIC Financial to the Group
"FS Framework Agreement Supplemental Agreement"	the supplemental agreement dated 17 August 2023 entered into between the Company and SPIC Financial to amend the Existing FS Annual Cap set out in the FS Framework Agreement to the Revised FS Annual Cap
"Fujian Company"	SPIC Fujian Electric Power Co., Ltd (國家電投集團福建電力有限公司), a company incorporated in the PRC with limited liability and a directly wholly-owned subsidiary of SPIC, together with its subsidiaries from time to time (excluding the Reorganization Equity Interests to which Fujian Company relates)

"General Meeting" or "GM"	the general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Acquisitions, the Revised FS Annual Cap and the transactions contemplated thereunder, currently scheduled to take place on 6 September 2023
"Group"	the Company and its subsidiaries from time to time
"Heilongjiang Company"	SPIC Heilongjiang Power Co., Ltd.* (國家電投集團黑龍江電力有限公司), a company incorporated in the PRC with limited liability and a directly wholly-owned subsidiary of SPIC, together with its subsidiaries from time to time
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the committee of all the independent non-executive Directors, consisting of Mr. LI Fang, Mr. YAU Ka Chi and Mr. HUI Hon Chung, Stanley, which has been formed to advise the Independent Shareholders in respect of the Acquisitions and the Revised FS Annual Cap
"Independent Financial Adviser" or "Gram Capital"	Gram Capital Limited (嘉林資本有限公司), a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisitions and the Revised FS Annual Cap
"Independent Shareholder(s)"	Shareholder(s) of the Company other than SPIC and its associates
"Jieyang Company"	Jieyang Qianzhan Wind Power Co., Ltd.* (揭陽前詹風電有限公司), a company incorporated in the PRC with limited liability and owned as to 95% by SPIC Guangdong and 5% by CPCEC, respectively
"Joint Financial Advisers"	CSCI and CITICS
"Latest Practicable Date"	17 August 2023
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"MW"	megawatt, that is one million watts. The attributable installed capacity of a power plant is generally expressed in MW
"NAFR"	The National Administration of Financial Regulation* (國家金融監督管理總局)
"PBOC"	The People's Bank of China* (中國人民銀行)
"PCAA"	Pan-China Assets Appraisal Co., Ltd.* (北京天健興業資產評估有限公司), an independent and qualified PRC appraiser
"percentage ratio"	has the meaning ascribed to it under the Listing Rules
"PRC" or "China"	the People's Republic of China
"Pre-Acquisition Reorganization"	the completion of the disposal of the Reorganization Equity Interests by Beijing Company and Fujian Company pursuant to the Reorganization Agreements

"Put Option"	the right of the Company under the Acquisition Agreements to require the Seller(s) or any third party appointed by the Seller(s) to buy back the relevant Equity Interests under specific circumstances, further details of which are set out headed in the section "Put Option under the Acquisition Agreements" in this circular
"Reorganization Agreements"	the conditional sale and purchase agreements entered or to be entered into by Beijing Company and Fujian Company and the respective purchasers in relation to the disposal of the Reorganization Equity Interests by Beijing Company and Fujian Company
"Reorganization Equity Interests"	the equity interest of: (i) 100% in Fuxin Shenhua Xiehe Wind Power Generation Co., Ltd.* (阜新申華協合風力發電有限公司); (ii) 70% in Beijing Jingfeng Guowei Combined Energy Co., Ltd.* (北京京豐國威綜合能源有限公司); (iii) 100% in Shanxi Zhongshengda Energy Investment Co., Ltd.* (山西中盛達能源投資有限公司); (iv) 64.09% in Mianchi Xiangfeng New Energy Co., Ltd.* (澠池祥風新能源有限公司); (v) 100% in China Power Investment Corporation Qingyun Photovoltaic Power (Lianyungang) Co., Ltd.* (中電投青雲光伏發電（連雲港）有限公司); (vi) 100% in Zhangzhou Jiaomei SPIC New Energy Development Co., Ltd.* (漳州角美國電投新能源開發有限公司); (vii) 100% in State Power Investment Corporation Pingtan Energy Co., Ltd.* (國家電投集團平潭能源有限公司) ("SPIC Pingtan"); and (viii) 60% in Nanping Ronghua SPIC New Energy Co., Ltd.* (南平市榮華國電投新能源有限公司) (a non-wholly owned subsidiary of SPIC Pingtan which is directly held as to 60% by SPIC Pingtan). *All of the above companies are incorporated in the PRC*
"Revised FS Annual Cap"	the proposed revised maximum daily balance of deposits (including accrued interests) placed by the Group (including the Target Companies) with SPIC Financial during the term of the FS Framework Agreement disclosed in this circular
"RMB"	Renminbi, the lawful currency of the PRC
"SAMR"	subordinate units of State Administration for Market Regulation (國家市場監督管理總局) of the PRC
"SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC* (中華人民共和國國務院國有資產監督管理委員會)
"Settlement of the Acquisitions"	the settlement of the consideration by the Company after the Completion as required under the Acquisition Agreements (or, where the context requires, Agreement I or Agreement II)
"SFO"	the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong)

"Shanxi Company"	SPIC Shanxi Power Co., Ltd.* (國家電投集團山西電力有限公司), a company incorporated in the PRC with limited liability and a directly wholly-owned subsidiary of SPIC, together with its subsidiaries from time to time
"Share(s)"	the ordinary share(s) of the Company
"Shareholder(s)"	person(s) whose name(s) appear on the register of members as registered holder(s) of Share(s)
"SPIC" or "Seller" as to Agreement I	State Power Investment Corporation Limited* (國家電力投資集團有限公司), the ultimate controlling shareholder of the Company, a wholly State-owned enterprise established by the approval of the State Council of the PRC* (中華人民共和國國務院)
"SPIC Finance HK"	SPIC International Finance (Hong Kong) Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of SPIC, thus an associate of SPIC
"SPIC Financial"	SPIC Financial Company Limited* (國家電投集團財務有限公司), a company incorporated in the PRC with limited liability, a wholly-owned subsidiary of SPIC and a non-bank financial institution approved by the CBIRC
"SPIC Group"	SPIC and its subsidiaries from time to time
"SPIC Guangdong" or "Seller" as to Agreement II	SPIC Guangdong Electric Power Co., Ltd.* (國家電投集團廣東電力有限公司), a company incorporated in the PRC with limited liability and an indirectly wholly-owned subsidiary of SPIC, thus an associate of SPIC and a connected person of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"Target Companies"	Target Companies I and Target Company II (individually the Target Company where the context requires)
"Target Companies I"	Beijing Company, Heilongjiang Company, Fujian Company and Shanxi Company, each of which a Target Company I
"Target Company II"	Jieyang Company
"Zhongtianhua"	Beijing Zhongtianhua Assets Appraisal Co., Ltd.* (北京中天華資產評估有限責任公司), an independent and qualified PRC appraiser

* *English or Chinese translation, as the case may be, is for identification only*

This circular contains translation between Renminbi and Hong Kong dollars at RMB0.91 to HK$1.00. The translation shall not be taken as representation that the Renminbi could actually be converted into Hong Kong dollars at that rate, or at all.

CHINA POWER INTERNATIONAL DEVELOPMENT LIMITED

中國電力國際發展有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 2380)

Executive Directors:
HE Xi *(Chairman of the Board)*
GAO Ping *(President)*

Non-executive Directors:
ZHOU Jie
HUANG Qinghua

Independent non-executive Directors:
LI Fang
YAU Ka Chi
HUI Hon Chung, Stanley

Registered Office:
Suite 6301, 63/F, Central Plaza
18 Harbour Road,
Wanchai, Hong Kong

18 August 2023

To the Shareholders

Dear Sir or Madam,

(1) MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO THE ACQUISITIONS AND (2) REVISION OF ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS

I. INTRODUCTION

The Acquisitions

Reference is made to the Announcement in relation to the Acquisitions.

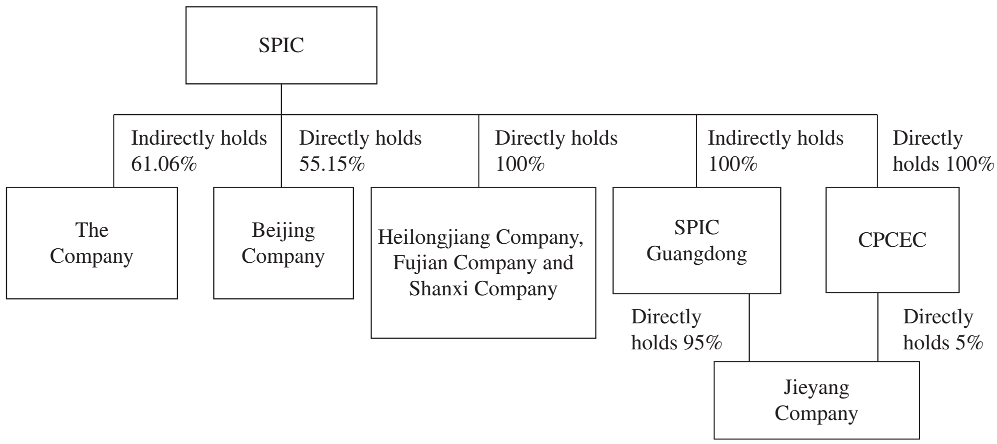
On 26 July 2023, the Company entered into the Acquisition Agreements pursuant to which, the Company has conditionally agreed to acquire (i) Equity Interests I from SPIC; and (ii) Equity Interests II from SPIC Guangdong and CPCEC, respectively.

The Target Companies are principally engaged in clean energy power generation, mainly wind power and photovoltaic power with power stations located in 21 provinces in the PRC and with total installed capacity of 7,531.7MW in operation. The Acquisitions will accelerate the positioning of the Company as the clean energy flagship listed subsidiary of SPIC, further promote the implementation of the Company's new development strategy of transforming itself into a leading clean and low-carbon energy provider (details of which are set out in the announcement of the Company dated 22 October 2021), committing to promote its high quality development, continuously optimize its asset structure and geographical layout, and improve the quality of its assets and its profitability.

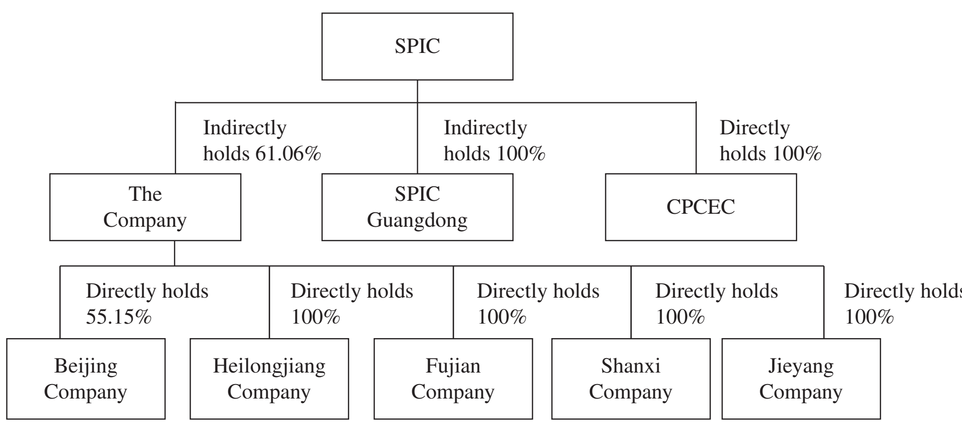
Prior to Completion of the Acquisitions, two of the Target Companies (Beijing Company and Fujian Company) should complete the Pre-Acquisition Reorganization.

The charts below set out the change in shareholding structure of the Target Companies.

(i) After the Pre-Acquisition Reorganization and immediately before Completion of the Acquisitions:



(ii) After Completion of the Acquisitions



Revision of Annual Cap

Reference is made to the announcement of the Company dated 17 August 2023 in relation to the revision of annual cap to continuing connected transactions of the Company. Reference is also made to the announcement of the Company dated 6 May 2022 and the circular dated 18 May 2022 of the Company in relation to the Financial Services Framework Agreement entered into between the Company and SPIC Financial for a term of three years from 7 June 2022 to 6 June 2025. Pursuant to the Listing Rules, the FS Framework Agreement constitutes continuing connected transactions of the Company. The Existing FS Annual Cap for the FS Framework Agreement is RMB5.5 billion for each of (i) the period from 7 June 2022 to 31 December 2022; (ii) the two years ending 31 December 2023 and 2024; and (iii) the period from 1 January 2025 to 6 June 2025.

Following Completion, the Target Companies would become subsidiaries of the Company. Accordingly, the provision of financial services by SPIC Financial to the Target Companies would become continuing connected transactions of the Company and would fall within the scope of the FS Framework Agreement of the Company.

After taking into account the estimated transaction amounts for the provision of financial services by SPIC Financial to the Group after Completion (including the estimated transaction amounts for the provision of financial services by SPIC Financial to the Target Companies after Completion) for the remainder of the term of the FS Framework Agreement, the Company expects that the Existing FS Annual Cap will be exceeded. Therefore, on 17 August 2023, the Company and SPIC Financial entered into the FS Framework Agreement Supplemental Agreement to amend the Existing FS Annual Cap to the Revised FS Annual Cap.

The purpose of this circular is to provide you with, among other things, (i) further details of the Acquisitions and the Revised FS Annual Cap; (ii) a letter of recommendation of the Independent Board Committee; (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders; (iv) other information as required to be disclosed under the Listing Rules; and (v) a notice of the General Meeting.

II. THE ACQUISITIONS

A. THE ACQUISITION AGREEMENTS

Agreement I

Date

26 July 2023

Parties

(i) the Company, as the Purchaser; and

(ii) SPIC, as the Seller.

Assets to be acquired

The Company has conditionally agreed to acquire, and SPIC has conditionally agreed to sell, Equity Interests I.

Consideration

The total consideration for the acquisition of Equity Interests I is RMB8,811,044,100 (equivalent to approximately HK$9,682,466,000).

Pursuant to the Agreement I, the consideration for the acquisition of Equity Interests I is to be satisfied by the Company in cash.

The consideration was arrived at after arm's length negotiations between the Company and SPIC and was based on (i) the appraised value set out in the Asset Appraisal Reports in respect of the Target Companies I; and (ii) the percentage of equity interest in Target Companies I to be acquired by the Company. The consideration is subject to adjustment of not more than RMB400,000,000 in total by (i) any dividend attributable to the profits generated from the Target Companies I up to the Appraisal Benchmark Date to be distributed by Target Companies I to their original shareholders prior to Completion; (ii) the changes to the financial position and operating results of Target Companies I as a result of any dividend to be distributed by the relevant companies (to which the Reorganization Equity Interests relate) to their original shareholders prior to completion of the Pre-Acquisition Reorganization; and (iii) any other matters as agreed between the Company and SPIC.

Agreement II

Date

26 July 2023

Parties

(i) the Company, as the Purchaser; and

(ii) SPIC Guangdong and CPCEC, as the Sellers.

Assets to be acquired

The Company has conditionally agreed to acquire, and SPIC Guangdong and CPCEC have conditionally agreed to sell, Equity Interests II.

Consideration

The total consideration for the acquisition of Equity Interests II is RMB1,974,016,700 (equivalent to approximately HK$2,169,249,000).

Pursuant to the Agreement II, the consideration for the acquisition of Equity Interests II is to be satisfied by the Company in cash.

The consideration was arrived at after arm's length negotiations between the Company, SPIC Guangdong and CPCEC and was primarily based on the appraised value set out in the Asset Appraisal Reports in respect of Target Company II.

The consideration allocated to each of the Equity Interests

The following table sets out (i) the appraised value of the entire equity interest of each of the Target Companies as at the Appraisal Benchmark Date; and (ii) the consideration allocated to each of the Equity Interests according to the Acquisition Agreements:

	Target Companies	Appraised value of Target Companies as at the Appraisal Benchmark Date *(RMB'000)*	Percentage of equity interest represented by the relevant Equity Interests I	Consideration allocated to each of the Equity Interests I *(RMB'000)*	Percentage of equity interest represented by Equity Interests II	Consideration allocated to Equity Interests II *(RMB'000)*
1	Beijing Company	10,572,727.2	55.15%	5,830,859.1	—	—
2	Heilongjiang Company	1,111,880.0	100%	1,111,880.0	—	—
3	Fujian Company	1,251,355.0	100%	1,251,355.0	—	—
4	Shanxi Company	616,950.0	100%	616,950.0	—	—
5	Jieyang Company	1,974,016.7	—	—	100%	1,974,016.7
	Total	15,526,928.9		8,811,044.1[Note 1]		1,974,016.7[Note 2]

Notes:

1. *The total consideration for Acquisition I of RMB8,811,044,100 (equivalent to approximately HK$9,682,466,000) subject to adjustment of not more than RMB400,000,000*

2. *The total consideration for Acquisition II of RMB1,974,016,700 (equivalent to approximately HK$2,169,249,000)*

Conditions precedent to the Acquisition Agreements

Completion for each of the Target Companies is conditional upon satisfaction of, among other things, the following conditions under the respective Agreement I and Agreement II:

(i) the Seller(s), the Company and the relevant Target Company having obtained all necessary permissions, approvals, consents, registrations, filings and other legally necessary types of authorizations internally and externally from regulatory authorities and third parties for the execution and performance of the Acquisition Agreements (including but not limited to those required by the relevant government authorities or financial institutions);

(ii) the due execution and delivery by the relevant parties of the new articles of association and new shareholders' agreements of the relevant Target Company (if any) and completion of all necessary documentation for the transfer of the Equity Interests in the Target Companies;

(iii) the representations and warranties made by the relevant Seller(s) pursuant to the relevant Acquisition Agreement, and all materials and information provided for completion of due diligence on the relevant Target Company, being true, accurate, complete and not misleading in any respect as at the signing date and effective date of the relevant Acquisition Agreement and the relevant Completion Date;

(iv) the relevant Target Company did not violate any rules or regulations in relation to its business operations prior to Completion;

(v) the Purchaser having convened a general meeting in accordance with the Listing Rules and having obtained the approval of the Acquisition Agreements and the Acquisitions contemplated thereunder from the Independent Shareholders;

(vi) the relevant Acquisition Agreement remaining valid and free from any breach and dispute;

(vii) filing of the relevant Asset Appraisal Report in accordance with the relevant regulations as promulgated by the SASAC;

(viii) there is no material adverse change in respect of the financial position, business operations or prospects of each Target Company since the Appraisal Benchmark Date;

(ix) (applicable to Beijing Company only) apart from the Seller, all the other shareholder(s) of Beijing Company having given their written consent to the transfer of the relevant Equity Interests and having waived all their pre-emptive rights in written form; and

(x) (applicable to Agreement I only) the completion of the transfer of the relevant Reorganization Equity Interests from the respective sellers to the respective purchasers pursuant to the Reorganization Agreements and the registration of the respective purchaser(s) as the shareholder(s) of the relevant Reorganization Equity Interests.

For the avoidance of doubt, subject to relevant provisions in the Acquisition Agreements, the parties to the relevant Acquisition Agreement could proceed to Completion of any Target Company after the above conditions precedent in relation to such Target Company having been satisfied or waived (if applicable).

Settlement of the consideration for the Acquisitions

The settlement of the consideration for the Acquisitions shall be made in cash in the following manner:

(i) 40% of the respective consideration of Agreement I and Agreement II shall be paid within three months after Completion;

(ii) 40% of the respective consideration of Agreement I and Agreement II shall be paid within six months after Completion; and

(iii) 20% of the respective consideration of Agreement I and Agreement II shall be paid within 12 months after Completion.

Put Option under the Acquisition Agreements

Pursuant to the Acquisition Agreements, if any of the Target Companies or any of their respective subsidiaries is (i) unable to comply with any applicable laws or regulations; or (ii) there occurs any non-compliance relating to land use or failure to complete property ownership registration, and such occurrence has a significant impact on the operations of any of the Target Companies or any of their respective subsidiaries such that there is a risk of rendering any of the Target Companies or any of their respective subsidiaries becoming unable to continue its operations, the Company shall have the right to require the Seller(s) or any third party appointed by the Seller(s) to buy back the relevant Equity Interest(s) (or part thereof as it relates to any subsidiary) at a consideration not lower than the appraised value of the relevant Equity Interest(s) (or part thereof as it relates to any subsidiary) as at the time when the Put Option is exercised. No premium is payable for the grant of the Put Option to the Company.

Regulatory requirements in respect of the Acquisition Agreements

In order to comply with the PRC regulatory requirements set forth by the SASAC, the Company engaged PCAA and Zhongtianhua, each of which is an independent and qualified PRC appraiser, to perform asset appraisals and prepare the Asset Appraisal Reports in respect of the Target Companies as at the Appraisal Benchmark Date.

Asset Appraisal Reports

The asset appraisals that formed the basis of the consideration for the Acquisitions were made under the income approach with discounted cash flow method, which constituted a profit forecast under Rule 14.61 of the Listing Rules. The key assumptions and methodologies of the Asset Appraisal Reports are set out in Appendix V to this circular. CSCI and CITICS, the Company's Joint Financial Advisers, have confirmed that they are satisfied that the profit forecast was made by the Board after due and careful enquiry. The full text of the letter from the Joint Financial Advisers is contained in Appendix VI to this circular. Ernst & Young, the Company's reporting accountant, has reported on the arithmetical accuracy of the calculations of the discounted cash flow forecast contained in the Asset Appraisal Reports. The full text of the letter from Ernst & Young is contained in Appendix VII to this circular.

The Company took into account the appraised value of RMB15,526,928,900 and the percentage of equity interest in Target Companies I to be acquired by the Company as the basis of the consideration for the Acquisitions. Based on these factors taken into account when determining the consideration for the Acquisitions and other factors set out in the paragraph under "Reasons for and Benefits of the Acquisitions" below, the Directors (save for the members of the Independent Board Committee who will express their view after having received Gram Capital's advice in writing on the Acquisitions) are of the view that the consideration for the Acquisitions is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

B. REASONS FOR AND BENEFITS OF THE ACQUISITIONS

(1) Accelerate the positioning of China Power as the flagship clean energy listed subsidiary of SPIC

The Acquisitions involve acquisition of power generation project with a total capacity of 9,268.3MW, including 7,531.7MW in operation and 1,736.6MW under construction. Upon completion of the Acquisitions, it is expected that the proportion of the Company's installed capacity of clean energy will increase by approximately 6.9 percentage points. The Acquisitions will further consolidate China Power's positioning as the flagship clean energy listed subsidiary of SPIC, which in turn broadens China Power's operation and development potentials.

(2) Firmly implement the new development strategy of China Power

The acquisition of high-quality clean energy assets involved in the Acquisitions shall further enhance the asset structure of the Company, firmly promote the implementation of the Company's new development strategy of transforming itself into a leading clean and low-carbon energy provider and a frog-leap step towards its strategic goal. Details of the new development strategy are set out in the announcement of the Company dated 22 October 2021.

(3) Expand the regional layout of China Power's business and promote its industry influence

The Acquisitions involve assets located in 21 provinces in the PRC, mainly in regions such as Shanxi, Inner Mongolia, Heilongjiang, Ningxia, Shandong, Xinjiang and Guangdong, which will significantly strengthen China Power's industry influence in the power markets in various regions as well as upstream and downstream industry chains, therefore creating better opportunities for the Company's future development.

(4) Improve profitability of the Group

The Acquisitions will provide stable and attractive earnings which are expected to improve the Group's overall operating results and therefore the competitiveness of the Group. The profitability of these assets can be further enhanced (which will in turn contribute to the profitability of the Group) through subsequent technical transformation, capital coordination and management synergy.

Taking into consideration all of the aforementioned in relation to the Acquisitions, the Directors (save for the members of the Independent Board Committee who will express their view after having received Gram Capital's advice in writing on the Acquisitions) expect that the Acquisitions will have a positive impact on the Company's operations and future prospects. They are of the view that the consideration for the Acquisitions and the other terms of the Acquisition Agreements are fair and reasonable, on normal commercial terms and that the Acquisitions are in the interest of the Company and the Shareholders as a whole.

C. PROPOSED FINANCING FOR THE ACQUISITIONS

The cash consideration payable by the Company to each of SPIC, SPIC Guangdong and CPCEC under the Acquisition Agreements will be funded by the Group's internal resources and/or external debt financing.

The Company plans to obtain long-term acquisition-loan from banks to satisfy approximately 60% of the consideration for the Acquisitions, and utilise available short-term facilities to satisfy the remaining 40%. As at the Latest Practicable Date, the Company has been in discussion with banks and no material obstacle has been encountered.

As at 30 June 2023, the cash and cash equivalent of the Company and facilities available to the Company amounted to approximately RMB2,539 million and approximately RMB24,018 million, respectively. In the unlikely event that the Company is unable to obtain the long-term acquisition-loan as mentioned above, the Directors are of the view that the Group will still be able to settle the consideration for the Acquisitions.

D. INFORMATION ABOUT THE TARGET COMPANIES

Set out below are the profit before/after taxation, total assets and net assets of the Target Companies for the relevant periods or as at the dates indicated:

Beijing Company

	For the year ended 31 December 2021 *(RMB'000)*	**For the year ended 31 December 2022** *(RMB'000)*
Profit before taxation	1,066,212	942,159
Profit after taxation	915,875	770,722

	As at 31 December 2021 *(RMB'000)*	**As at 31 December 2022** *(RMB'000)*
Total assets	35,437,465	37,772,456
Net assets	11,083,146	13,102,160

Heilongjiang Company

	For the year ended 31 December 2021 *(RMB'000)*	**For the year ended 31 December 2022** *(RMB'000)*
Profit before taxation	72,321	57,509
Profit after taxation	63,717	48,963

	As at 31 December 2021 *(RMB'000)*	**As at 31 December 2022** *(RMB'000)*
Total assets	8,484,372	11,274,027
Net assets	1,240,421	1,773,900

Fujian Company

	For the year ended 31 December 2021 *(RMB'000)*	**For the year ended 31 December 2022** *(RMB'000)*
Profit before taxation	37,272	60,532
Profit after taxation	34,901	45,608

	As at 31 December 2021 *(RMB'000)*	**As at 31 December 2022** *(RMB'000)*
Total assets	2,883,794	4,957,754
Net assets	761,568	1,653,540

Shanxi Company

	For the year ended 31 December 2021 (RMB'000)	For the year ended 31 December 2022 (RMB'000)
Profit before taxation	12,137	33,902
Profit after taxation	10,312	20,701

	As at 31 December 2021 (RMB'000)	As at 31 December 2022 (RMB'000)
Total assets	1,354,786	5,248,972
Net assets	214,990	1,084,909

Jieyang Company

	For the year ended 31 December 2021 (RMB'000)	For the year ended 31 December 2022 (RMB'000)
Profit before taxation	116,848	292,357
Profit after taxation	116,848	292,340

	As at 31 December 2021 (RMB'000)	As at 31 December 2022 (RMB'000)
Total assets	7,702,918	8,352,957
Net assets	1,344,233	1,810,725

Set out below are the principal business and installed capacity in operation of the Target Companies as at the Latest Practicable Date:

No.	Target Company	Principal business	Installed capacity in operation (MW)
1	Beijing Company	Generation and sales of electricity in the PRC	4,529.9[Note]
2	Heilongjiang Company	Generation and sales of electricity in the PRC, including investment, development, operation and management of wind power, photovoltaic power and biomass power plants	1,650.0
3	Fujian Company	Investment holdings, generation and sales of electricity and the development of power plants in the PRC	514.1
4	Shanxi Company	Generation and sales of electricity in the PRC, including investment, development, operation and management of photovoltaic power and wind power plants	522.2
5	Jieyang Company	Generation and sales of electricity	315.5
		Total	7,531.7

Note: This figure represents the entire installed capacity of Beijing Company, of which the Company proposes to acquire 55.15%.

E. FINANCIAL EFFECTS OF THE ACQUISITIONS ON THE GROUP

Upon the Completion of the Acquisitions, the Target Companies will become wholly-owned subsidiaries of the Company (save for Beijing Company, which will be held as to 55.15% by the Company) and the consolidated financial results of the Target Companies will be consolidated into the Group's financial statement. The accompanying unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular is prepared as if the Acquisitions had taken place at 31 December 2022 to illustrate the effect of the Acquisitions.

Assets and Liabilities

Based on the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as set out in Appendix IV to this circular (assuming that the Acquisitions had been completed on 31 December 2022), the total assets of the Group would have increased from RMB211,405 million to RMB281,767 million on a pro forma basis, the total liabilities of the Group would have increased from RMB142,815 million to RMB202,773 million on a pro forma basis, and the net assets of the Group would have increased from RMB68,590 million to RMB78,994 million on a pro forma basis.

Earnings

Upon the Completion of the Acquisitions, the Target Companies will become wholly-owned subsidiaries of the Company (save for Beijing Company, which will be held as to 55.15% by the Company) and the consolidated financial results of the Target Companies will be consolidated into the financial statements of the Group. It is expected that the Company will be able to record additional revenue stream from the Target Companies upon Completion.

F. INFORMATION ON THE GROUP, SPIC GUANGDONG, CPCEC AND SPIC

The Company is a core subsidiary of SPIC. The Group is principally engaged in generation and sales of electricity in Mainland China, including investment, development, operation and management of hydropower, wind power, photovoltaic power, environmental power and thermal power plants; and provision of energy storage, green power transportation, and integrated intelligent energy solution services. Its businesses are located in various major power grid regions of China.

SPIC Guangdong is a company incorporated in the PRC, an indirectly wholly-owned subsidiary of SPIC. SPIC Guangdong and its subsidiaries are principally engaged in the generation and supply of electricity and heat, provision of energy saving management services and technical services in relation to wind power and photovoltaic power generation, etc.

CPCEC is a company incorporated in the PRC, a wholly-owned subsidiary of SPIC. CPCEC and its subsidiaries are principally engaged in the manufacturing, supply, and sales of equipment and components for hydropower and thermal power plants, act as the contractor for construction of power plant projects, and act as tendering and bidding agents, etc.

SPIC is an investment holding company principally engaged in businesses that cover various sectors, including power, coal, aluminum, logistics, finance, environmental protection and high-tech industries in the PRC and abroad. SPIC, together with its subsidiaries, is an integrated energy group which simultaneously owns thermal power, hydropower, nuclear power and renewable energy resources in the PRC.

III. REVISION OF ANNUAL CAP — FINANCIAL SERVICES FRAMEWORK AGREEMENT

A. PROPOSED REVISION OF ANNUAL CAP AND BASIS OF DETERMINATION

Principal Terms of the Financial Services Framework Agreement

Save for the revision of the aforesaid Existing FS Annual Cap, other principal terms of the FS Framework Agreement shall remain unchanged. A summary of the principal terms of the FS Framework Agreement is set out below.

Parties

(i) the Company; and

(ii) SPIC Financial.

Effective period

For a term of three years from 7 June 2022 and ended 6 June 2025 (both days inclusive).

(1) Services to be provided

SPIC Financial has agreed to provide the Group with deposit services, settlement services, loan services and other financial services approved by the CBIRC on a non-exclusive basis.

(2) Pricing Principles

When determining the price for any financial services to be provided pursuant to the FS Framework Agreement, each of the Group and SPIC Financial shall refer to at least two comparable transactions with independent third parties or two quotes obtained from independent third parties during the same period.

Subject to compliance with the relevant laws, regulations and regulatory requirements, SPIC Financial has agreed to adhere to the following principles in providing the above financial services to the Group:

(a) **Deposit services:** The interest rate applicable to the Group for its deposits with SPIC Financial during the same period shall not be lower than (i) the benchmark interest rate specified by the PBOC of the same type of deposits; (ii) the interest rate of the same type of deposits obtained from other major commercial banks in the PRC to the Group; and (iii) the interest rate of same type of deposits placed by other members of SPIC Group with SPIC Financial.

In addition, subject to the above, the applicable interest rate for the amount of the Group's deposits in current account(s) that exceeds RMB100,000, will be 23 basis points higher than, and adjusted according to, the benchmark interest rate for agreements deposits (協定存款基準利率) as published by the PBOC from time to time.

(b) **Loan services:** The interest rate for loans to the Group granted by SPIC Financial during the same period shall not be higher than (i) the benchmark interest rate specified by the PBOC for the same type of loans; (ii) the interest rate obtained from other major commercial banks in the PRC to the Group; and (iii) the interest rate of the same type of loans under the same conditions offered by SPIC Financial to other members of the SPIC Group.

In addition, subject to the above, the interest rate for loans granted to the Group shall be 10 basis points lower than the loan prime rate (LPR) of the same type of loans as specified by the PBOC during the same period and to be governed by individual loan agreement(s).

Subject to compliance with the relevant laws, regulations and regulatory requirements, SPIC Financial will provide the loan services on normal commercial terms or better and such loans will not be secured by the assets of the Group.

(c) **Settlement services:** The settlement services to the Group to facilitate clearing among members of the Group shall be free of charge.

(d) **Other financial services:** The services fees for other financial services during the same period shall be in accordance with the standard of fees for the same type of services set by the PBOC or the CBIRC (if applicable), and shall not be higher than (i) the fees charged by other major commercial banks in the PRC for the same type of services/business activities; and (ii) the fees charged to other members of the SPIC Group under the same conditions for providing the same type of services/business activities by SPIC Financial.

(3) Capital Risk Control Measures

(a) SPIC Financial, as a non-bank financial institution approved by the CBIRC, complies strictly with the regulatory requirements of the CBIRC to conduct its operation and business, establish effective and complete internal control and risk management systems in order to effectively manage risks and ensure the safety of all capital.

(b) When providing financial services to the Group on a non-exclusive basis, SPIC Financial will ensure the Group's rights to own, use and the benefit derived from its funds will not be affected. SPIC Financial is obliged to ensure the safety of the Group's funds deposited with it and the Group's independent use of such funds.

(c) If any member of the Group cannot recover the deposits placed with SPIC Financial as a result of SPIC Financial misappropriated the deposits of the Group or used such deposits in breach of the FS Framework Agreement, the Group has the right to set off the deposit amounts due to the Group from SPIC Financial against any amounts of loan outstanding owing by the Group to SPIC Financial. SPIC Financial does not have such set-off right.

(d) SPIC has given an undertaking to the Company that: (i) if SPIC Financial encounters emergency financial difficulties in making payments to the Group, SPIC will increase the capital of SPIC Financial accordingly to meet its actual needs to overcome such financial difficulties; and (ii) SPIC will provide financial support to SPIC Financial in accordance with its needs to ensure that the Group will be able to withdraw all the deposits placed with SPIC Financial at any time.

(e) The monthly financial statements of SPIC Financial will be provided to the senior management of the Group on the fifth working day of the following month to enable the Group to have timely information on the financial conditions of SPIC Financial.

(f) The Group, based on its own business needs, has the right, but not the obligation, to choose to hold no less than 10% of the equity interest in SPIC Financial, hold the relevant voting rights and appoint director(s) of SPIC Financial, and such right is being granted at no premium or additional cost. If the Group chooses to exercise such right, the terms of acquisition (including determination of the price for such equity interest in SPIC Financial) will be subject to negotiations with relevant parties on an arm's length basis and approvals required under relevant laws and regulations (including the Listing Rules).

(g) The Group has the unilateral right to terminate any services provided by SPIC Financial under the FS Framework Agreement if the fees charged by any other commercial banks in the PRC for such services are more favourable to the Group.

(h) The Group is entitled to appoint any other financial institutions for the provision of the financial services in accordance with its own business needs and requirements. SPIC Financial will be given preferential consideration under same terms and conditions compared with other financial institutions.

(4) Payment

The consideration for the transactions contemplated under the FS Framework Agreement will be paid in accordance with the specific terms as agreed under separate agreements from time to time.

Historical Transaction Amounts

The table below sets out the historical highest daily deposit balance (including accrued interests) in respect of the deposit services placed with SPIC Financial by (i) the Group (without taking into account transactions of the Target Companies); and (ii) the Group together with the Target Companies.

	The period from 7 June 2022 to 31 December 2022	**The year ending 31 December 2023**
	(in RMB billion)	*(in RMB billion)*
Existing FS Annual Cap	5.5	5.5
the Group (without taking into account transactions of the Target Companies)	5.475	4.757 (up to 31 May 2023)
the Group together with the Target Companies	10.018	7.798 (up to 31 May 2023)

Revised FS Annual Cap and Basis of Determination

In determining the proposed revised maximum daily deposit balance (including accrued interests) in the Group's settlement account with SPIC Financial for the remainder of the term of the FS Framework Agreement, the Board has considered the following factors (i) the aforementioned historical highest daily balances of deposits of the Group (without taking into account transactions of the Target Companies); and (ii) the aforementioned historical highest daily balances of deposits of the Group together with the Target Companies.

The Revised FS Annual Cap will not exceed RMB9.0 billion (equivalent to approximately HK$9.9 billion) for each of (i) the years ending 31 December 2023 and 2024; and (ii) the period of 1 January 2025 to 6 June 2025.

	Year ending 31 December		**The period from 1 January 2025 to**
	2023	**2024**	**6 June 2025**
	(in RMB billion)	*(in RMB billion)*	*(in RMB billion)*
Proposed Revised Annual Cap	9.0	9.0	9.0

B. REASONS FOR AND BENEFITS OF THE REVISED FS ANNUAL CAP

The benefits to the Group from the transactions under the FS Framework Agreement have been outlined in the announcement of the Company dated 6 May 2022. The Existing FS Annual Cap was contemplated only for the purposes of the continuing connected transactions between the Company (excluding the Target Companies) and SPIC Financial under the FS Framework

Agreement. Upon Completion of the Acquisitions, the Company expects that the Existing FS Annual Cap will be exceeded, and therefore should be adjusted upwards into the Revised FS Annual Cap (which will become effective upon Completion of any Target Company).

The Directors (save for the members of the Independent Board Committee who will express their views after having received advice from Gram Capital) consider that the Revised FS Annual Cap is fair and reasonable and is in the interests of the Company and its shareholders as a whole.

None of the Directors has material interest in the aforesaid transactions or is required to abstain from voting on the relevant Board resolutions.

C. INFORMATION OF SPIC FINANCIAL

SPIC Financial was established in the PRC as a non-banking financial institution on 2 September 1992. It is licensed and regulated by the CBIRC and is engaged in the provision of financial services which principally include deposit taking, provision of loans, issue of corporate debentures, inter-bank lending, as well as other financial services such as finance leasing, bills acceptance and discounting, entrusted loans and entrusted investment, arrangement of buyer's credit for member companies' products, underwriting of corporate debentures of member companies, provision of financial advisory, credit certification and other advisory agency services and guarantee services to members of the SPIC Group. SPIC Financial only provides services to members of the SPIC Group under the Measures on Administration of the Finance Companies of Enterprise Groups (《企業集團財務公司管理辦法》) promulgated by the CBIRC. SPIC Financial has a registered capital of RMB7.5 billion and is owned as to 40.86% by SPIC and as to 59.14% by other wholly-owned and controlled members of the SPIC Group, respectively.

IV. LISTING RULES IMPLICATIONS

Acquisitions

As at the Latest Practicable Date, SPIC indirectly owns approximately 61.06% of the issued share capital of the Company and is the ultimate controlling shareholder of the Company. Accordingly, SPIC, its subsidiaries and associates are connected persons of the Company within the meaning of the Listing Rules. Each of SPIC Guangdong and CPCEC is a wholly-owned subsidiary of SPIC and CPCEC is a direct wholly-owned subsidiary ultimately owned and controlled by SPIC. As such, SPIC Guangdong and CPCEC are both connected persons of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisitions, when aggregated, exceed(s) 25% but all are below 100%, the Acquisitions constitute (i) major transactions of the Company subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules; and (ii) connected transactions of the Company subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Put Option

The exercise of the Put Option is at the discretion of the Company. According to Rule 14A.79(2) of the Listing Rules, the grant of the Put Option is classified based on the amount of the premium payable by the Company. As no premium is payable for the grant of the Put Option to the Company, such grant falls within the de minimis threshold and is exempt from all reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.76 of the Listing Rules. The Company will comply with the requirements of the applicable Listing Rules in this respect as and when appropriate.

Revision of Existing FS Annual Cap

SPIC Financial is a wholly-owned subsidiary of SPIC. SPIC is the ultimate controlling shareholder of the Company, which is interested in approximately 61.06% of the issued share capital of the Company. As such, SPIC Financial is a connected person of the Company as defined in the Listing Rules.

Prior to Completion of the Acquisitions, SPIC Financial provided financial services to the Target Companies under similar terms as contemplated under the FS Framework Agreement. Following Completion, the Target Companies would become subsidiaries of the Company. Accordingly, the provision of financial services by SPIC Financial to the Target Companies would become continuing connected transactions of the Company and would fall within the scope of the FS Framework Agreement of the Company.

Pursuant to Rule 14A.54 of the Listing Rules, the Company shall re-comply with the requirements under Chapter 14A of the Listing Rules applicable to the Revised FS Annual Cap for the financial services to be provided by SPIC Financial to the Enlarged Group before the Existing FS Annual Cap is exceeded.

Deposit Services

As certain applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) in respect of deposit services under the Revised FS Annual Cap exceed(s) 25% but all are below 100%, transactions under the deposit services therefore constitute (i) major transactions of the Company subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules, and (ii) continuing connected transactions of the Company subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

Loan Services

The loan services to be provided by SPIC Financial to the Enlarged Group are on normal commercial terms or better (i.e. terms that are similar or more favorable than those offered by other major commercial banks in the PRC for the provision of comparable services) and are in the interest of the Enlarged Group. No security over the assets of the Enlarged Group will be granted to SPIC Financial in respect of the loan services. Such loans will therefore be exempted from all reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

Settlement Services and Other Financial Services

The Company expects that each of the percentage ratios as defined in Rule 14.07 of the Listing Rules applicable to the total fees payable by the Enlarged Group to SPIC Financial in respect of the provision of settlement services (which will be free of charge) by SPIC Financial and other financial services approved by the CBIRC under the FS Framework Agreement will fall within the de minimis threshold and will be exempted from all reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, apart from the shareholding companies of the Company, namely CPI Holding (being interested in 2,833,518,060 Shares, representing approximately 22.91% of the total number of Shares as at the Latest Practicable Date), CPDL (being interested in 2,662,000,000 Shares, representing approximately 21.52% of the total number of Shares as at the Latest Practicable Date), SPIC Finance HK (being interested in 392,275,453 Shares, representing approximately 3.17% of the total number of Shares as at the Latest Practicable Date) and CPNE (being interested in 1,664,910,662 Shares, representing approximately 13.46% of the total number of Shares as at the Latest Practicable Date) (each of whom is required to abstain from voting), no other shareholder of the Company will be required to abstain from voting on the resolution for approving the Acquisitions, the Acquisition Agreements and the Revised FS Annual Cap at the General Meeting. None of the Directors has a material interest in the proposed Acquisitions and had to abstain from voting on the relevant Board resolutions.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to consider the Acquisitions, the Acquisition Agreements and the Revised FS Annual Cap, and Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the Acquisition Agreements and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Independent Shareholders as a whole, and (ii) whether the proposed Revised FS Annual Cap for the FS Framework Agreement Supplemental Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its shareholders as a whole.

V. GENERAL MEETING

The GM will be held on Wednesday, 6 September 2023 at 10:30 a.m. at Salon 5, JW Marriott Ballroom, 3/F, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong, during which ordinary resolutions will be proposed to the shareholders of the Company to approve the Acquisitions, the Acquisition Agreements, the FS Framework Agreement Supplemental Agreement, the Revised FS Annual Cap and the transactions contemplated thereunder. CPI Holding, CPDL, SPIC Finance HK and CPNE, being shareholders of the Company and associates of SPIC, will abstain from voting on the ordinary resolution to approve the Acquisitions, the Acquisition Agreements, the FS Framework Agreement Supplemental Agreement, the Revised FS Annual Cap and the transactions contemplated thereunder. Any vote of the Independent Shareholders at the GM will be taken by poll.

A notice convening the GM for the purpose of considering and, if thought fit, approving the Acquisitions, the Acquisition Agreements, the FS Framework Agreement Supplemental Agreement, the Revised FS Annual Cap and the transactions contemplated is set out at the end of this circular on pages GM-1 to GM-3.

Whether or not you are able to attend the GM, you are requested to complete the form of proxy accompanying the notice of the GM in accordance with the instructions printed thereon and return it (i) to the Company's share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or (ii) electronically via the Company's email address at eproxy@chinapower.hk not less than 48 hours before the time appointed for the holding of the GM or any adjournment thereof (as the case may be). Submission of the form of proxy will not preclude any member of the Company from attending the GM or any adjournment thereof and voting in person if such member so wishes and in such event, the form of proxy will be deemed to be revoked.

A form of proxy for use at the GM is enclosed with this circular or can be downloaded from the website of the Stock Exchange at www.hkexnews.hk and on the Company's website at www.chinapower.hk.

Please note that there will be NO serving of any refreshments or beverages and NO distribution of gifts, souvenirs or bakery vouchers at the GM.

VI. RECOMMENDATION

The Directors (including the independent non-executive Directors whose view are expressed in the letter from the Independent Board Committee) consider that the Acquisitions, the Acquisition Agreements, the FS Framework Agreement Supplemental Agreement, the Revised FS Annual Cap and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole, and the terms and transactions contemplated are fair and reasonable as far as the Shareholders are concerned. Accordingly, the Directors recommend that Shareholders to vote in favour of the resolutions to be proposed at the General Meeting to approve the Acquisitions, the Acquisition Agreements, the FS Framework Agreement Supplemental Agreement, the Revised FS Annual Cap and the transactions contemplated thereunder.

* *English translation is for identification only.*

Yours faithfully,
On behalf of the Board
China Power International Development Limited
HE Xi
Chairman

CHINA POWER INTERNATIONAL DEVELOPMENT LIMITED
中國電力國際發展有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 2380)

18 August 2023

To the Independent Shareholders

Dear Sir or Madam,

(1) MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO THE ACQUISITIONS AND (2) REVISION OF ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 18 August 2023 (the "Circular") issued by the Company to the Shareholders of which this letter forms part. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Acquisitions, the Acquisition Agreements, the FS Framework Agreement Supplemental Agreement, the Revised FS Annual Cap and the transactions contemplated thereunder, Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same respect.

We wish to draw your attention to the letter from the Board, as set out on pages 6 to 22 of the Circular which contains, among others, information in connection with the Acquisition Agreements and the FS Framework Agreement Supplemental Agreement, as well as the letter from Gram Capital set out on pages 24 to 48 of the Circular which contains its advice and recommendation in the same respect.

Having considered the terms of the Acquisition Agreements and the FS Framework Agreement Supplemental Agreement and taken into account the advice of Gram Capital, we consider that the Acquisitions and the Revised FS Annual Cap, (i) are in the ordinary and usual course of business of the Group; (ii) are in the interest of the Company and the Shareholders as a whole; and (iii) the terms of the Acquisition Agreements and the FS Framework Agreement Supplemental Agreement are on normal commercial terms and fair and reasonable as far as the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the General Meeting to approve the Acquisitions, the Acquisition Agreements, the FS Framework Agreement Supplemental Agreement, the Revised FS Annual Cap and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of the
Independent Board Committee
China Power International Development Limited
LI Fang
YAU Ka Chi
HUI Hon Chung, Stanley

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions for the purpose of inclusion in this circular.

Gram Capital Limited
嘉林資本有限公司

Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

18 August 2023

To: The independent board committee and the independent shareholders of China Power International Development Limited

Dear Sir/Madam,

(1) MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO THE ACQUISITIONS AND (2) REVISION OF ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Acquisitions; and (ii) the transactions contemplated under the FS Framework Agreement Supplemental Agreement (the "**Revision**", together with the Acquisitions, the "**Transactions**"), details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 18 August 2023 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 26 July 2023, the Company entered into the Acquisition Agreements pursuant to which, the Company has conditionally agreed to acquire (i) Equity Interests I from SPIC at the total consideration of RMB8,811,044,100; and (ii) Equity Interests II from SPIC Guangdong and CPCEC, respectively, at a consideration of RMB1,974,016,700. The aforesaid considerations will be settled by cash.

Furthermore, on 17 August 2023, the Company entered into the FS Framework Agreement Supplemental Agreement with SPIC Financial to amend the Existing FS Annual Cap as set out in the FS Framework Agreement to the Revised FS Annual Cap.

With reference to the Board Letter, (i) the Acquisitions constitute major and connected transactions of the Company and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under the Chapter 14 and Chapter 14A of the Listing Rules; and (ii) the Revision constitutes major and continuing connected transactions of the Company and is subject to reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14 and Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. LI Fang, Mr. YAU Ka Chi and Mr. HUI Hon Chung, Stanley (being all independent non-executive Directors) has been formed to advise the Independent Shareholders on (i) whether the terms of the Transactions are on normal commercial terms and are fair and reasonable; (ii) whether the Transactions are in the interests of the Company and the Shareholders as a whole and conducted in the ordinary and usual course of business of the Group; and (iii) how the

Independent Shareholders should vote in respect of the resolutions to approve the Transactions at the General Meeting. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was independent financial adviser in respect of (i) discloseable and continuing connected transactions, details of which were set out in the Company's circular dated 18 May 2022; and (ii) discloseable and connected transactions, details of which were set out in the Company's circular dated 28 July 2022 (the "**Previous Acquisitions**").

Notwithstanding the aforesaid, we are not aware of any relationships or interests between Gram Capital and the Company, or any other parties during the past two years immediately preceding the Latest Practicable Date that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser.

Having considered that (i) none of the circumstances as set out under Rule 13.84 of the Listing Rules existed as at the Latest Practicable Date; and (ii) the aforesaid were independent financial advisory, we are of the view that we are independent to act as the Independent Financial Adviser.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Acquisition Agreements and FS Framework Agreement Supplemental Agreement. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Group or the Target Companies and we have not been furnished with any such evaluation or appraisal, save as and except for (i) the Asset Appraisal Reports of the Beijing Company, Heilongjiang Company and Shanxi Company prepared by PCAA; and (ii) the Asset Appraisal Reports of the Fujian Company and Jieyang Company prepared by Zhongtianhua. Since we are not experts in the valuation of assets or businesses, we have relied solely upon the Asset Appraisal Reports as at the Appraisal Benchmark Date (i.e. 31 March 2023).

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make the Circular or any statement therein misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, SPIC, SPIC Guangdong, CPCEC, the Target Companies, SPIC Financial or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transactions, we have taken into consideration the following principal factors and reasons:

Information on the Group

With reference to the Board Letter, the Company is a core subsidiary of SPIC. The Group is principally engaged in generation and sales of electricity in Mainland China, including investment, development, operation and management of hydropower, wind power, photovoltaic power, environmental power and thermal power plants; and provision of energy storage, green power transportation, and integrated intelligent energy solution services. Its businesses are located in various major power grid regions of China.

Set out below are the audited consolidated financial information of the Group for the two years ended 31 December 2022 as extracted from the Company's annual report for the year ended 31 December 2022 (the "**2022 Annual Report**"):

	For the year ended 31 December 2022	**For the year ended 31 December 2021**	**Year-on-year change**
	RMB'000	*RMB'000*	*%*
Revenue	43,689,129	35,476,703	23.15
— Thermal power electricity	*28,583,266*	*22,170,770*	*28.92*
— Hydropower electricity	*4,685,036*	*5,347,552*	*(12.39)*
— Wind power electricity	*5,232,439*	*4,002,905*	*30.72*
— Photovoltaic power electricity	*4,292,128*	*3,375,872*	*27.14*
— Energy storage	*896,260*	*579,604*	*54.63*
Operating profit	7,604,262	5,105,944	48.93
Profit/(loss) attributable to equity holders of the Company	2,648,051	(256,257)	N/A

	As at 31 December 2022	**As at 31 December 2021**	**Year-on-year change**
	RMB'000	*RMB'000*	*%*
Total assets	211,404,964	175,245,988	20.63
Total liabilities	142,814,859	122,869,305	16.23
Total equity	68,590,105	52,376,683	30.96

As depicted in the above table, the Group recorded revenue of approximately RMB43.69 billion for the year ended 31 December 2022 ("**FY2022**"), representing an increase of approximately 23.15% as compared to that for the year ended 31 December 2021 ("**FY2021**"). With reference to the 2022 Annual Report, such increase was mainly due to (i) the increase in market trading prices of thermal power as a result of the relaxation of the on-grid tariff price cap for coal-fired power generated and the year-on-year increase in electricity demand; (ii) the commencement of commercial operation and/or the consolidation of various wind power and photovoltaic power generating units, and various thermal power generation projects; and (iii) the substantial increase in the sales of energy storage equipment business, partially offset by the decrease in electricity sales of hydropower as a result of decreased average rainfall in the river basins where most of the Group's hydropower plants are located.

The Group recorded profit attributable to equity holders of the Company of approximately RMB2.65 billion for FY2022 as opposed to the loss attributable to equity holders of the Company of approximately RMB256 million for FY2021. With reference to the 2022 Annual Report and as advised by the Directors, such turnaround was mainly due to (i) the increase in revenue as aforementioned; and (ii) the recognition of negative goodwill as a result of the Previous Acquisitions, partially offset by (i) the increase in operating costs mainly due to the increase in unit fuel cost; (ii) the increase in finance costs; and (iii) increase in income tax expenses.

According to the Company's announcement dated 10 July 2023, based on the preliminary assessment of the internal unaudited consolidated management accounts of the Group and the information currently available, the Board expected that the profit attributable to equity holders of the Company will be between approximately RMB1.8 billion to RMB2.0 billion for the six months ended 30 June 2023, representing an increase of approximately 112% to 135% compared with the corresponding period in 2022. The significant increase in profit attributable to equity holders of the Company as compared to the corresponding period in 2022 was mainly due to (i) the Company has accelerated the pace of clean energy transformation through self-development and acquisition of quality clean energy assets, coupled with the synergetic increase in production capacity, production output and revenue from wind power and photovoltaic power generation, profit for the period under review rose substantially, which largely offset the impact of the decline in profit from the hydropower segment due to insufficient rainfall in the first half of 2023; (ii) benefitting from the advantages of strategic collaboration of coal and power joint operation (the Company sold 60% equity interest in a wholly-owned subsidiary engaging in coal-fired power generation to China Coal Group at the end of 2022) and the decrease in coal prices, the performance of the Group's coal-fired power segment turned from a loss to a profit; and (iii) the Company actively organized and promoted debt structure optimization on the basis of continuous improvement in operating cash flows, achieving a reduction in the average cost of funds and a decrease in finance costs for the period under review.

As at 31 December 2022, the consolidated installed capacity of the Group's power plants was 31,599.2MW, representing a year-on-year increase of 2,667.3MW. Among them, the consolidated installed capacity of clean energy including hydropower, wind power, photovoltaic power and natural gas power was 20,519.2MW in total, accounting for approximately 64.94% of the total consolidated installed capacity. As at 31 December 2022, the Group's total installed capacity of clean energy projects under construction was 7,592.4MW in aggregate.

As at 31 December 2022, the Group had (i) total assets of approximately RMB211.40 billion; (ii) net assets of approximately RMB68.59 billion; (iii) cash and cash equivalents of approximately RMB4.23 billion; and (iv) sufficient available undrawn financing facilities of approximately RMB35.09 billion to safeguard against funding risks.

(1) ACQUISITIONS

Information on the Sellers

With reference to the Board Letter:

- SPIC is an investment holding company principally engaged in businesses that cover various sectors, including power, coal, aluminium, logistics, finance, environmental protection and high-tech industries in the PRC and abroad. SPIC, together with its subsidiaries, is an integrated energy group which simultaneously owns thermal power, hydropower, nuclear power and renewable energy resources in the PRC. As at the Latest Practicable Date, SPIC indirectly owns approximately 61.06% of the issued share capital of the Company and is the ultimate controlling shareholder of the Company.

- SPIC Guangdong is a company incorporated in the PRC, an indirectly wholly-owned subsidiary of SPIC. SPIC Guangdong and its subsidiaries are principally engaged in the generation and supply of electricity and heat, provision of energy saving management services and technical services in relation to wind power and photovoltaic power generation, etc.

- CPCEC is a company incorporated in the PRC, a wholly-owned subsidiary of SPIC. CPCEC and its subsidiaries are principally engaged in the manufacturing, supply, and sales of equipment and components for hydropower and thermal power plants, act as the contractor for construction of power plant projects, and act as tendering and bidding agents, etc.

Information on the Target Companies

With reference to the Board Letter, the Target Companies are principally engaged in clean energy power generation, mainly wind power and photovoltaic power. As at the Latest Practicable Date, except for Beijing Company which are owned as to 55.15% by SPIC, all other Target Companies I were directly wholly-owned by SPIC; while the Target Company II was directly owned as to 95% by SPIC Guangdong and 5% by CPCEC. Set out below are the principal business and installed capacity in operation of the Target Companies as at the Latest Practicable Date, and the profit before/after taxation of the Target Companies for the year ended 31 December 2022:

No.	**Target Company**	**Principal business**	**Installed capacity in operation** *(MW)*
1	Beijing Company	Generation and sales of electricity in the PRC	4,529.9 *(Note)*
2	Heilongjiang Company	Generation and sales of electricity in the PRC, including investment, development, operation and management of wind power, photovoltaic power and biomass power plants	1,650.0
3	Fujian Company	Investment holdings, generation and sales of electricity and the development of power plants in the PRC	514.1
4	Shanxi Company	Generation and sales of electricity in the PRC, including investment, development, operation and management of photovoltaic power and wind power plants	522.2
5	Jieyang Company	Generation and sales of electricity	315.5
		Total	**7,531.7**

Note: Each figure for Beijing Company represents that attributable to the entire equity interest in Beijing Company, of which the Company proposes to acquire 55.15%.

Set out below are the audited financial information of the Target Companies for the two years ended 31 December 2021 and 2022:

Beijing Company

	For the year ended 31 December 2022	For the year ended 31 December 2021	Year-on-year change
	RMB'000	*RMB'000*	%
Profit before taxation	942,159	1,066,212	(11.63)
Profit after taxation	770,722	915,875	(15.85)

	As at 31 December 2022	As at 31 December 2021	Year-on-year change
	RMB'000	*RMB'000*	%
Total assets	37,772,456	35,437,465	6.59
Net assets	13,102,160	11,083,146	18.22

Heilongjiang Company

	For the year ended 31 December 2022	For the year ended 31 December 2021	Year-on-year change
	RMB'000	*RMB'000*	%
Profit before taxation	57,509	72,321	(20.48)
Profit after taxation	48,963	63,717	(23.16)

	As at 31 December 2022	As at 31 December 2021	Year-on-year change
	RMB'000	*RMB'000*	%
Total assets	11,274,027	8,484,372	32.88
Net assets	1,773,900	1,240,421	43.01

Fujian Company

	For the year ended 31 December 2022	For the year ended 31 December 2021	Year-on-year change
	RMB'000	*RMB'000*	%
Profit before taxation	60,532	37,272	62.41
Profit after taxation	45,608	34,901	30.68

	As at 31 December 2022	As at 31 December 2021	Year-on-year change
	RMB'000	*RMB'000*	%
Total assets	4,957,754	2,883,794	71.92
Net assets	1,653,540	761,568	117.12

Shanxi Company

	For the year ended 31 December 2022	For the year ended 31 December 2021	Year-on-year change
	RMB'000	*RMB'000*	*%*
Profit before taxation	33,902	12,137	179.33
Profit after taxation	20,701	10,312	100.75

	As at 31 December 2022	As at 31 December 2021	Year-on-year change
	RMB'000	*RMB'000*	*%*
Total assets	5,248,972	1,354,786	287.44
Net assets	1,084,909	214,990	404.63

Jieyang Company

	For the year ended 31 December 2022	For the year ended 31 December 2021	Year-on-year change
	RMB'000	*RMB'000*	*%*
Profit before taxation	292,357	116,848	150.20
Profit after taxation	292,340	116,848	150.19

	As at 31 December 2022	As at 31 December 2021	Year-on-year change
	RMB'000	*RMB'000*	*%*
Total assets	8,352,957	7,702,918	8.44
Net assets	1,810,725	1,344,233	34.70

Please refer to Appendices IIA–IIE and Appendix III to the Circular for details of the financial information of the Target Companies and its movements, for the three years ended 31 December 2022 and three months ended 31 March 2023.

Reasons for and benefits of the Acquisitions

With reference to the Board Letter, reasons for and benefits of the Acquisitions include (i) accelerate the positioning of the Company as the flagship clean energy listed subsidiary of SPIC; (ii) firmly implement the new development strategy of the Company; (iii) expand the regional layout of the Company's business and promote its industry influence; and (iv) improve profitability of the Group.

(i) Accelerate the positioning of the Company as the flagship clean energy listed subsidiary of SPIC

With reference to the Board Letter, the Acquisitions involve acquisition of power generation project with a total capacity of 9,268.3MW, including 7,531.7MW in operation and 1,736.6MW under construction. Upon completion of the Acquisitions, it is expected that the proportion of the Company's installed capacity of clean energy will increase by approximately 6.9 percentage points. The Acquisitions will further consolidate the Company's positioning as the flagship clean energy listed subsidiary of SPIC, which in turn broadens the Company's operation and development potentials.

Industry overview

Electricity consumption in the PRC

Set out below are the electricity consumption in PRC and the clean energy consumption (such as gas-fired power, hydropower, nuclear power and wind power) as a percentage of total electricity consumption during the five years ended 31 December 2022, being the latest five full-year statistics published by the China Electricity Council and the National Bureau of Statistics of the PRC:

	2018	**2019**	**2020**	**2021**	**2022**
Electricity consumption in the PRC *(billion kilowatt-hours)*	6,844.9	7,225.5	7,511.0	8,312.8	8,637.2
Clean energy consumption to total electricity consumption	22.1%	23.4%	24.3%	25.5%	25.9%

As shown in the table above, the electricity consumption in PRC recorded year-on-year increase during each of the year 2019, 2020, 2021 and 2022. The electricity consumption in the PRC increased from approximately 6,844.9 billion kilowatt-hours ("**kWh**") in 2018 to approximately 8,637.2 billion kWh in 2022, representing a compounded annual growth rate ("**CAGR**") of approximately 5.99%.

Furthermore, the clean energy consumption in the PRC as a percentage of total electricity consumption also recorded year-on-year increase during each of the year 2019, 2020, 2021 and 2022. Such percentage increased from approximately 22.1% in 2018 to approximately 25.9% in 2022.

Electricity generated in the PRC

Set out below are the electricity generated in the PRC during the five years ended 31 December 2022, being the latest five full-year statistics published by the National Bureau of Statistics of the PRC:

	2018	**2019**	**2020**	**2021**	**2022**
Electricity generated in the PRC *(billion kilowatt-hours)*	7,111.8	7,503.4	7,779.1	8,534.3	8,848.7

As shown in the table above, the electricity generated in the PRC recorded year-on-year increase during each of the year 2019, 2020, 2021 and 2022. The electricity generated in the PRC increased from approximately 7,111.8 billion kWh in 2018 to approximately 8,848.7 billion kWh in 2022, representing a CAGR of approximately 5.61%.

Total installed power generation capacity in the PRC

Set out below are the total installed power generation capacity in the PRC and the proportion of different types of installed power generation capacity during the five years ended 31 December 2022, being the latest five full-year statistics published by the National Bureau of Statistics of the PRC:

	2018	**2019**	**2020**	**2021**	**2022**
Total installed power generation capacity in the PRC ***(MW)***	1,899,670	2,010,660	2,200,580	2,376,920	2,564,050
Proportion of different types of installed power generation capacity:					
Thermal power	60.2%	59.2%	56.6%	54.6%	52.0%
Hydropower	18.5%	17.7%	16.8%	16.5%	16.2%
Nuclear power	2.4%	2.4%	2.3%	2.2%	2.2%
Wind power	9.7%	10.5%	12.8%	13.8%	14.3%
Photovoltaic power	9.2%	10.2%	11.5%	12.9%	15.3%

As shown in the table above, the total installed power generation capacity in the PRC recorded year-on-year increase during each of the year 2019, 2020, 2021 and 2022. The total installed power generation capacity in the PRC increased from approximately 1.90 million MW in 2018 to approximately 2.56 million MW in 2022, representing a CAGR of approximately 7.79%.

Furthermore, the installed renewable energy generation capacity in the PRC (i.e. hydropower, wind power and photovoltaic power) as a percentage to the total installed power generation capacity increased from approximately 37.4% in 2018 to approximately 45.8% in 2022, representing an increase of approximately 8.4 percentage points.

Relevant policies

In recent years, the PRC government issued various policies or made several decisions which are favourable to the development of the renewable energy industry in the PRC, such as《關於加快建立健全綠色低碳循環發展經濟體系的指導意見》(the Guiding Opinions on Accelerating the Establishment and Improvement of a Green and Low-carbon Circular Development Economic System*), 《中華人民共和國國民經濟和社會發展第十四個五年(2021–2025)規劃和2035年遠景目標綱要》(the 14th Five-Year Plan for National Economic and Social Development of the PRC (2021–2025) and the Outline of Long-term Objectives for 2035*), 《"十四五"城鎮生活垃圾分類和處理設施發展規劃》(14th Five-Year Plan for Urban Domestic Waste Classification and Treatment Facility Development Plan*), and 《2030年前碳達峰行動方案》(the Action Plan for Carbon Dioxide Peaking Before 2030*), etc.

In addition to the abovementioned policies, we also noted that on 6 April 2023, National Energy Administration of the PRC issued《2023年能源工作指導意見》(Guiding Opinions on Energy Work in 2023*), which outlined the main objectives of 2023, including (i) the continuous improvement of energy supply assurance and targeting that the production level of coal remains reasonable; (ii) the steady reduction in proportion of coal consumption to total energy consumption and the increase in proportion of non-fossil energy in the total energy consumption to approximately 18.3% (2022 proposal: 17.3%); and (iii) the increase in proportion of wind and photovoltaic power generation to the total social electricity consumption to 15.3% (2022 proposal: 12.2%).

Having considered the above, we are of the view that the prospect of the PRC's clean energy industry is generally positive and we concur with the Directors that the Acquisitions will accelerate the positioning of the Company as the flagship clean energy listed subsidiary of SPIC.

(ii) Firmly implement the new development strategy of the Company

With reference to the 2022 Annual Report, as of the end of 2022, the Group increased the installed capacity of clean energy by 5.9 gigawatts ("**GW**") and the proportion of installed capacity of clean energy reached approximately 65%. During FY2022, the Group completed the Previous Acquisitions for high-quality wind power, photovoltaic and environmental power generation assets with a total installed capacity of approximately 2.16GW which was consolidated into the Group. Focusing on achieving the goal of raising the Company's installed capacity of clean energy to over 70% by 2023, the Group will prioritize the development of large-scale new energy base projects and expand the Group's integrated intelligent energy businesses.

With reference to the Board Letter and as detailed above, the Target Companies are principally engaged in clean energy power generation, mainly including wind power and photovoltaic power with total capacity of 9,268.3MW, including 7,531.7MW in operation and 1,736.6MW under construction. Based on the Group's total consolidated installed capacity of approximately 31.60 GW and the Group's consolidated installed capacity of clean energy of approximately 20.52GW as at 31 December 2022, upon Completion, the Group's consolidated installed capacity of clean energy shall increase to approximately 28.05GW and shall account for approximately 71.7% of the Group's total consolidated installed capacity.

Given (i) the Group's goal to raise the Company's installed capacity of clean energy to over 70% by 2023; (ii) that all Target Companies are principally engaged in clean energy power generation with installed capacity of approximately 7.53GW in operation, we concur with the Directors that the Acquisitions are in line with the Group's development strategy.

(iii) Expand regional layout of the Company's business and promote industry influence

With reference to the Board Letter, the Acquisitions involve assets located in 21 provinces in the PRC, mainly in regions such as Shanxi, Inner Mongolia, Heilongjiang, Ningxia, Shandong, Xinjiang and Guangdong, which will significantly strengthen the Company's industry influence in the power markets in various regions as well as upstream and downstream industry chains, therefore creating better opportunities for the Company's future development.

As noted from the 2022 Annual Report, the Group's wind power plants are primarily located in Guangxi, Hunan and Shanxi and the Group's photovoltaic power station are primarily located in Ningxia, Shanxi and Hubei, based on the consolidated installed capacity.

Based on the above, we concur with the Directors that the Acquisitions enable the Company to expand the regional layout of its business and promote its industry influence.

(iv) Improve profitability of the Group

With reference to the Board Letter, the Acquisitions will provide stable and attractive earnings which are expected to improve the Group's overall operating results and therefore the competitiveness of the Group. The profitability of these assets can be further enhanced (which will in turn contribute to the profitability of the Group) through subsequent technical transformation, capital coordination and management synergy.

As detailed above, each of the Target Companies (together with their relevant subsidiaries) recorded profit after taxation for FY2022 with combined profit after taxation of approximately RMB1.18 billion for FY2022. As the Target Companies will become subsidiaries of the Company after Completion, the Directors expected that the Group's revenue base and profitability will be enhanced as a result of Completion.

Therefore, we concur with the Directors that the Acquisitions will improve the profitability of the Group upon Completion.

In light of the above, we concur with the Directors that the Acquisitions are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Principal terms of the Acquisitions

Summarised below are the major terms of the Acquisitions, details of which are set out under the section headed "A. ACQUISITION AGREEMENTS" of the Board Letter.

	Agreement I	**Agreement II**
Date	26 July 2023	26 July 2023
Parties	(i) the Company (as the Purchaser) (ii) SPIC (as the Seller)	(i) the Company (as the Purchaser) (ii) SPIC Guangdong and CPCEC (as the Sellers)
Assets to be acquired	The Company has conditionally agreed to acquire, and SPIC has conditionally agreed to sell, Equity Interests I.	The Company has conditionally agreed to acquire, and SPIC Guangdong and CPCEC have conditionally agreed to sell, Equity Interests II.
Consideration	The total consideration for the acquisition of Equity Interests I is RMB8,811,044,100, subject to adjustment of not more than RMB400,000,000. Pursuant to the Agreement I, the consideration for the acquisition of Equity Interests I is to be satisfied by the Company in cash. Details of the allocation of the consideration for the acquisition of Equity Interests I are set out under the sub-section headed "The consideration allocated to each of the Equity Interests" of the section headed "A. THE ACQUISITION AGREEMENTS" of the Board Letter.	The total consideration for the acquisition of Equity Interests II is RMB1,974,016,700. Pursuant to the Agreement II, the consideration for the acquisition of Equity Interests II is to be satisfied by the Company in cash.
Completion	Subject to relevant provisions in Agreement I and Agreement II, the parties to the relevant Acquisition Agreement could proceed to Completion of any Target Company after conditions precedent (details of which are set out in the sub-section headed "Conditions precedent to the Acquisition Agreements" under the section headed "A. THE ACQUISITION AGREEMENTS" of the Board Letter) in relation to such Target Company having been satisfied.	
Settlement of the consideration for the Acquisition	The settlement of the consideration for the Acquisitions shall be made in cash and shall be paid by instalments after Completion. Details of the settlement terms are set out under the sub-section headed "Settlement of the Consideration for the Acquisitions" under the section headed "A. THE ACQUISITION AGREEMENTS" of the Board Letter.	

Basis of consideration

The consideration under the Agreement I was arrived at after arm's length negotiations between the Company and SPIC and was based on (i) the appraised value set out in the Asset Appraisal Reports in respect of the Target Companies I; (ii) the percentage of equity interest in Target Companies I to be acquired by the Company.

The consideration under the Agreement II was arrived at after arm's length negotiations between the Company, SPIC Guangdong and CPCEC and was primarily based on the appraised value set out in the Asset Appraisal Report in respect of Target Company II.

Asset Appraisal Reports

To assess the fairness and reasonableness of the consideration of the Acquisitions, we obtained and reviewed the Asset Appraisal Reports. We noted that (i) the Asset Appraisal Reports of Heilongjiang Company, Beijing Company and Shanxi Company were prepared by PCAA; (ii) the Asset Appraisal Reports of Fujian Company and Jieyang Company were prepared by Zhongtianhua; and (iii) the total appraised value of the Target Companies as at the Appraisal Benchmark Date was approximately RMB15.53 billion, concluded by using income approach.

For our due diligence purpose, we reviewed and enquired into (i) the terms of engagement of PCAA as jointly engaged by the Company and the respective Target Companies; (ii) the terms of engagement of Zhongtianhua as jointly engaged by (a) the Company; and (b) the Fujian Company or SPIC Guangdong (as the case may be); (iii) both PCAA and Zhongtianhua's qualification in relation to the preparation of the Asset Appraisal Reports; and (iv) the steps and due diligence measures taken by both PCAA and Zhongtianhua for conducting the asset appraisals.

Qualification and independence

From the mandate letters and other relevant information provided by both PCAA and Zhongtianhua, and based on our interview with each of PCAA and Zhongtianhua, we were satisfied with the terms of engagements of both PCAA and Zhongtianhua as well as both of their qualification for the preparation of the Assets Appraisal Reports.

Despite that PCAA was jointly engaged by the Company and SPIC; while Zhongtianhua was jointly engaged by the Company and SPIC or SPIC Guangdong (as the case may be), having considered the following factors, including:

(i) as required under provision four of《資產評估基本準則》(Asset Evaluation Standards-Basic Standards*, the "**Valuation Standards**") as issued by Ministry of Finance of the PRC and updated in 2017, asset appraisal institution and its professional staff shall carry out asset appraisal activities in accordance with provisions of laws and administrative regulations, uphold to the principle of independence, objectivity and impartiality;

(ii) as required under provision six of the Valuation Standards, when asset appraisal institution and its professional staff shall carry out asset appraisal activities, they (a) should perform independently in analysing, evaluating and forming their opinion; (b) should not be affected by client or its relevant persons; and (c) should not determine the value on pre-setting basis;

(iii)《資產評估職業道德準則－獨立性》(Code of Professional Ethics for Asset Evaluation-Independence*) as issued by China Appraisal Society in 2012 further elaborate and emphasis the independence of asset appraisal institution and certified valuers;

(iv) based on the public information and the 2022 Annual Report, none of the shareholders of PCAA or Zhongtianhua owned more than 10% equity interests in the Company and none of the substantial Shareholders were shareholders of either PCAA or Zhongtianhua as at 31 December 2022;

(v) the selection of PCAA and Zhongtianhua was by way of bidding and tendering process; and

(vi) upon our request, both PCAA and Zhongtianhua confirmed that they are independent to the Group, the Target Companies and the Sellers,

we are satisfied with the independence of both PCAA and Zhongtianhua in respect of the preparation of the Asset Appraisal Reports.

Methodologies

We also reviewed the Asset Appraisal Reports and enquired into both PCAA and Zhongtianhua on the methodologies adopted and the basis and assumptions adopted in arriving at the Asset Appraisals in order for us to understand the Asset Appraisal Reports. Key assumptions of Asset Appraisal Reports are set out in Appendix V to the Circular. We noted from the Asset Appraisal Reports that each of the Asset Appraisal Reports were prepared by PCAA or Zhongtianhua (as the case may be) in accordance with various requirements/standards, including the Valuation Standards as issued by the Ministry of Finance of the PRC. According to the Valuation Standards, (i) the fundamental valuation approaches of assets valuation include income approach, market approach and asset-based approach, and (ii) the valuer should analyse the applicability of the three fundamental valuation approaches and select the valuation methodology.

In preparing the Asset Appraisal Reports, both PCAA and Zhongtianhua concluded the respective appraisal with income approach. We noted from the Asset Appraisal Reports that, in assessing the appraised value of each Target Companies under income approach, both PCAA and Zhongtianhua had (1) assessed the enterprise value of the Target Companies (company level) using income approach; (2) assessed the appraised value of the excess cash and other non-operating assets and liabilities (including long-term investments in investee companies, with the appraised value of such representing a significant portion of the non-operating assets and liabilities); and (3) added (1) and (2) above to arrive at the appraised value of the Target Companies (consolidated level).

With reference to (i) the Asset Appraisal Reports of Beijing Company, Heilongjiang Company and Shanxi Company prepared by PCAA; and (ii) the Asset Appraisal Report of Fujian Company prepared by Zhongtianhua, and as confirmed by both PCAA and Zhongtianhua, PCAA and Zhongtianhua considered each of the fundamental valuation approaches and we understood that:

- as companies operate in the clean energy industry, the approved electricity price of the relevant power plants (as invested by these companies) at the time of grid-connection were significantly higher than that as at the Appraisal Benchmark Date and thus the replacement cost method under asset-based approach may not reflect the value of these power plants. Furthermore, as platform companies which principally engaged the management of the investee companies, the costs of such activities and their impacts on the enterprise value are required to be adequately assessed according to applicable valuation standards. Given that (a) replacement cost method may not reflect the value of the power plants which the relevant Target Companies invested in; (b) the nature of asset-based approach (which only assessed the value of a company by the value of its individual assets and liabilities); and (c) such requirement by the applicable valuation standards, asset-based approach is not applicable for the appraisals of Beijing Company, Heilongjiang Company, Shanxi Company and Fujian Company;

- as the companies principally engaged in the operation of wind power stations and photovoltaic power stations, information on comparable listed companies or comparable transactions with targets similar to these Target Companies are publicly available. Therefore, market approach is applicable for the appraisals of Beijing Company, Heilongjiang Company, Shanxi Company and Fujian Company (on a consolidation basis); and

- as the companies are profitable on its own and the management of the respective company had provided profit forecast data for the future years, according to the historical operating data of the respective companies and the internal and external operating environment, the future level of profit of the enterprise can be reasonably forecasted. Therefore, income approach is applicable for the appraisals of Beijing Company, Heilongjiang Company, Shanxi Company and Fujian Company.

We noted from the Asset Appraisal Reports of Beijing Company, Heilongjiang Company, Shanxi Company and Fujian Company that, despite both market approach and income approach are applicable for the appraisals of Beijing Company, Heilongjiang Company, Shanxi Company and Fujian Company, both PCAA and Zhongtianhua considered that (i) the results of income approach comprehensively considered the equity value of the companies through their operational characteristics and future development plans; and (ii) although various adjustments were applied to the appraisee and the comparable transactions when conducting the appraisal under market approach, there are uncertainties and factors (such as difference in gross profit margin, return on assets and fixed assets turnover rate) that are unable to adjust given the uniqueness of each comparable transaction. As such, PCAA and Zhongtianhua had rejected the results of market approach and adopted the results of income approach when concluding the appraisals of Beijing Company, Heilongjiang Company, Shanxi Company and Fujian Company.

With reference to the Asset Appraisal Report of Jieyang Company prepared by Zhongtianhua and as confirmed by Zhongtianhua, Zhongtianhua considered each of the fundamental valuation approaches and we understood that:

- Jieyang Company has complete financial information with vast sources of information to obtain relevant data to calculate the replacement costs of each asset. Therefore, asset-based approach is applicable for the appraisal of Jieyang Company;

- Jieyang Company is an offshore wind power project company with a relatively short operation period after being connected to the power grid. As there are limited number of transactions of similar offshore wind power project within the region which Jieyang Company operates, and the incomparability between onshore wind power projects/company and offshore wind power projects/company. Therefore, market approach is not applicable for the appraisal of Jieyang Company; and

- Zhongtianhua considered Jieyang Company possesses the ability to continue as a going concern and will be able to generate profits in the future, based on Zhongtianhua's understanding on Jieyang Company's business nature, asset scale, historical operating conditions, predictability of future income, adequacy of the information obtained and their understanding on the clean energy power generation industry. Therefore, income approach is applicable for the appraisal of Jieyang Company.

We noted from the Asset Appraisal Report of Jieyang Company that, despite asset-based approach and income approach are applicable for the Jieyang Company's appraisal, Zhongtianhua considered that (i) the results of income approach comprehensively considered the equity value of the Jieyang Company through its operational characteristics and future growth potential; and (ii) the results of asset-based approach are based on the asset and liability of Jieyang Company, which may not reflect the value of Jieyang Company given its power generation qualification, wind resources and management team that contributes to Jieyang Company's income. As such, Zhongtianhua had rejected the results of asset-based approach and adopted the results of income approach when concluding the appraisal of Jieyang Company.

Having considered that (i) the Asset Appraisal Reports were prepared by PCAA or Zhongtianhua (as the case may be) in accordance with various requirements/standards; and (ii) both PCAA and Zhongtianhua considered each of the fundamental valuation approaches before selecting income approach over other approaches despite the applicability of the other two valuation approaches to the appraisals of the Target Companies, we are of the view that the adoption of income approach for the appraisals of the Target Companies is fair and reasonable and we did not consider other approaches to assess the appraisals of the Target Companies. Both PCAA and Zhongtianhua also confirmed that the income approach is one of the commonly adopted approaches for valuation of companies and is also consistent with normal market practice.

As both PCAA and Zhongtianhua adopted income approach to conduct the appraisals of the Target Companies (which is regarded as profit forecast pursuant to the Listing Rules), the Joint Financial Advisers and the reporting accountants of the Company issued letter/report on profit forecast. Please refer to Appendix VI and Appendix VII to the Circular for details.

Basis and assumptions

As aforementioned, the appraised value of the Target Companies (consolidated level) was derived by the Valuer after assessing (1) the enterprise value of the Target Companies (company level); and (2) the appraised value of the excess cash and other non-operating assets and liabilities of the Target Companies (including long-term investments in investee companies). In addition to income approach in assessing the appraised value of each Target Companies, asset-based approach was also adopted in assessing the appraised value of certain investee companies (please refer to the sub-section headed "2.2 Investee companies under asset-based approach" below for details). To assess the fairness and reasonableness of the appraisals of the Target Companies, we conducted the following works on the methodology, bases and assumptions used in arriving at the appraised values of the Target Companies.

1 Enterprise value of the Target Companies (company level)

1.1 Enterprise value of Beijing Company, Heilongjiang Company and Fujian Company (collectively, the "Platform Companies")

Upon our enquiry, we understood from both PCAA and Zhongtianhua that the Platform Companies are investment holding companies which mainly derived their income (if any) from managing these investee companies. As such, the forecasted income (if any) and the forecasted costs of the Platform Companies were formulated with reference to (i) the expected costs to be incurred from managing their respective investee companies; (ii) the expected remaining useful lives of the power generation plants; and (iii) if applicable, the allocation basis of the forecasted costs based on the installed capacity of the relevant plants.

We understood from the Directors that the useful lives of the photovoltaic plants are generally 25 years from the date of its grid-connection and the useful lives of the onshore wind farms are generally 20 years from the date of its grid-connection. We reviewed the forecasted period of the relevant companies and noted that each of the forecasted period is consistent with such assumption.

The discount rate (weighted average cost of capital of the Platform Companies, which was calculated by multiplying the cost of each capital source (debt and equity) by its relevant weight and then adding the products together) applied to the appraisal of the Platform Companies ranged from 7.64% to 7.72%.

We noted that both PCAA and Zhongtianhua adopted the capital asset pricing model ("**CAPM**") to assess the cost of equity of the Platform Companies for the relevant appraisals. In arriving at the cost of equity, both PCAA and Zhongtianhua took into account a number of factors including (1) risk-free rate; (2) market risk premium; (3) beta; and (4) specific risk premium.

For our due diligence purpose, we conducted the following works:

- We searched through the internet and noted that the CAPM technique is widely adopted for the purpose of estimating the required rate of return on equity;

- We noted the risk-free rates adopted by PCAA and Zhongtianhua were 2.85% and 3.67% respectively, which were determined with reference to the interest rates of 10-year government bonds; or the interest rates of 10-year and above government bonds as at the Appraisal Benchmark Date;

- We obtained the list of comparable companies used for the calculation of the re-levered beta. We cross-checked the beta of the selected comparable companies through Wind Financial Terminal and noted that the beta adopted by both PCAA and Zhongtianhua are in line with our findings;

- We noted that the market risk premium adopted by PCAA and Zhongtianhua for the appraisal of the Platform Companies were 7.07% and 5.39% respectively, which were determined with reference to the China Securities Index 300 yield indicator;

We noted the cost of debt adopted by PCAA for the appraisal of Beijing Company and Heilongjiang Company was 3.44%, which was determined with reference to the long-term loan prime rate in the PRC.

We noted the cost of debt adopted by Zhongtianhua for the appraisal of Fujian Company was 3.36%, which was determined with reference to Fujian Company's weighted average effective interest rate.

1.2 Enterprise value of Shanxi Company and Jieyang Company

Upon our enquiry, we also understood from PCAA and Zhongtianhua that:

(i) as (a) Shanxi Company is principally engaged in the generation of photovoltaic power through the operation of photovoltaic plant; and (b) Jieyang Company is principally engaged in the generation of offshore wind power through the operation of wind farm, the financial projections of Shanxi Company and Jieyang Company were forecasted based on the expected remaining useful lives of the photovoltaic plant or offshore wind farm which they operate.

As aforementioned, the useful lives of the photovoltaic plants are generally 25 years from the date of its grid-connection and, as further advised by the Directors, the useful lives of the offshore wind farms are generally 25 years from the date of its grid-connection. We reviewed the forecasted period of the relevant companies and noted that each of the forecasted period is consistent with such assumption.

(ii) operating income were forecasted based on (a) the capacity of the photovoltaic plant or the wind farm; (b) the expected utilisation hours of photovoltaic/offshore wind power generating units, (c) expected grid-connected power volume (in terms of megawatt-hour ("**MWh**")); and (d) the expected income from sale of electricity and expected government subsidy in respect of the generation of photovoltaic/wind power.

For our due diligence purpose, we obtained and reviewed historical data of both Shanxi Company and Jieyang Company. We noted that (1) the capacity of the photovoltaic plant or wind farm for the forecasted period are in line with their respective existing capacity; and (2) the expected utilisation hours of photovoltaic/wind power generating units, the expected grid-connected power volume (in terms of MWh) and the expected unit price (including government subsidy) in respect of the generation of photovoltaic/wind power are determined with reference to the historical average data.

(iii) operating expenditures including depreciation, amortisation, staff costs and repair and maintenance costs, which were determined with reference to the historical data or the existing operating conditions of Shanxi Company and Jieyang Company. We cross-checked the forecasted operating expenditures against the historical data of both Shanxi Company and Jieyang Company and noted that forecasted operating expenditures are generally in line with the respective historical data with reasonable growth rate adopted.

(iv) the discount rates (weighted average cost of capital, which were calculated by multiplying the cost of each capital source (debt and equity) by its relevant weight and then adding the products together) of Shanxi Company and Jieyang Company applied to the appraisal ranged from 7.00% to 7.72%, taking into account the difference in applicable tax rates throughout the expected life of the relevant offshore wind farms. In determining the discount rates of Shanxi Company and Jieyang Company, PCAA and Zhongtianhua adopted the same methodology and the same parameter selection basis as those for determining the discount rates of the Platform Company detailed above.

2 Appraised value of the long-term investment in investee companies

2.1 Investee companies under income approach

With reference to the Asset Appraisal Reports and as confirmed by both PCAA and Zhongtianhua, both PCAA and Zhongtianhua considered each of the fundamental valuation approaches before concluding the appraisals of the investee companies using income approach and we understood that these investee companies are principally engaged in the generation of photovoltaic or wind power through the operation of photovoltaic plants or wind farms, the expected income and expenses of these investee companies can be reasonably predicted based on their business nature, operating scale and historical operating status and the future operating period of the subject companies can be estimated based on the remaining life of the relevant power generation units/projects. As such, income approach is applicable for the appraisal of these investee companies.

Having considered that (i) the appraisal of the investee companies under income approach were prepared by either PCAA or Zhongtianhua in accordance with various requirements or standards; and (ii) both PCAA and Zhongtianhua considered each of the fundamental valuation approaches and PCAA and Zhongtianhua's rationale in selecting income approach for the appraisal of these investee companies, we are of the view that the adoption of income approach for the appraisal of these investee companies is fair and reasonable and we did not consider other approaches to assess the appraisal of these investee companies.

Upon our enquiry, we also understood from PCAA and Zhongtianhua that:

(i) as these investee companies are primarily engaged in the generation of photovoltaic power through the operation of photovoltaic plants and/or the generation of wind power through the operation of wind farms, the financial projections of these investee companies were mainly forecasted based on the expected remaining useful lives of the photovoltaic plant or wind farm which they operate.

As aforementioned, the useful lives of photovoltaic plants are generally 25 years from the date of its grid-connection; the useful lives of onshore wind farms are generally 20 years from the date of its grid-connection; and the useful lives of offshore wind farms are generally 25 years from the date of its grid-connection. We also reviewed the forecasted period of these investee companies and noted that each of the forecasted period is consistent with such assumption.

(ii) operating income were forecasted based on (a) the capacity of the photovoltaic plant or the wind farm; (b) the expected utilisation hours of photovoltaic/wind power generating units, (c) expected grid-connected power volume (in terms of MWh); and (d) the expected income from sale of electricity and expected government subsidy in respect of the generation of photovoltaic/wind power.

For our due diligence purpose, we also obtained and reviewed historical data in respect of these investee companies and noted that (1) the capacity of the photovoltaic plant or wind farm for the forecasted period are in line with their respective existing capacity; and (2) the expected utilisation hours of photovoltaic/wind power generating units, the expected grid-connected power volume (in terms of MWh) and the expected unit price (including government subsidy) in respect of the generation of photovoltaic/wind power are determined with reference to the historical average data.

(iii) operating expenditures including depreciation, amortisation, staff costs and repair and maintenance costs, which are determined with reference to the historical data or the existing operating conditions of the relevant company. We cross-checked the forecasted operating expenditures against the historical data of each of the subject companies and noted that forecasted operating expenditures are generally in line with the historical data with reasonable growth rate adopted.

(iv) the discount rates (weighted average cost of capital, which were calculated by multiplying the cost of each capital source (debt and equity) by its relevant weight and then adding the products together) of the investee companies that engaged in the generation of photovoltaic power through the operation of photovoltaic plants or the generation of wind power through the operation of wind farms, being majority of the investee companies held by the relevant Target Companies, applied to the appraisal ranged from 6.96% to 7.72%. In determining the discount rates of each individual investee companies, PCAA and Zhongtianhua adopted the same methodology and the same parameter selection basis as those for determining the discount rates of the Platform Company as detailed above.

2.2 Investee companies under asset-based approach

With reference to the Asset Appraisal Reports and as confirmed by both PCAA and Zhongtianhua, both PCAA and Zhongtianhua concluded the appraisal of these investee companies using asset-based approach given that these investee companies are (i) investment holding companies with no actual expenses incurred; (ii) involved in clean energy projects that are in preliminary stages with limited upfront costs incurred; or (iii) newly established companies without sufficient information for PCAA or Zhongtianhua to comprehensively assess its appraised value using income approach or market approach.

For investee companies that are solely established for the purpose of holding investments and investee companies involved in clean energy projects that are in preliminary stages with limited upfront costs incurred, the appraised values were determined with reference to the appraised value of the individual assets and liabilities.

For investee companies that are newly established without sufficient information for PCAA or Zhongtianhua to comprehensively assess its appraised value using income approach or market approach, the appraised values were determined based on the investment amounts and the percentage of shareholding in the investee companies.

Having considered the aforementioned (including our analyses and workdone), we do not doubt the reasonableness of the assumption used in the appraisals of the Target Companies.

With reference to the Board Letter, the consideration for the acquisition of Equity Interests I is subject to adjustment of not more than RMB400,000,000 in total by (i) any dividend attributable to the profits generated from the Target Companies I up to the Appraisal Benchmark Date to be distributed by Target Companies I to their original shareholders prior to Completion; (ii) the changes to the financial position and operating results of Target Companies I as a result of any dividend to be distributed by the relevant companies (to which the Reorganization Equity Interests relate) to their original shareholders prior to completion of the Pre-Acquisition Reorganization; and (iii) any other matters as agreed between the Company and SPIC.

For our due diligence purpose, we obtained the relevant resolutions in respect of the distribution of dividends attributable to the profits generated from Target Companies I up to the Appraisal Benchmark Date. We noted that the dividends attributable to the percentage of equity interest represented by Equity Interests I were less than RMB400,000,000.

We summarised the appraised value of the Target Companies as at Appraisal Benchmark Date, the percentage of equity interest represented by the relevant Equity Interests, and the consideration for Equity Interests for the Acquisitions as follows:

	Appraised value of Target Companies as at the Appraisal Benchmark Date (A)	**Percentage of equity interest represented by the relevant Equity Interests (B)**	**Consideration for the relevant Equity Interests (C)**
	(RMB'000)		*(RMB'000)*
Beijing Company	10,572,727.2	55.15%	5,830,859.1
Heilongjiang Company	1,111,880.0	100%	1,111,880.0
Fujian Company	1,251,355.0	100%	1,251,355.0
Shanxi Company	616,950.0	100%	616,950.0
Jieyang Company	1,974,016.7	100%	1,974,016.7
Total	15,526,928.9		10,785,060.8

As the considerations of the Equity Interests equal to the appraised values of the Target Companies multiplied by percentage of equity interest represented by the relevant Equity Interests (i.e. C = A x B), we are of the view that the considerations for the Acquisitions are fair and reasonable.

Transitional period

Pursuant to the Acquisition Agreements, (i) the profit and loss of Target Companies during the transitional period (i.e. a period commencing from the Appraisal Benchmark Date (i.e. 31 March 2023) to the Completion Date) shall be enjoyed or borne by the transferee; and (ii) the transferors guarantee that the loss incurred by the respective Target Companies during the transitional period shall not exceed 5% of their respective appraised value. We also noted from the Acquisition Agreements that, during the transitional period, the transferor shall manage the Target Companies and its assets with the duty of care to ensure that no material adverse change to the Target Companies and its assets (other than any dividend declared by the relevant Target Company to be distributed).

Having considered that the considerations of the Acquisitions were based on, among other things, the appraised values the Target Companies (by income approach) as at 31 March 2023; and the profit or loss from Appraisal Benchmark Date to the Completion Date was considered in the process of the asset appraisals, we consider the arrangement for profit and loss during the transitional period to be reasonable.

Put Option under the Acquisition Agreements

Pursuant to the Acquisition Agreements and with reference to the Board Letter, if any of the Target Companies or any of their respective subsidiaries is (i) unable to comply with any applicable laws or regulations, or (ii) there occurs any non-compliance relating to land use or failure to complete property ownership registration, and such occurrence has a significant impact on the operations of any of the Target Companies or any of their respective subsidiaries such that there is a risk of rendering any of the Target Companies or any of their respective subsidiaries becoming unable to continue its operations, the Company shall have the right to require the Seller(s) or any third party appointed by the Seller(s) to buy back the relevant Equity Interest(s) (or part thereof as it relates to any subsidiary) at a consideration not lower than the appraised value of the relevant Equity Interest(s) (or part thereof as it relates to any subsidiary) as at the time when the Put Option is exercised. No premium is payable for the grant of the Put Option to the Company.

We consider such arrangement is in favour and in the interest of the Company.

Having reviewed and considered the terms of the Acquisition Agreements, in particular the key terms as listed above and no abnormal term observed, we are of the view that the terms of the Acquisitions are on normal commercial terms and are fair and reasonable.

Possible financial effects

With reference to the Board Letter, upon Completion, the Target Companies will become wholly-owned subsidiaries of the Company (save for Beijing Company, which will be held as to 55.15% by the Company) and the consolidated financial results of the Target Companies will be consolidated into the Group's financial statements.

The unaudited pro forma financial information of the Enlarged Group (the "**Pro Forma Information**") is included in Appendix IV to the Circular.

As extracted from the 2022 Annual Report, the audited consolidated total assets and total liabilities of the Group were approximately RMB211.4 billion and RMB142.8 billion as at 31 December 2022, respectively. According to the Pro Forma Information, the unaudited consolidated total assets and total liabilities of the Enlarged Group would be approximately RMB281.8 billion and RMB202.8 billion respectively as if the Acquisitions had taken place on 31 December 2022.

It should be noted that the aforementioned analyses are for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon Completion.

Recommendation on the Acquisitions

Having taken into account the above factors and reasons, we are of the opinion that (i) the terms of the Acquisitions are on normal commercial terms and are fair and reasonable; and (ii) the Acquisitions are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolutions to be proposed at the General Meeting to approve the Acquisitions and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

(2) REVISION

Information on SPIC Financial

With reference to the Board Letter, SPIC Financial was established in the PRC as a non-banking financial institution on 2 September 1992. It is licensed and regulated by the CBIRC and is engaged in the provision of financial services which principally include deposit taking, provision of loans, issue of corporate debentures, inter-bank lending, as well as other financial services such as finance leasing, bills acceptance and discounting, entrusted loans and entrusted investment, arrangement of buyer's credit for member companies' products, underwriting of corporate debentures of member companies, provision of financial advisory, credit certification and other advisory agency services and guarantee services to members of the SPIC Group. SPIC Financial only provides services to members of the SPIC Group under《企業集團財務公司管理辦法》(the Measures on Administration of the Finance Companies of Enterprise Groups*, the "**Administrative Measures**") promulgated by the CBIRC. SPIC Financial has a registered capital of RMB7.5 billion and is owned as to 40.86% by SPIC and as to 59.14% by other wholly-owned and controlled members of the SPIC Group, respectively.

Pursuant to the Administrative Measures, it regulates the operation of non-banking financial institutions which provide financial management services to the enterprise group member entities. The Administrative Measures set out certain compliance and risk control requirements/measures in relation to the operation of group financing companies, including but not limited to maintaining certain financial ratios at all times.

Based on our discussions with the management of SPIC Financial, we understood that the CBIRC monitors SPIC Financial's operations and compliance with relevant laws and regulations, through on-site examinations and off-site surveillance, from time to time. The CBIRC may impose corrective and punitive measures, including fines and ordering the suspension of certain business activities. According to the management of SPIC Financial, the CBIRC has not taken any material disciplinary actions, or imposed material penalties or fines on SPIC Financial for the two years ended 31 December 2022.

As further advised by the management of SPIC Financial, SPIC Financial is required to submit quarterly compliance report regarding the business operation of SPIC Financial to the CBIRC.

Furthermore, pursuant to the Administrative Measures, in the event that a group finance company faces any difficulty in making payment, its controlling shareholder(s) will increase such group finance company's capital accordingly based on the actual need. We noted from SPIC Financial's articles of association that SPIC, being the controlling shareholder of the Company, undertook that SPIC will provide funding to SPIC Financial to satisfy its capital needs in the event that SPIC Financial experiences any urgent payment difficulties.

In the event that the Group placed a substantial amount of deposits in the SPIC Financial for a long period, the Group may face higher concentration risk (the "**Concentration Risk**") in relation to maintaining a high level of cash deposits with one single finance company/institution. However, having considered the factors including:

(i) SPIC, being the controlling shareholder of the SPIC Financial, undertook that SPIC will provide funding to SPIC Financial to satisfy its capital needs in the event that SPIC Financial experiences any urgent payment difficulties; and

(ii) as confirmed by the Directors:

- the Company will not deposit all of its cash and cash equivalents to the SPIC Financial;

- the Company's finance department will closely monitor the deposit services (the "**Deposit Services**") and enforcement news published from time to time; and review regulatory report, monthly financial statement and monthly balance statement provided by the SPIC Financial immediately after receiving the same;

- the Group will withdraw all of its deposits placed to the SPIC Financial if the SPIC Financial fails to comply with any PRC regulatory requirement which may have material adverse impact on the SPIC Financial's financial and/or operational positions; and

- the annual cap is a maximum daily balance, mainly to facilitate the possibility of large cash inflow within a short period of time,

we consider that the Concentration Risk would be mitigated.

Reasons for and benefits of the Revision

As advised by the Directors, benefits of the entering into of the FS Framework Agreement (including the Deposit Services) included, among other things, (i) enhancing efficiency of fund utilisation; (ii) increasing interest income and finance cost saving; (iii) improving competitiveness; (iv) facilitating fund management and control by the Group; and (v) risk assurance.

Pursuant to the FS Framework Agreement, the interest rate applicable to the Group for its deposits with SPIC Financial during the same period shall not be lower than (i) the benchmark interest rate specified by the PBOC of the same type of deposits; (ii) the interest rate of the same type of deposits obtained from other major commercial banks in the PRC to the Group; and (iii) the interest rate of same type of deposits placed by other members of the SPIC Group with SPIC Financial. In addition, subject to the above, the applicable interest rate for the amount of the Group's deposit in current account(s) that exceeds RMB100,000, will be 23 basis points higher than, and adjusted according to, the benchmark interest rate for agreements deposits (協定存款基準利率) as published by the PBOC from time to time.

We further noted from the FS Framework Agreement that SPIC Financial has agreed to provide the Group with the Deposit Services, settlement services, loan services and other financial services approved by the CBIRC on a non-exclusive basis subject to the terms and conditions provided therein. As further confirmed by the Directors, the Group will utilize the financial services of SPIC Financial on a voluntary and non-compulsory basis and is not obliged to engage SPIC Financial for any particular service.

In light of the above reasons, in particular, (i) the pricing policy of the Deposit Services; and (ii) that the Group will utilize the financial services of SPIC Financial on a voluntary and non-compulsory basis and is not obliged to engage SPIC Financial for any particular service, we consider that the Deposit Services are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group.

With reference to the Board Letter, the Existing FS Annual Cap was contemplated only for the purposes of the continuing connected transactions between the Company (excluding the Target Companies) and SPIC Financial under the FS Framework Agreement. Upon Completion, the Company expects that the Existing FS Annual Cap will be exceeded, and therefore should be adjusted upwards into the Revised FS Annual Cap (which will become effective upon Completion of any Target Company).

Having considered (i) the reasons for and benefits of the Deposit Services as mentioned above; (ii) the Existing FS Annual Cap was contemplated only for the purposes of the continuing connected transactions between the Company (excluding the Target Companies) and SPIC Financial under the FS Framework Agreement; and (iii) the Target Companies and its subsidiaries placed and shall continue to place deposits in SPIC Financial, we concur with the Directors that the Revision is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group.

Principal terms of the Deposit Services and the Revision

The following table tabulates a summary of the major terms of the Deposit Services and the Revision, details of which are set out in the section headed "III. REVISION OF ANNUAL CAP — FINANCIAL SERVICES FRAMEWORK AGREEMENT" of the Board Letter:

Dates	6 May 2022 and 17 August 2023
Parties	The Company; and SPIC Financial
Effective period	For a term of three years from 7 June 2022 and ending on 6 June 2025 (both days inclusive).
Pricing principles	The interest rate applicable to the Group for its deposits with SPIC Financial during the same period shall not be lower than (i) the benchmark interest rate specified by the PBOC of the same type of deposits; (ii) the interest rate of the same type of deposits obtained from other major commercial banks in the PRC to the Group; and (iii) the interest rate of same type of deposits placed by other members of SPIC Group with SPIC Financial. In addition, subject to the above, the applicable interest rate for the amount of the Group's deposits in current account(s) that exceeds RMB100,000, will be 23 basis points higher than, and adjusted according to, the benchmark interest rate for agreements deposits (協定存款基準利率) as published by the PBOC from time to time.

As advised by the Directors, to secure the interests of Shareholders, the Company adopted certain internal control procedures and corporate governance measures (the "**IC Measures**") for utilizing the financial services provided by SPIC Financial. Details of the IC Measures are set out in the letter from the board as contained in the Company's circular dated 18 May 2022. As there will be interest rates monitoring and deposit rates collection procedures, we consider that the effective implementation of the IC Measures would help to ensure fair pricing of the Deposit Service according to the pricing policies.

Upon our request, we obtained deposit records showing (i) the Company placed deposits in independent commercial banks and SPIC Financial; and (ii) members of SPIC Group placed deposits in SPIC Financial, for the period from June 2022 to June 2023. We noted from the above deposit records that the deposit rates as shown in the deposit records are in line with the deposit rates requirements under the FS Framework Agreement. Accordingly, we do not doubt the effectiveness of the IC Measures.

The Revised FS Annual Cap

Pursuant to the FS Framework Agreement Supplemental Agreement, the Revised FS Annual Cap will not exceed RMB9.0 billion for (i) each of the years ending 31 December 2023 and 2024; and (ii) the period from 1 January 2025 to 6 June 2025.

We noted that the Revised FS Annual Cap was determined after taking into account of various factors, details of which are set out under the section headed "Revised FS Annual Cap and Basis of Determination" of the Board Letter.

The table below sets out the historical highest daily deposit balance (including accrued interests) in respect of the deposit services placed with SPIC Financial by the Group (without taking into account transactions of the Target Companies):

	For the period from 7 June 2022 to 31 December 2022 *(RMB billion)*	For the year ending 31 December 2023 *(RMB billion)*
Historical highest daily deposit balance placed by the Group (without taking into account transactions of the Target Companies)	5.475	4.757 *(Note)*
Existing FS Annual Cap	5.5	5.5
Utilisation rates of the Existing FS Annual Cap	99.55%	86.49%

Note: the figure was for the five months ended 31 May 2023.

According to the above table, the utilisation rates of the Existing FS Annual Cap were approximately 99.55% for the period from 7 June 2022 to 31 December 2022 and approximately 86.49% for the period from 1 January 2023 to 31 May 2023. Such utilisation rates were at high levels.

To assess the fairness and reasonableness of the Revised FS Annual Cap, we conducted the following analyses:

- As extracted from the 2022 Annual Report, as at 31 December 2022, the Group's (i) cash and cash equivalents were approximately RMB4.23 billion; and (ii) accounts receivable was approximately RMB12.63 billion respectively. The summation of the aforesaid two items were approximately RMB16.86 billion, which is greater than the Revised FS Annual Cap and indicates the Group's possible demand of deposit services to be provided by commercial banks and SPIC Financial.

  According to the Pro Forma Information, the unaudited consolidated cash and cash equivalents; and accounts receivable of the Enlarged Group would be approximately RMB7.46 billion and RMB20.84 billion respectively as if the Acquisitions had taken place on 31 December 2022. The sum of the aforesaid two items (assuming if the Acquisitions had taken place on 31 December 2022) would be approximately RMB28.31 billion, which is larger than the Revised FS Annual Cap, indicating the Enlarged Group's possible demand for deposit services to be provided by commercial banks and SPIC Financial.

  The Revised FS Annual Cap is approximately 63.64% higher than the Existing FS Annual Cap. The increase is also in line with the approximately 67.86% increase in the summation of (a) cash and cash equivalents; and (b) account receivables of the Enlarged Group as compared to that of the Group as at 31 December 2022.

- With reference to the Board Letter, for the period from 7 June 2022 to 31 May 2023, the maximum deposits placed with SPIC Financial by the Enlarged Group was approximately RMB10.018 billion. The Revised FS Annual Cap of RMB9.0 billion is close to the aforesaid maximum deposit amounts.

- As advised by the Directors, it is difficult to forecast the total cash level from the date of effective of the FS Framework Agreement Supplemental Agreement to 6 June 2025 (the "**Relevant Period**"). Nevertheless, should there be any substantial increase in total cash of the Group, the Group may opt to deposit larger portion of cash in commercial banks or re-comply with the applicable provisions of the Listing Rules governing continuing connected transaction to revise the Revised FS Annual Cap.

Having also considered the above factors, we are of the view that the Revised FS Annual Cap, which is the same during the Relevant Period, is fair and reasonable.

Having considered the above, including the principal terms of the Deposit Services and the Revised FS Annual Cap, we are of the view that the terms of the Revision are fair and reasonable.

Listing Rules implication

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the Deposit Services must be restricted by the Revised FS Annual Cap for the Relevant Period; (ii) the terms of the Deposit Services must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Deposit Services must be included in the Company's subsequent published annual reports.

Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Deposit Services (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iii) have exceeded the annual cap.

In the event that the maximum amounts of the Deposit Services are anticipated to exceed the Revised FS Annual Cap, or that there is any proposed material amendment to the terms of the FS Framework Agreement (as amended by the FS Framework Agreement Supplemental Agreement), as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

With the stipulation of the above requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the transactions contemplated under the FS Framework Agreement (as amended by the FS Framework Agreement Supplemental Agreement) and hence the interest of the Independent Shareholders would be safeguarded.

Recommendation on the Revision

Having taken into account the above factors and reasons, we are of the opinion that (i) the terms of the Revision are on normal commercial terms and are fair and reasonable; and (ii) the Revision is conducted in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the General Meeting to approve the Revision and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

* *For identification purpose only*

1. SUMMARY OF FINANCIAL INFORMATION

The audited consolidated financial information of the Group for each of the three years ended 31 December 2020, 2021 and 2022 have been disclosed in the annual reports of the Company.

Details of the financial statements have been published on the Stock Exchange website (http://www.hkexnews.hk) and Company website (http://www.chinapower.hk) and can be accessed by the direct hyperlinks below:

(i) in respect of the annual report of the Company for the year ended 31 December 2022 published on 27 April 2023 (pages 143 to 265)
https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042703911.pdf

(ii) in respect of the annual report of the Company for the year ended 31 December 2021 published on 19 April 2022 (pages 116 to 233)
https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0419/2022041900451.pdf

(iii) in respect of the annual report of the Company for the year ended 31 December 2020 published on 21 April 2021 (pages 98 to 219)
https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0421/2021042100968.pdf

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 June 2023, being the latest practicable date for the purpose of ascertaining the indebtedness of the Enlarged Group prior to the printing of this circular, the Enlarged Group had total issued debts of RMB157,573.4 million. Details of which are as follows:

	RMB'000
Bank borrowings	
— Secured and guaranteed	1,829,238
— Secured and unguaranteed	40,117,581
— Unsecured and guaranteed	431,050
— Unsecured and unguaranteed	71,053,232
Borrowings from related parties	
— Unsecured and unguaranteed	22,288,833
Other borrowings	
— Secured and unguaranteed	4,178,152
— Unsecured and guaranteed	29,340
— Unsecured and unguaranteed	13,969,008
Obligations under leases	
— Secured and guaranteed	13,452
— Secured and unguaranteed	1,638,955
— Unsecured and unguaranteed	2,024,523
	157,573,364

Save as aforesaid and apart from intra-group liabilities and normal trade and bills payables in the ordinary course of the business, as at the close of business on 30 June 2023, the Enlarged Group did not have other debt securities issued and outstanding, and authorized or otherwise created but unissued, outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or material contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that, taking into account the financial resources available to the Enlarged Group, including the internally generated funds and the unutilized facilities from banks and a related party and the available unutilized short-term commercial paper, the Enlarged Group has, in the absence of unforeseeable circumstances, sufficient working capital for its present requirement for at least 12 months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

After the Acquisitions, the Group will continue to accelerate transformation and development, devote significant efforts to develop clean energy, further proceed with the development of integrated energy projects, provide reasonable planning for capital expenditure. In addition, the Group will continue to leverage on the sustained and solid support from SPIC, to accelerate and facilitate the injection of quality clean energy assets in order to enlarge the Group's assets and business coverage, and enhance its overall market competitiveness.

In light of the evolving economic and business environment, the Group constantly reviews its existing operations from time to time. With the government policies encouraging clean energy power and the broadened geographical base of the Group's power projects, the Group remains optimistic on the overall market environment and the Directors believe that the Group will continue to benefit from strong power demand, operating costs control and improvement in overall efficiency, thereby enhancing the Group's profitability and the return to the Shareholders.

ACCOUNTANTS' REPORT ON BEIJING COMPANY

The following is the text of reports received from BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

BDO

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF SPIC BEIJING ELECTRIC POWER CO., LTD AND ITS SUBSIDIARIES TO THE DIRECTORS OF CHINA POWER INTERNATIONAL DEVELOPMENT LIMITED

Introduction

We report on the historical financial information of SPIC Beijing Electric Power Co., Ltd (國家電投集團北京電力有限公司) (the ''Target Company'') and its subsidiaries (together, the ''Target Group'') set out on pages IIA-3 to IIA-112, which comprises the consolidated statements of financial position, of the Target Group as at 31 December 2020, 2021 and 2022 and 31 March 2023, the statements of financial position of the Target Company as at 31 December 2020, 2021 and 2022 and 31 March 2023, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for each of the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2023 (the ''Track Record Period'') and a summary of significant accounting policies and other explanatory information (together the ''Historical Financial Information''). The Historical Financial Information set out on pages IIA-3 to IIA-112 forms an integral part of this report, which has been prepared for inclusion in the circular of China Power International Development Limited (the ''Company'') dated 18 August 2023 (the ''Circular'') in connection with the proposed major and connected transactions in related to the acquisitions of the equity interests in the Target Company.

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the 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, and for such internal control as the directors 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 this Circular in which the Historical Financial Information of the Target Group 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 (''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.

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 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 director of the Target Company, 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 Target Company and the Target Group as at 31 December 2020, 2021 and 2022 and 31 March 2023 and of the Target Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of Stub Period Comparative Financial Information

We have reviewed the stub period comparative historical financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the three months ended 31 March 2022 and other explanatory information (together the "Stub Period Comparative Historical Financial Information"). The directors of the Target Company are responsible for the preparation of the Stub Period Comparative Historical 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 Stub Period Comparative Historical 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 Stub Period Comparative Historical 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 IIA-3 have been made.

Dividends

We refer to note 15 to the Historical Financial Information which states that dividends have declared by the Target Company in respect of the Track Record Period.

BDO Limited
Certified Public Accountants

Fong Yat Sing, Cyrus
Practising Certificate Number: P07150
Hong Kong
18 August 2023

I. HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Target Group for the Track Record, on which the Historical Financial Information is based, were audited by BDO Limited in accordance with Hong Kong standards on Auditing issued by the HKICPA (''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.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Three months ended 31 March	
		2020	2021	2022	2022	2023
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Revenue	*6*	2,690,796	4,006,966	4,193,094	962,711	1,060,764
Other income	*7*	41,967	54,160	10,972	1,529	2,979
Depreciation		(1,045,605)	(1,424,802)	(1,629,605)	(392,974)	(410,696)
Staff costs	*8*	(140,454)	(197,533)	(305,930)	(60,410)	(59,868)
Repairs and maintenance		(14)	(559)	(5,286)	(1,692)	(421)
Consumables		(5,463)	(4,748)	(11,978)	(1,098)	(2,908)
Other gains and losses, net	*9*	119,064	36,552	12,674	(3,210)	14,338
Other operating expenses	*10*	(234,959)	(523,382)	(449,673)	(83,419)	(96,766)
Operating profit	*11*	1,425,332	1,946,654	1,814,268	421,437	507,422
Finance income	*12*	7,184	20,749	20,010	17,656	8,184
Finance costs	*12*	(661,509)	(918,175)	(915,862)	(184,153)	(197,465)
Share of results of associates		—	16,984	23,743	5,061	14,350
Profit before taxation		771,007	1,066,212	942,159	260,001	332,491
Income tax expense	*13*	(102,728)	(150,337)	(171,437)	(35,781)	(54,379)
Profit and total comprehensive income for the year/period		668,279	915,875	770,722	224,220	278,112
Attributable to:						
Equity holders of the Target Company		489,455	826,633	567,965	189,490	221,159
Non-controlling interests		178,824	89,242	202,757	34,730	56,953
		668,279	915,875	770,722	224,220	278,112

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 31 March
		2020	2021	2022	2023
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS					
Non-current assets					
Property, plant and equipment	*16*	19,534,802	23,391,855	24,536,458	24,844,177
Intangible assets	*17*	—	150,415	140,042	137,449
Right-of-use assets	*18*	575,936	658,659	875,288	860,255
Prepayments for construction of power plants		1,262,808	682,204	1,044,914	1,131,574
Prepayments	*25*	425,681	1,321,055	112,786	114,787
Goodwill	*19*	18,016	18,016	18,016	18,016
Interests in associates	*20*	—	227,312	239,657	254,007
Financial assets measured at amortised cost	*21*	59,402	—	—	—
Deferred income tax assets	*22*	13,504	26,318	60,331	59,399
		21,890,149	26,475,834	27,027,492	27,419,664
Current assets					
Inventories	*23*	52,291	23,370	20,555	20,445
Bills and accounts receivable	*24*	3,318,750	4,928,515	5,882,971	6,044,410
Prepayments, deposits and other receivables	*25*	1,263,126	1,210,815	864,981	883,383
Amounts due from related parties	*35*	1,095,817	2,015,907	1,480,055	1,506,806
Restricted deposits	*26*	—	—	1,513	1,513
Cash and cash equivalents	*27*	2,111,288	783,024	2,494,889	2,956,400
		7,841,272	8,961,631	10,744,964	11,412,957
Total assets		29,731,421	35,437,465	37,772,456	38,832,621
EQUITY					
Equity attributable to equity holders of the Target Company					
Registered capital	*28*	6,116,057	6,116,057	6,116,057	6,116,057
Reserves	*28*	2,457,981	3,127,071	3,204,810	3,425,969
		8,574,038	9,243,128	9,320,867	9,542,026
Non-controlling interests	*39*	2,732,905	1,840,018	3,781,293	3,818,163
Total equity		11,306,943	11,083,146	13,102,160	13,360,189

		As at 31 December			As at 31 March
		2020	2021	2022	2023
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
LIABILITIES					
Non-current liabilities					
Deferred income		24	21	18	17
Bank borrowings	*29*	8,006,483	10,139,685	11,598,776	12,220,209
Borrowing from related parties	*30*	2,116,611	2,370,508	1,873,740	1,964,161
Other borrowings	*31*	2,123,607	1,168,742	696,848	631,932
Lease liabilities	*32*	315,451	299,823	376,974	382,664
Deferred income tax liabilities	*22*	1,278	2,145	2,262	2,609
		12,563,454	13,980,924	14,548,618	15,201,592
Current liabilities					
Bills and accounts payable	*33*	51,965	46,695	27,244	30,034
Construction cost payables		1,380,588	1,470,610	1,439,649	1,342,369
Other payables and accruals	*34*	869,749	1,082,963	1,063,122	1,065,883
Amounts due to related parties	*35*	575,722	804,706	2,047,566	1,947,066
Bank borrowings	*29*	1,750,744	5,300,695	4,854,220	5,227,282
Borrowing from related parties	*30*	753,598	425,526	195,890	206,394
Other borrowings	*31*	415,144	1,159,659	387,233	346,533
Lease liabilities	*32*	16,222	30,789	50,691	31,556
Tax payable		47,292	51,752	56,063	73,723
		5,861,024	10,373,395	10,121,678	10,270,840
Total liabilities		18,424,478	24,354,319	24,670,296	25,472,432
Total equity and liabilities		29,731,421	35,437,465	37,772,456	38,832,621
Net current assets/(liabilities)		1,980,248	(1,411,764)	623,286	1,142,117
Total assets less current liabilities		23,870,397	25,064,070	27,650,778	28,561,781

STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY

	Notes	As at 31 December 2020	As at 31 December 2021	As at 31 December 2022	As at 31 March 2023
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment		4,272	4,223	3,731	3,442
Right-of-use assets		33,517	22,345	11,173	8,379
Interests in subsidiaries		4,135,333	5,581,333	6,867,432	6,961,483
		4,173,122	5,607,901	6,882,336	6,973,304
Current assets					
Amounts due from subsidiaries		6,950,611	8,344,303	8,811,348	8,672,566
Prepayments, deposits and other receivables		181,973	477,204	282,992	260,332
Cash and cash equivalents		501,268	121,776	28,120	60,755
		7,633,852	8,943,283	9,122,460	8,993,653
Total assets		11,806,974	14,551,184	16,004,796	15,966,957
EQUITY					
Registered capital	28	6,116,057	6,116,057	6,116,057	6,116,057
Capital reserve	42	1,607,232	1,607,232	1,607,232	1,607,232
(Accumulated losses)/Retained earnings	42	(118,331)	5,533	(414,921)	(437,204)
Total equity		7,604,958	7,728,822	7,308,368	7,286,085
LIABILITIES					
Non-current liabilities					
Bank borrowings		2,320,331	625,198	544,731	626,773
Lease liabilities		23,872	—	—	—
Borrowing from related parties		201,491	474,490	810,391	984,292
Other borrowings		488,509	560,675	579,609	443,928
Deferred income tax liabilities		—	130	132	112
		3,034,203	1,660,493	1,934,863	2,055,105
Current liabilities					
Bills and accounts payable		6,129	4,136	3,838	3,838
Amounts due to subsidiaries		5,678	1,001,209	3,537,160	2,863,635
Other payables and accruals		24,637	33,535	8,363	50,102
Bank borrowings		1,120,214	4,099,117	3,200,000	3,698,988
Lease liabilities		11,155	23,872	12,204	9,204
		1,167,813	5,161,869	6,761,565	6,625,767
Total liabilities		4,202,016	6,822,362	8,696,428	8,680,872
Total equity and liabilities		11,806,974	14,551,184	16,004,796	15,966,957
Net current assets		6,466,039	3,781,414	2,360,895	2,367,886
Total assets less current liabilities		10,639,161	9,389,315	9,243,231	9,341,190

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Target Company					
	Paid-in capital	Capital reserve	Retained earnings	Sub-total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2020	3,373,289	122,427	353,373	3,849,089	2,700,481	6,549,570
Profit and total comprehensive income for the year	—	—	489,455	489,455	178,824	668,279
Capital injection *(Note 28)*	2,742,768	1,607,232	—	4,350,000	—	4,350,000
Transactions with non-controlling interests *(Note 39(a))*	—	—	—	—	12,956	12,956
Dividends *(Note 15)*	—	—	(114,506)	(114,506)	—	(114,506)
Dividends to non-controlling interests	—	—	—	—	(159,356)	(159,356)
At 31 December 2020 and 1 January 2021	6,116,057	1,729,659	728,322	8,574,038	2,732,905	11,306,943
Profit and total comprehensive income for the year	—	—	826,633	826,633	89,242	915,875
Acquisitions of subsidiaries *(Note 37)*	—	—	—	—	151,689	151,689
Dividends *(Note 15)*	—	—	(260,362)	(260,362)	—	(260,362)
Dividends to non-controlling interests	—	—	—	—	(118,052)	(118,052)
Transactions with non-controlling interests *(Note 39(b))*	—	102,819	—	102,819	(1,015,766)	(912,947)
At 31 December 2021 and 1 January 2022	6,116,057	1,832,478	1,294,593	9,243,128	1,840,018	11,083,146
Profit and total comprehensive income for the year	—	—	567,965	567,965	202,757	770,722
Dividends *(Note 15)*	—	—	(488,263)	(488,263)	—	(488,263)
Dividends to non-controlling interests	—	—	—	—	(60,207)	(60,207)
Transactions with non-controlling interests *(Note 39(c))*	—	(1,963)	—	(1,963)	1,798,725	1,796,762
At 31 December 2022	6,116,057	1,830,515	1,374,295	9,320,867	3,781,293	13,102,160
At 1 January 2023	6,116,057	1,830,515	1,374,295	9,320,867	3,781,293	13,102,160
Profit and total comprehensive income for the period	—	—	221,159	221,159	56,953	278,112
Transactions with non-controlling interests *(Note 39(d))*	—	—	—	—	10,000	10,000
Dividends to non-controlling interests	—	—	—	—	(30,083)	(30,083)
At 31 March 2023	6,116,057	1,830,515	1,595,454	9,542,026	3,818,163	13,360,189
At 1 January 2022	6,116,057	1,832,478	1,294,593	9,243,128	1,840,018	11,083,146
Profit and total comprehensive income for the period	—	—	189,490	189,490	34,730	224,220
At 31 March 2022 (unaudited)	6,116,057	1,832,478	1,484,083	9,432,618	1,874,748	11,307,366

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Cash flows from operating activities					
Profit before taxation	771,007	1,066,212	942,159	260,001	332,491
Adjustments for:					
Share of result of associates	—	(16,984)	(23,743)	(5,061)	(14,350)
Finance cost	661,509	918,175	915,862	184,153	197,465
Interest income	(7,184)	(20,749)	(20,010)	(17,656)	(8,184)
Depreciation of property, plant and equipment	1,015,431	1,378,841	1,569,827	377,276	395,663
Deprecation of right-of-use assets	30,174	45,961	59,778	15,698	15,033
Impairment of property, plant and equipment	10,338	26,780	69,096	—	—
Reversal of impairment loss on bills and accounts receivable	—	(8,603)	—	—	—
Impairment loss/(reversal of impairment loss) on prepayments, deposits and other receivables	—	12,812	1,598	(2,684)	—
Amortisation of intangible assets	—	8,645	10,373	2,199	2,593
Loss/(gain) on disposal of property, plant and equipment, net	—	192	(2,196)	—	—
Gain on recognition of negative goodwill	(41,329)	(21,002)	(20,062)	(20,062)	—
Operating cash flows before movements in working capital	2,439,946	3,390,280	3,502,682	793,864	920,711
Movement in:					
(Increase)/decrease in inventories	(6,774)	29,651	2,815	2,006	110
Increase in bills and accounts receivable	(164,717)	(608,825)	(366,081)	(279,208)	(161,439)
(Increase)/decrease in prepayments, deposits and other receivables	(1,283,611)	552,537	1,276,991	327,959	(107,063)
Increase/(decrease) in bills and accounts payable	(923,321)	(348,003)	(25,658)	6,449	2,790
Increase/(decrease) in other payable and accruals	397,231	(363,500)	(498,148)	556,897	(94,519)
Increase/(decrease) in deferred income	24	(3)	(3)	(1)	(1)
Cash generated from operations	458,778	2,652,137	3,892,598	1,407,966	560,589
EIT paid	(78,861)	(172,151)	(160,251)	(57,283)	(35,440)
Net cash generated from operating activities	379,917	2,479,986	3,732,347	1,350,683	525,149

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Cash flows from investment activities					
Purchase of property, plant and equipment	(3,093,843)	(3,492,886)	(1,532,146)	(93,365)	(657,509)
Payments for right-of-use assets	—	(78,458)	(122,883)	(50,732)	—
Proceeds from disposal of property, plant and equipment	17,668	41,968	3,867	—	—
Proceeds on redemption of financial assets measured at amortised costs	151,168	59,402	—	—	—
Repayment from related parties	558,685	589,612	985,012	715,315	41,231
Advance to related parties	(1,548,153)	(1,509,702)	(449,160)	(371,668)	(67,982)
Net cash outflow on acquisitions of subsidiaries *(Note 37)*	(106,743)	(1,098,483)	(1,153,387)	(1,153,387)	—
Investments in associates	—	(210,328)	—	—	—
Dividend income received from associate	—	—	11,398	—	—
Interests received	7,184	20,749	20,010	17,656	8,184
Placement in restricted deposits	—	—	(1,513)	—	—
Net cash used in investing activities	(4,014,034)	(5,678,126)	(2,238,802)	(936,181)	(676,076)
Cash flows from financing activities					
Drawdown of bank borrowings	4,762,199	6,077,302	5,204,148	1,210,267	1,000,000
Drawdown of borrowings from related parties	599,322	587,420	2,628,529	547,610	153,464
Drawdown of other borrowings	235,100	259,816	352,244	100,641	7,000
Proceeds from disposal of equity interests in subsidiaries without loss of control *(Note 39)*	12,956	1,087,053	1,796,762	—	10,000
Acquisition of non-controlling interests *(Note 39)*	—	(2,000,000)	—	—	—
Net proceeds from capital injection *(Note 28)*	4,350,000	—	—	—	—
Repayment of bank borrowings	(3,920,363)	(2,194,478)	(5,134,219)	(1,070,583)	(148,951)
Repayment of borrowings from related parties	(21,749)	(771,535)	(3,607,364)	(1,024,607)	(129,008)
Repayment of other borrowings	(1,228,694)	(975,884)	(1,659,511)	(873,138)	(131,294)
Advance from related parties	824,053	604,282	1,751,527	783,571	756,881
Repayment to related parties	(815,752)	(375,298)	(508,667)	(244,766)	(857,381)
Payments for lease liabilities	(43,561)	(50,388)	(56,659)	(12,936)	(18,190)
Dividend paid	(114,506)	(260,362)	(488,263)	—	—
Dividends paid to non-controlling interests	(159,356)	(118,052)	(60,207)	—	(30,083)
Net cash generated from/(used in) financing activities	4,479,649	1,869,876	218,320	(583,941)	612,438
Net increase/(decrease) in cash and cash equivalents	845,532	(1,328,264)	1,711,865	(169,439)	461,511
Cash and cash equivalents at beginning of year/period	1,265,756	2,111,288	783,024	783,024	2,494,889
Cash and cash equivalents at end of year/period	2,111,288	783,024	2,494,889	613,585	2,956,400

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

1.1 Corporation information

The Target Company was incorporated in the People's Republic of China (the "PRC") as a limited liability company on 16 December 2016. Its registered office is located at Room 802, Unit 3, 7th Floor, Building 18, Xizhimenwai Street, Xicheng District, Beijing, the PRC.

The Target Group is principally engaged in generation and sale of electricity in Mainland China.

The Target Group is controlled by State Power Investment Corporation Limited (國家電力投資集團有限公司) ("SPIC"), a wholly state-owned enterprise established in the PRC. The directors of the Target Company (the "Directors") regard SPIC as the immediate and ultimate holding company of the Target Company.

1.2 Proposed acquisition

On 26 July 2023, the Company announced its proposal to acquire 55.15% equity interest of the Target Company at a cash consideration of approximately RMB5,830,859,000 (the "Proposed Acquisition") pursuant to the sale and purchase agreement entered into between the Company and shareholder of the Target Company.

2. BASIS OF PREPARATION AND PRESENTATION

(a) Statement of compliance and basis of consolidation

The Historical Financial Information set out in this report has been prepared in accordance with the accounting policies set out in Note 4 with conform with Hong Kong Accounting Standards ("HKASs"), Hong Kong Financial Reporting Standards and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Historical Financial Information, the Target Company has consistently applied the accounting policies which conform with all applicable new and revised HKFRSs which are effective for the accounting period beginning on 1 January 2023 throughout the Track Record Period, except for any new or revised standards or interpretations that are not yet effective for and have not been early adopted by the Target Company, details of which are set out in Note 3.

The preparation of the Historical Financial Information in accordance with the accounting policies set out in Note 4 which conform with HKFRSs requires the use of certain critical accounting estimates. It also requires directors of the Target Company to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 5.

The Stub Period Comparative Historical Financial Information has been prepared in accordance with the same basis of preparation adopted in respect of the Historical Financial Information.

In preparation of the Historical Financial Information, the directors of the Target Company have given due and careful consideration to the liquidity of the Target Group in light of the Target Group's net current liabilities of RMB1,411,764,000 as at 31 December 2021. In the opinion of the directors of the Target Company, the Historical Financial Information has been prepared on a going concern basis as the Target Company's immediate and ultimate holding company, SPIC, has agreed to provide adequate funds to enable the Target Group to meet its financial obligation as they fall due in the foreseeable future.

The Historical Financial Information of the Target Group has been prepared solely for inclusion in the Circular of the Company in connection with the Proposed Acquisition. For the purpose of preparation of the Historical Financial Information of the Target Group, the assets and liabilities and operating results of Shanxi Zhongshengda Energy Investment Co., Ltd. (山西中盛達能源投資有限公司), Mianchi Xiangfeng New Energy Co., Ltd. (澠池祥風新能源有限公司), Fuxin Shenhua Xiehe Wind Power Co., Ltd. (阜新申華協合風力發電有限公司), China Power Investment Qingyun Photovoltaic Power Generation (Lianyungang) Co., Ltd. (中電投青雲光伏發電(連雲港)有限公司) and Beijing Jingfeng Guowei Integrated Energy Co., Ltd. (北京京豐國威綜合能源有限公司) ("5 Entities") have been excluded throughout the Track Record Period (i.e. a "carve-out" basis).

Management of the Company is of the view that it is more appropriate to present the Historical Financial Information during the Track Record Period on a ''carve-out'' basis, due to the following reasons:

- Target Group is clearly delineated from 5 Entities in terms of the nature of business and management and are managed separately.
- There are clearly identifiable assets, liabilities, revenue and expenditures of the Target Group and of 5 Entities respectively.
- It is practicable to identify the historical financial information attributable to the Target Group's business given that the accounting books and records of the Target Group are maintained separately from the accounting books and records of 5 Entities.
- 5 Entities does not form part of the businesses to be acquired by the Company under the Proposed Acquisition and hence its historical financial information is not relevant to the trading record of the business proposed to be acquired. The directors of the Company believe that presenting the Historical Financial Information of the Target Group and 5 Entities, which would include the results of 5 Entities that is not the subject of the Proposed Acquisition, would provide irrelevant and potentially misleading financial information to the users of this Historical Financial Information. As such, presenting the historical financial information of the Target Group on a ''carve-out'' basis would provide more direct and relevant information to the users of the financial information.

No significant adjustments or allocations of expenses for adoption of a ''carve-out'' basis were made in the financial information. For the purpose of the Proposed Acquisition as stated in Note 1.2, the Historical Financial Information of the Target Group presents the consolidated financial positions, results and cash flows of the companies now comprising the Target Group excluded the 5 Entities and as if the group structure had been in existence throughout the Track Record Period.

(b) Basis of measurement

The Historical Financial Information has been prepared under the historical cost basis, unless otherwise stated. The measurement bases are fully described in the accounting policies below in Note 4.

(c) Functional and presentation currency

The Historical Financial Information are presented in Renminbi (''RMB''), which is the functional currency of the Target Company. All are rounded to the nearest thousand (''RMB'000''), except when otherwise indicated.

3. NEW AND REVISED HKFRSs THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE

At the date of this report, the following revised HKFRSs, potentially relevant to the Historical Financial Information, have been issued, but are not yet effective and have not been early adopted by the Target Group. The Target Company's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after a date to be determined

The Target Group has already commenced an assessment of the impact of these revised HKFRSs. The directors of the Target Company anticipate that the application of revised HKFRSs will have no material impact on the result and the financial position of the Target Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Consolidation

(a) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Target Group has control. The Target Group controls an entity when the Target Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Target Group. They are deconsolidated from the date that control ceases.

(i) Business combinations

The Target Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Target Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at acquisition date, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

The Target Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. All other components of non-controlling interests are measured at their fair values at acquisition date, unless another measurement basis is required by HKFRSs.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value at acquisition date of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statements of profit or loss and other comprehensive income.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Target Group's accounting policies.

Non-controlling interests in subsidiaries are presented separately from the Target Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

(ii) Changes in ownership interests in existing subsidiaries

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. The carrying amounts of the Target Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Target Group and the non-controlling interests according to the Target Group's and the non-controlling interests' proportionate interests. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to equity holders of the Company.

(b) Associates

Associates are entities over which the Target Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Target Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

The Target Group's share of post-acquisition profit or loss is recognised in the consolidated statements of profit or loss and other comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Target Group's share of losses in an associate equals or exceeds its interest in the associate, the Target Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Target Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Target Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognised the amount in the consolidated statements of profit or loss and other comprehensive income. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Profits and losses resulting from upstream and downstream transactions between the Target Group and its associates are recognised in the Target Group's Historical Financial Information only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

4.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Target Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The principal activities of the Target Group are mainly transacted in RMB and accordingly the Historical Financial Information are presented in RMB, which is the Target Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statements of profit or loss and other comprehensive income.

Exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statements of profit or loss and other comprehensive income within "finance costs". All other exchange gains and losses are presented in the consolidated statements of profit or loss and other comprehensive income within "other gains and losses, net".

4.3 Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at cost less subsequent accumulated depreciation and subsequent impairment losses. Cost includes any costs 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 and, for qualifying assets, borrowing costs capitalised in accordance with the Target Group's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statements of profit or loss and other comprehensive income during the period in which they are incurred.

Depreciation of property, plant and equipment (other than construction in progress) is calculated using the straight-line method to allocate their costs less accumulated impairment losses over their estimated useful lives to their residual values.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 4.6(a)). Such impairment losses are recognised in the consolidated statements of profit or loss and other comprehensive income.

Gains or losses on disposals are determined by comparing the net sales proceeds with the carrying amount of the relevant assets and are recognised in the consolidated statements of profit or loss and other comprehensive income.

4.4 Intangible assets

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair values at the acquisition date (which is regarded as their costs). Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, being their fair values at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over expected beneficial period. The expected beneficial period and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and 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.

The Target Group's other intangible assets represent favourable tariff contracts as disclosed in Note 17.

4.5 Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Target Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Target Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Target Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Target Group reasonably expects that the effects on the Historical Financial Information would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Target Group applies the short-term lease recognition exemption to leases of equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Target Group; and
- an estimate of costs to be incurred by the Target Group in dismantling and removing an underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Target Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Target Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

The Target Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Lease liabilities

At the commencement date of a lease, the Target Group recognised and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Target Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Target Group under residual value guarantees;
- the exercise price of a purchase option if the Target Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Target Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Target Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

4.6 Impairment of non-financial assets

(a) Non-financial assets other than goodwill

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amounts of property, plant and equipment, right-of-use assets, and intangible assets and prepayment are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Target Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

In addition, the Target Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual CGU, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of an asset's 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 (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Target Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(b) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Target Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree.

For the purpose of impairment assessment, goodwill acquired in a business combination is allocated to each of the CGUs or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at CGU level or groups of CGUs level within the operating segment.

Goodwill impairment assessments are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

4.7 Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial assets is held within a business model whose objective is to collect contractual cash flows; and
- the contractual term give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss (''FVTPL''), except that at the date of initial recognition of a financial asset the Target Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Target Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument

In addition, the Target Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(a) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(b) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI are recognised in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowance are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(c) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve, and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Target Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in ''other income'' in the consolidated statements of profit or loss and other comprehensive income.

Impairment of financial assets

The Target Group performs impairment assessment under expected credit loss (''ECL'') model on financial assets (including bills and accounts receivable, financial assets measured at amortised cost, deposits and other receivables, amounts due from related parties, restricted deposits and cash and cash equivalents) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month (''12m'') ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Target Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Group always recognised lifetime ECL for accounts receivable other than accounts receivable with significant financing components which is included in other non-current assets. The ECL on these assets are assessed individually.

For accounts receivable with significant financing component and all other instruments, the Target Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition or the financial instrument is not determined to have low credit risk at the reporting date, the Target Group recognised lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instruments external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Target Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Target Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Target Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Target Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Group, in full (without taking into account any collaterals held by the Target Group).

Irrespective of the above, the Target Group considers that default has occurred when a financial asset is more than 90 days past due (except for clean energy power price premium) unless the Target Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;

- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off policy

The Target Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Target Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally the ECL is the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and the cash flows that the Target Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e., the Target Group's other receivables are assessed as a separate group;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for debt instruments that are measured at FVTOCI, the Target Group recognised an impairment loss or reversal in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of accounts receivable and other receivables where the corresponding adjustment is recognised through a loss allowance account. For debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amounts of these debt instruments. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

Derecognition of financial assets

The Target Group derecognised 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 the Target Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Group recognised its retained interest in the asset and an associated liability for amounts it may have to pay. If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognise the financial asset and also recognised a collateralized borrowing for the proceeds received.

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

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Target Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Classification as debt or equity

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

4.8 Financial liabilities and equity

Equity instruments

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

Financial liabilities

All financial liabilities including bank borrowings, borrowings from related parties, other borrowings, amounts due to related parties, accounts and bills payables, construction costs payable and other payables and accrued charge are subsequently measured at amortised cost using the effective interest method.

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Target Group or the counterparty.

4.9 Provisions

Provisions are recognised when the Target Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Target Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and with other financial institutions and other short-term highly liquid investments with original maturities of three months or less. Restricted deposits are separately disclosed from cash and cash equivalents.

4.11 Inventories

Inventories comprise consumable supplies and spare parts held for consumption and usage and are stated at the lower of cost and net realizable value after provision for obsolete items, and are expensed to fuel costs or repairs and maintenance expense when used/consumed, or capitalised to property, plant and equipment when installed, as appropriate using weighted average method. Cost comprises purchase price and other costs incurred in bringing the inventories to their present location and condition and excludes borrowing costs.

4.12 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statements of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Target Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of each reporting period.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as these assets are substantially ready for their intended use or sale.

Any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalization rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.13 Current and deferred income tax

The tax expense for the year/period comprises current and deferred income tax. Tax is recognised in the consolidated statements of profit or loss and other comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the places where the Target Company and its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

In assessing any uncertainty over income tax treatments, the Target Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profits or losses. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Target Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Target Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Target Group the ability to control the reversal of the temporary difference that deferred income tax liability is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates only to the extent that it is probable the temporary difference will reverse in the future and there are sufficient taxable profits available against which the temporary difference can be utilized.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable rights to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied to the same taxable entity by the same taxation authority.

4.14 Employee benefits

(a) Pension obligations

A defined contribution plan is a pension plan under which the Target Group pays fixed contributions into a separate entity. The Target Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For employees in Mainland China, the Target Group contributes on a monthly basis to various defined contribution plans organized by the relevant municipal and provincial governments in the PRC based on certain percentage of the relevant employees' monthly salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Target Group has no further constructive obligation for any post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

All contributions to pension plans are fully and immediately vested and the Target Group had no unvested benefits available to reduce its future contributions.

(b) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Target Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

4.15 Government grants

Grants and subsidies from the government are recognised at their fair values for monetary asset where there is a reasonable assurance that the grant or subsidy will be received and the Target Group will comply with all attached conditions.

Government grants and subsidies relating to costs are deferred and recognised in the consolidated statements of profit or loss and other comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants and subsidies relating to property, plant and equipment and other environmental improvement projects are included in non-current liabilities as deferred income and are credited to the consolidated statements of profit or loss and other comprehensive income on a straight-line basis over the expected lives of the related assets and projects.

Non-monetary assets transferred from the government are recognised at nominal amount.

4.16 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive Directors and certain senior managements who make strategic decisions.

4.17 Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Target Group used a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Target Group recognises revenue from sales of electricity to regional and provincial power grid companies, maintenance services and sales of equipment.

The Target Group recognised revenue when (or as) a performance obligation is satisfied, i.e., when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and services (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Target Group's performance as the Target Group performs;
- the Target Group's performance creates and enhances an asset that the customer controls as the Target Group performs; or
- the Target Group's performance does not create an asset with alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Existence of significant financing component

In determining the transaction price, the Target Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Target Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Target Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For contracts where the Target Group transferred the associated goods or services before payments from customers in which the Target Group adjusts for the promised amount of consideration for significant financing components, the Target Group applies a discount rate that would be reflected in a separate financing transaction between the Target Group and the customer at contract inception. The Target Group recognised interest income during the period between the payment from customers and the transfer of the associated goods or services.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Target Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e., the Target Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e., the Target Group is an agent).

The Target Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Target Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Target Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Target Group acts as an agent, it recognised revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Further details of revenue and income recognition policies are as follows:

Sales of electricity to regional and provincial power grid companies, and provision of power generation

Revenue is recognised upon transmission of electricity to the power grid when the control of the electricity is transferred at the same time.

4.18 Dividend distribution

Dividend distribution to the Company's equity holders is recognised as a liability in the period in which the dividends are approved by the Company's shareholders or Directors as appropriate.

4.19 Related parties

A party is considered to be related to the Target Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Target Group;

(ii) has a significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Target Group; or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Target Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Target Group 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 the Target Group or an entity related to the Target Group; (If the Target Group is itself a plan) and the sponsoring employers of the post-employment benefit plan;

(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); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the parent of the Target Group.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Target Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve-month period are discussed below.

(a) Useful lives and residual values of plant and equipment and intangible assets

Useful lives of the Target Group's plant and equipment and intangible assets with definite useful life are defined as the period over which they are expected to be available for use by the Target Group. This estimate is based on the historical experience of the actual useful lives of plant and equipment and intangible assets of similar nature and functions. Management of the Target Group will increase the depreciation or amortisation charge where useful lives are less than previously estimated lives, and it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives; and actual residual values may differ from estimated residual values. Periodic review could result in a change in useful lives and residual values and therefore depreciation or amortisation expense in future periods.

(b) Impairment of property, plant and equipment, right-of-use assets intangible assets and prepayment

Property, plant and equipment, right-of-use assets and intangible assets (favourable tariff) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In view of the impairment indicators, the Target Group would perform impairment assessment on these assets and determining their recoverable amounts. The recoverable amounts of property, plant and equipment, right-of-use assets and prepayment (prepayment for property, plant and equipment) have been determined based on higher of value in use calculations, which is measured at the net present value of future cash flows which are estimated based upon the continued use of the asset in the business, and fair value less costs of disposal. The recoverable amounts of intangible assets (favourable tariff) have been determined based on the discounted cash flow of tariff difference (Note 17) during the expected beneficial period. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment and fair value assessment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU or group of CGUs to which the asset belongs. Changing the assumptions selected by management in assessing impairment, including the future sales volume, expected tariff rates, fuel costs (if applicable), staff costs, the discount rates, growth rate and the beneficial period for the favourable tariff contracts (of applicable) assumptions in the cash flow projections, could materially affect the net present value used in the impairment assessment and as a result affect the Target Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated statements of profit or loss and other comprehensive income.

For each of the years ended 31 December 2020, 2021, 2022 and three months ended 31 March 2023, the impairment of property, plant and equipment was RMB10,338,000, RMB26,780,000, RMB69,096,000 and RMBNil respectively. No impairment of right-of-use assets and intangible assets were provided.

(c) Income taxes

The Target Group is mainly subject to income taxes in the PRC. The Target Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provision accordingly. However, judgement is required in determining the Target Group's provision for income taxes as there are many transactions and calculations of which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(d) Allowance for ECLs on bills and accounts receivables and other receivables and deposits

The impairment provisions for bills and accounts receivables, other receivables and deposits are based on assumptions about expected credit loss. The Target Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the number of days that an individual receivable is outstanding as well as the Target Group's historical experience and forward-looking information at the end of the reporting period. Due to the unprecedented nature of the COVID-19 pandemic, its effect on the Target Group's debtors and their ability to meet their financial obligations to the Target Group is difficult to predict. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statements of profit or loss and other comprehensive income.

As at 31 December 2020, 2021, 2022 and 31 March 2023, the Target Group had carrying amount of bills and accounts receivable of approximately RMB3,318,750,000, RMB4,928,515,000, RMB5,882,971,000 and 6,044,410,000 respectively, loss allowance of the bills and accounts receivable as at 31 December 2020, 2021, 2022 and 31 March 2023 was insignificant.

As at 31 December 2020, 2021, 2022 and 31 March 2023, the Target Group had carrying amount of deposits and other receivables approximately RMB46,333,000, RMB57,832,000, RMB54,661,000 and RMB51,004,000 respectively (net of accumulated impairment losses of approximately RMB6,142,000, RMB18,954,000, RMB20,552,000 and RMB20,552,000 respectively).

(e) Acquisitions and business combinations

The directors of the Target Company determines whether the acquisitions as disclosed in note 37 should be accounted as a business combination under HKFRS 3 or an asset acquisition by assessing if there are economic resources or business process associated with the acquisition targets. A business is a group of assets that includes inputs, outputs and processes that are capable of being managed together for providing a return to investors or other economic benefits. Not all of the elements need to be present for the group of assets to be considered as a business and this determination involves judgement. If the group of assets purchased do not constitute a business, the acquisition is considered as purchase of individual assets. Different conclusion around this judgement may materially impact how the acquisition presented and measured in the consolidated statements of financial position of the Target Group.

In the opinion of directors of the Target Company, the acquisitions had been accounted for as business combinations using the acquisition method.

Under the acquisition method, the consideration transferred for the combinations is allocated to the identifiable assets acquired and liabilities assumed based on their respective fair values as at acquisition date, including intangible assets. The determination of the fair value of consideration transferred, assets acquired and liabilities assumed requires a set of estimations and determination of key inputs. Any changes to these inputs may have significant impact on the fair value of consideration transferred, assets acquired and liabilities assumed, and will consequently have further impact on the goodwill or the profit or loss in the case of a negative gain on goodwill.

(f) Impairment of interests in associates

In determining whether the interests in associates are impaired, the directors of the Target Group assesses the recoverable amount of the interests in associates which is the higher of its fair value less costs of disposal and its value in use. An impairment loss is made if the carrying amount of interests in associates exceeds its recoverable amount. In determining the recoverable amount of the interests in associates, the directors of the Target Group require an estimation of the future cash flows expected to arise from the associates in order to determine the value in use of the interests in associates. When the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 December 2020, 2021, 2022 and 31 March 2023, the Target Group had carrying amount of interests in associates was approximately Nil, RMB227,312,000, RMB239,657,000 and RMB254,007,000 respectively. No accumulated impairment losses were recognised for the years ended 31 December 2020, 2021, 2022 and three months ended 31 March 2023.

6. REVENUE AND SEGMENT INFORMATION

Revenue recognised during the Track Record Period is as follows:

	Year ended 31 December			Three months ended 31 March	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue from contracts with customers					
— Sales of electricity to regional and provincial power grid companies *(note)*	2,690,796	4,006,966	4,193,094	962,711	1,060,764
Timing of revenue recognition:					
— At a point in time	2,690,796	4,006,966	4,193,094	962,711	1,060,764

Note:

Pursuant to the power purchase agreements entered into between the Target Group and the respective regional and provincial power grid companies, the Target Group's sales of electricity were made to these power grid companies at the tariff rates agreed with the respective regional and provincial power grid companies as approved by the relevant government authorities in the PRC, and some of these tariff rates followed the market-oriented price mechanism.

Segment information

The chief operating decision maker has been identified as the executive directors and certain senior management of the target Group (collectively referred to as the ''CODM'') who make strategic decisions. The CODM reviews the internal reporting of the Target Company and its subsidiaries in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM assesses the performance of the operating segments based on a measure of profit/loss before taxation. Other information provided to the CODM is measured in a manner consistent with that in the Historical Financial Information.

Segment assets exclude financial assets measured at amortised cost, deferred income tax assets and corporate assets, which are managed on a central basis.

Segment liabilities exclude deferred income tax liabilities, tax payable and corporate liabilities, which are managed on a central basis.

	Year ended 31 December 2020				
	Wind power electricity	**Photovoltaic power electricity**	**Segment total**	**Unallocated**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue					
Sales of electricity	1,518,378	1,172,418	2,690,796	—	2,690,796
Segment results	637,287	627,014	1,264,301	—	1,264,301
Unallocated income	—	—	—	41,967	41,967
Unallocated gains	—	—	—	119,064	119,064
Operating profit	637,287	627,014	1,264,301	161,031	1,425,332
Interest income	3,775	1,283	5,058	2,126	7,184
Finance costs	(344,694)	(263,662)	(608,356)	(53,153)	(661,509)
Profit/(loss) before taxation	296,368	364,635	661,003	110,004	771,007
Income tax expense	(44,437)	(26,179)	(70,616)	(32,112)	(102,728)
Profit/(loss) for the year	251,931	338,456	590,387	77,892	668,279
Other segment information					
Amounts included in the measure of segment profit or loss or segment assets:					
Capital expenditure					
— Property, plant and equipment, right-of-use assets and prepayments for property, plant and equipment	13,195,669	8,603,558	21,799,227	—	21,799,227
Depreciation of property, plant and equipment	(602,718)	(412,713)	(1,015,431)	—	(1,015,431)
Depreciation of right-of-use assets	(15,165)	(15,009)	(30,174)	—	(30,174)
Impairment of property, plant and equipment	(7,493)	(2,845)	(10,338)	—	(10,338)
Gain on recognition of negative goodwill	41,329	—	41,329	—	41,329

	At 31 December 2020				
	Wind power electricity	**Photovoltaic power electricity**	**Segment total**	**Unallocated**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets					
Other segment assets	15,438,190	12,811,718	28,249,908	—	28,249,908
Goodwill	18,016	—	18,016	—	18,016
	15,456,206	12,811,718	28,267,924	—	28,267,924
Deferred income tax assets	—	13,504	13,504	—	13,504
Other unallocated assets	—	—	—	1,449,993	1,449,993
Total assets per consolidated statements of financial position	15,456,206	12,825,222	28,281,428	1,449,993	29,731,421
Segment liabilities					
Other segment liabilities	(1,498,627)	(1,511,585)	(3,010,212)	—	(3,010,212)
Borrowings	(6,665,387)	(3,967,252)	(10,632,639)	(4,533,548)	(15,166,187)
	(8,164,014)	(5,478,837)	(13,642,851)	(4,533,548)	(18,176,399)
Deferred income tax liabilities	—	(1,278)	(1,278)	—	(1,278)
Tax payable	—	—	—	(47,292)	(47,292)
Other unallocated liabilities	—	—	—	(199,509)	(199,509)
Total liabilities per consolidated statements of financial position	(8,164,014)	(5,480,115)	(13,644,129)	(4,780,349)	(18,424,478)

	Year ended 31 December 2021				
	Wind power electricity	Photovoltaic power electricity	Segment total	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue					
Sales of electricity	2,283,880	1,723,086	4,006,966	—	4,006,966
Segment results	944,409	911,533	1,855,942	—	1,855,942
Unallocated income	—	—	—	54,160	54,160
Unallocated gains	—	—	—	36,552	36,552
Operating profit	944,409	911,533	1,855,942	90,712	1,946,654
Interest income	11,583	4,098	15,681	5,068	20,749
Finance costs	(425,317)	(418,079)	(843,396)	(74,779)	(918,175)
Share of results of associates	—	10,921	10,921	6,063	16,984
Profit/(loss) before taxation	530,675	508,473	1,039,148	27,064	1,066,212
Income tax expense	(76,726)	(53,022)	(129,748)	(20,589)	(150,337)
Profit/(loss) for the year	453,949	455,451	909,400	6,475	915,875
Other segment information					
Amounts included in the measure of segment profit or loss or segment assets:					
Capital expenditure					
— Property, plant and equipment, right-of-use assets and prepayments for property, plant and equipment	16,184,178	9,869,595	26,053,773	—	26,053,773
Depreciation of property, plant and equipment	(821,209)	(557,632)	(1,378,841)	—	(1,378,841)
Depreciation of right-of-use assets	(25,346)	(20,615)	(45,961)	—	(45,961)
Amortization of intangible assets	(8,645)	—	(8,645)	—	(8,645)
Loss on disposal of property, plant and equipment, net	192	—	192	—	192
Impairment of property, plant and equipment	(15,524)	(11,256)	(26,780)	—	(26,780)
Gain on recognition of negative goodwill	21,002	—	21,002	—	21,002
Impairment loss on prepayments, deposits and other receivables	(12,812)	—	(12,812)	—	(12,812)

	At 31 December 2021				
	Wind power electricity	Photovoltaic power electricity	Segment total	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets					
Other segment assets	18,642,666	15,569,919	34,212,585	—	34,212,585
Goodwill	18,016	—	18,016	—	18,016
Interests in associates	126,202	—	126,202	101,110	227,312
	18,786,884	15,569,919	34,356,803	101,110	34,457,913
Deferred income tax assets	—	26,318	26,318	—	26,318
Other unallocated assets	—	—	—	953,234	953,234
Total assets per consolidated statements of financial position	18,786,884	15,596,237	34,383,121	1,054,344	35,437,465
Segment liabilities					
Other segment liabilities	(1,879,368)	(1,513,479)	(3,392,847)	—	(3,392,847)
Borrowings	(9,038,030)	(5,379,454)	(14,417,484)	(6,147,331)	(20,564,815)
	(10,917,398)	(6,892,933)	(17,810,331)	(6,147,331)	(23,957,662)
Deferred income tax liabilities	—	(2,145)	(2,145)	—	(2,145)
Tax payable	—	—	—	(51,752)	(51,752)
Other unallocated liabilities	—	—	—	(342,760)	(342,760)
Total liabilities per consolidated statements of financial position	(10,917,398)	(6,895,078)	(17,812,476)	(6,541,843)	(24,354,319)

	Year ended 31 December 2022				
	Wind power electricity *RMB'000*	**Photovoltaic power electricity** *RMB'000*	**Segment total** *RMB'000*	**Unallocated** *RMB'000*	**Total** *RMB'000*
Segment revenue					
Sales of electricity	2,315,278	1,877,816	4,193,094	—	4,193,094
Segment results	906,849	883,773	1,790,622	—	1,790,622
Unallocated income	—	—	—	10,972	10,972
Unallocated gains	—	—	—	12,674	12,674
Operating profit	906,849	883,773	1,790,622	23,646	1,814,268
Interest income	11,241	4,276	15,517	4,493	20,010
Finance costs	(422,576)	(381,354)	(803,930)	(111,932)	(915,862)
Share of results of associates	—	12,340	12,340	11,403	23,743
Profit/(loss) before taxation	495,514	519,035	1,014,549	(72,390)	942,159
Income tax expense	(72,741)	(83,874)	(156,615)	(14,822)	(171,437)
Profit/(loss) for the year	422,773	435,161	857,934	(87,212)	770,722
Other segment information					
Amounts included in the measure of segment profit or loss or segment assets:					
Capital expenditure					
— Property, plant and equipment, right-of-use assets and prepayments for property, plant and equipment	16,227,606	10,341,840	26,569,446	—	26,569,446
Depreciation of property, plant and equipment	(933,047)	(636,780)	(1,569,827)	—	(1,569,827)
Depreciation of right-of-use assets	(31,688)	(28,090)	(59,778)	—	(59,778)
Amortisation of intangible assets	(10,373)	—	(10,373)	—	(10,373)
Gain on disposal of property, plant and equipment, net	2,196	—	2,196	—	2,196
Impairment of property, plant and equipment	(34,910)	(34,186)	(69,096)	—	(69,096)
Gain on recognition of negative goodwill	20,062	—	20,062	—	20,062
Impairment loss on prepayments, deposits and other receivables	(1,598)	—	(1,598)	—	(1,598)

	At 31 December 2022				
	Wind power electricity *RMB'000*	**Photovoltaic power electricity** *RMB'000*	**Segment total** *RMB'000*	**Unallocated** *RMB'000*	**Total** *RMB'000*
Segment assets					
Other segment assets	19,566,408	16,242,936	35,809,344	—	35,809,344
Goodwill	18,016	—	18,016	—	18,016
Interests in associates	127,144	—	127,144	112,513	239,657
	19,711,568	16,242,936	35,954,504	112,513	36,067,017
Deferred income tax assets	—	60,331	60,331	—	60,331
Other unallocated assets	—	—	—	1,645,108	1,645,108
Total assets per consolidated statements of financial position	19,711,568	16,303,267	36,014,835	1,757,621	37,772,456
Segment liabilities					
Other segment liabilities	(2,346,955)	(1,885,728)	(4,232,683)	—	(4,232,683)
Borrowings	(8,668,341)	(5,291,678)	(13,960,019)	(5,646,688)	(19,606,707)
	(11,015,296)	(7,177,406)	(18,192,702)	(5,646,688)	(23,839,390)
Deferred income tax liabilities	—	(2,262)	(2,262)	—	(2,262)
Tax payable	—	—	—	(56,063)	(56,063)
Other unallocated liabilities	—	—	—	(772,581)	(772,581)
Total liabilities per consolidated statements of financial position	(11,015,296)	(7,179,668)	(18,194,964)	(6,475,332)	(24,670,296)

	Three months ended 31 March 2023				
	Wind power electricity	**Photovoltaic power electricity**	**Segment total**	**Unallocated**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue					
Sales of electricity	603,918	456,846	1,060,764	—	1,060,764
Segment results	256,330	233,775	490,105	—	490,105
Unallocated income	—	—	—	2,979	2,979
Unallocated gains	—	—	—	14,338	14,338
Operating profit	256,330	233,775	490,105	17,317	507,422
Interest income	4,338	1,620	5,958	2,226	8,184
Finance costs	(96,202)	(70,496)	(166,698)	(30,767)	(197,465)
Share of results of associates	—	4,694	4,694	9,656	14,350
Profit/(loss) before taxation	164,466	169,593	334,059	(1,568)	332,491
Income tax (expense)/credit	(30,761)	(26,337)	(57,098)	2,719	(54,379)
Profit/(loss) for the period	133,705	143,256	276,961	1,151	278,112
Other segment information					
Amounts included in the measure of segment profit or loss or segment assets:					
Capital expenditure					
— Property, plant and equipment, right-of-use assets and prepayments for property, plant and equipment	16,615,408	10,335,385	26,950,793	—	26,950,793
Depreciation of property, plant and equipment	(242,394)	(153,269)	(395,663)	—	(395,663)
Depreciation of right-of-use assets	(8,943)	(6,090)	(15,033)	—	(15,033)
Amortisation of intangible assets	(2,593)	—	(2,593)	—	(2,593)

	At 31 March 2023				
	Wind power electricity	**Photovoltaic power electricity**	**Segment total**	**Unallocated**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets					
Other segment assets	20,198,601	16,403,521	36,602,122	—	36,602,122
Goodwill	18,016	—	18,016	—	18,016
Interests in associates	131,837	—	131,837	122,170	254,007
	20,348,454	16,403,521	36,751,975	122,170	36,874,145
Deferred income tax assets	—	59,399	59,399	—	59,399
Other unallocated assets	—	—	—	1,899,077	1,899,077
Total assets per consolidated statements of financial position	20,348,454	16,462,920	36,811,374	2,021,247	38,832,621
Segment liabilities					
Other segment liabilities	(2,247,549)	(1,845,628)	(4,093,177)	—	(4,093,177)
Borrowings	(9,521,828)	(5,618,783)	(15,140,611)	(5,455,950)	(20,596,561)
	(11,769,377)	(7,464,411)	(19,233,788)	(5,455,950)	(24,689,738)
Deferred income tax liabilities	—	(2,609)	(2,609)	—	(2,609)
Tax payable	—	—	—	(73,723)	(73,723)
Other unallocated liabilities	—	—	—	(706,362)	(706,362)
Total liabilities per consolidated statements of financial position	(11,769,377)	(7,467,020)	(19,236,397)	(6,236,035)	(25,472,432)

	Three months ended 31 March 2022				
	Wind power electricity	Photovoltaic power electricity	Segment total	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Segment revenue					
Sales of electricity	523,584	439,127	962,711	—	962,711
Segment results	220,305	199,603	419,908	—	419,908
Unallocated income	—	—	—	1,529	1,529
Operating profit	220,305	199,603	419,908	1,529	421,437
Interest income	9,499	3,443	12,942	4,714	17,656
Finance costs	(100,211)	(72,012)	(172,223)	(11,930)	(184,153)
Share of results of associates	—	2,921	2,921	2,140	5,061
Profit/(loss) before taxation	129,593	133,955	263,548	(3,547)	260,001
Income tax expense	(18,509)	(17,103)	(35,612)	(169)	(35,781)
Profit/(loss) for the period	111,084	116,852	227,936	(3,716)	224,220
Other segment information					
Amounts included in the measure of segment profit or loss or segment assets:					
Capital expenditure					
— Property, plant and equipment, right-of-use assets and prepayments for property, plant and equipment	15,369,886	9,560,625	24,930,511	—	24,930,511
Depreciation of property, plant and equipment	(210,524)	(156,248)	(366,772)	—	(377,276)
Depreciation of right-of-use assets	(8,809)	(6,889)	(15,698)	—	(15,698)
Amortisation of intangible assets	(2,199)	—	(2,199)	—	(2,199)
Gain on recognition of negative goodwill	20,062	—	20,062	—	20,062
Reversal of impairment on prepayments, deposits and other receivables	2,684	—	2,684	—	2,684

All revenue from external customers is generated from the PRC.

As at 31 December 2020, 2021, 2022 and 31 March 2023, all of the Target Group's assets, liabilities and capital expenditure were located or utilised in the PRC.

For each of the years ended 31 December 2020, 2021, 2022 and three months ended 31 March 2022 and 31 March 2023, major customers who accounted for 10% or more of the Target Group's external revenue are as follows:

		Year ended 31 December			Three months ended 31 March	
		2020	2021	2022	2022	2023
	Segment	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)	
Customer A	Wind power electricity and photovoltaic power electricity	1,479,070	2,107,294	2,077,048	642,538	540,776
Customer B	Wind power electricity and photovoltaic power electricity	#	#	#	109,121	#
Customer C	Wind power electricity and photovoltaic power electricity	383,054	503,756	445,790	#	119,048
Customer D	Wind power electricity and photovoltaic power electricity	#	#	#	#	108,337
		1,862,124	2,611,050	2,522,838	751,659	768,161

\# represents that the amount of revenue from that customer is less than 10% of the total revenue of that year/period.

7. OTHER INCOME

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Asset leasing income	2,155	6,155	2,155	530	—
Sales of equipment	1,548	—	—	—	—
Other services income	37,212	45,862	7,114	—	96
Others	1,052	2,143	1,703	999	2,883
	41,967	54,160	10,972	1,529	2,979

8. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Wages, salaries and bonuses	104,645	144,524	246,683	49,853	45,386
Staff welfare	13,189	17,226	16,690	1,551	2,556
Pension costs — defined contribution plans	22,620	35,783	42,557	9,006	11,926
	140,454	197,533	305,930	60,410	59,868

9. OTHER GAINS AND LOSSES, NET

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Government subsidies *(Note)*	20,989	59,239	60,037	11,329	14,338
(Loss)/gain on disposal of property, plant and equipment, net	—	(192)	2,196	—	—
Gain on recognition of negative goodwill *(Note 37)*	41,329	21,002	20,062	20,062	—
Impairment loss on property, plant and equipment *(Note 16)*	(10,338)	(26,780)	(69,096)	—	—
Written off account payables	43,480	—	—	—	—
Others	23,604	(16,717)	(525)	(34,601)	—
	119,064	36,552	12,674	(3,210)	14,338

Note:

Government grants mainly represented subsidies provided to the Target Group to finance its operations and there were no unfulfilled conditions.

10. OTHER OPERATING EXPENSES

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Research and development expenses	22,887	18,209	37,696	3,208	9,512
Short-term lease expenses	18,528	19,633	22,790	937	635
Reversal of impairment loss on bills and accounts receivable *(Note 24)*	—	(8,603)	—	—	—
Impairment loss/(reversal) on prepayments, deposits and other receivables	—	12,812	1,598	(2,684)	—
Amortisation of intangible assets	—	8,645	10,373	2,199	2,593
Administrative and selling related expenses	158,942	422,784	321,009	71,436	70,903
Other taxes and surcharges	34,602	49,902	56,207	8,323	13,123
	234,959	523,382	449,673	83,419	96,766

11. OPERATING PROFIT

Operating profit is stated after charging the following:

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Research and development expenses	22,887	18,209	37,696	3,208	9,512
Depreciation:					
— property, plant and equipment *(Note 16)*	1,015,431	1,378,841	1,569,827	377,276	395,663
— right-of-use assets *(Note 18)*	30,174	45,961	59,778	15,698	15,033
Short-term lease expenses:					
— equipment	18,528	19,633	22,790	937	635

12. FINANCE INCOME AND FINANCE COSTS

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Finance income					
Interest income	7,184	20,749	20,010	17,656	8,184
Finance costs					
Interest expense on					
— bank borrowings	556,047	837,865	769,973	118,674	143,446
— borrowings from related parties	106,776	109,940	252,431	66,434	76,469
— other borrowings	174,910	112,917	62,947	15,553	18,678
— lease liabilities	13,387	14,557	20,394	6,212	4,745
Less: amounts capitalised to property, plant and equipment	(189,611)	(157,104)	(189,883)	(22,720)	(45,873)
	661,509	918,175	915,862	184,153	197,465

Note:

The weighted average interest rate on capitalised borrowings during the year ended 31 December 2020, 2021 and 2022 and three months ended 31 March 2023 are approximately 4.53%, 4.53%, 3.78% and 3.52% per annum respectively, to expenditure on qualifying assets.

13. INCOME TAX EXPENSE

For Track Record Period, the provision for PRC current income tax is calculated based on the statutory tax rate of 25% on the estimated assessable profits for the year/period except that certain subsidiaries were either exempted from PRC Enterprise Income Tax or entitled to the preferential tax rate of 7.5%, 12.5% or 15%.

The amount of income tax recognised in the consolidated statements of profit or loss and other comprehensive income represents:

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Current income tax					
Charge for the year/period	101,079	141,634	156,648	34,567	52,755
Under/(over) provision in prior years/period	1,831	12,573	5,822	(602)	345
	102,910	154,207	162,470	33,965	53,100
Deferred income tax					
(Credit)/charge for the year/period *(Note 22)*	(182)	(3,870)	8,967	1,816	1,279
	102,728	150,337	171,437	35,781	54,379

Income tax expense for the year/period can be reconciled to the profit before taxation as follows:

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before taxation	771,007	1,066,212	942,159	260,001	332,491
Calculated at the PRC statutory tax rate of 25%	192,752	266,553	235,540	65,000	83,123
Effect on tax concession	(71,399)	(94,578)	(108,042)	(31,941)	(23,023)
Income not subject to taxation	(98,034)	(122,300)	(74,207)	(12,654)	(13,229)
Expenses not deductible for taxation purpose	142,296	159,973	96,639	5,146	4,514
Utilisation of tax losses previously not recognised	(80,326)	(102,592)	(29,743)	(1,093)	(5,552)
Tax effect of tax losses not recognised	15,608	30,708	45,428	11,925	8,201
Under/(over) provision in prior years/period	1,831	12,573	5,822	(602)	345
Income tax expense	102,728	150,337	171,437	35,781	54,379

14. DIRECTOR'S AND THE FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Details of directors' remuneration during the Track Record Period are as follows:

For the year ended 31 December 2020	Fees	Salaries and other benefits	Employer's contribution to pension plans	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Ma Guolin	—	1,152	145	1,297
Liu Juntao(1)	—	149	—	149
Li Qiang(2)	—	213	23	236
Wu Liancheng(3)	—	—	—	—
Wu Liyan(4)	—	—	—	—
	—	1,514	168	1,682

For the year ended 31 December 2021	Fees	Salaries and other benefits	Employer's contribution to pension plans	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Ma Guolin	—	1,234	197	1,431
Liu Juntao(1)	—	1,234	186	1,420
Li Qiang(2)	—	837	136	973
Wu Liancheng(3)	—	—	—	—
Wu Liyan(4)	—	—	—	—
Xu Haiyan(5)	—	—	—	—
Li Qinglong(6)	—	—	—	—
Chen Bin(7)	—	—	—	—
Luo Yanhui(8)	—	—	—	—
	—	3,305	519	3,824

For the year ended 31 December 2022	Fees	Salaries and other benefits	Employer's contribution to pension plans	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Ma Guolin	—	818	209	1,027
Liu Juntao(1)	—	817	198	1,015
Li Qiang(2)	—	725	134	859
Wu Liancheng(3)	—	—	—	—
Wu Liyan(4)	—	—	—	—
Xu Haiyan(5)	—	—	—	—
Li Qinglong(6)	—	—	—	—
Chen Bin(7)	—	726	84	810
Luo Yanhui(8)	—	—	—	—
	—	3,086	625	3,711

For the three months ended 31 March 2023	Fees	Salaries and other benefits	Employer's contribution to pension plans	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Ma Guolin	—	148	55	203
Liu Juntao(1)	—	160	55	215
Li Qiang(2)	—	—	—	—
Wu Liancheng(3)	—	—	—	—
Wu Liyan(4)	—	—	—	—
Xu Haiyan(5)	—	—	—	—
Li Qinglong(6)	—	—	—	—
Luo Yanhui(8)	—	—	—	—
	—	308	110	418

For the three months ended 31 March 2022	Fees	Salaries and other benefits	Employer's contribution to pension plans	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Ma Guolin	—	205	52	257
Liu Juntao(1)	—	205	49	254
Li Qiang(2)	—	184	42	226
Wu Liancheng(3)	—	—	—	—
Wu Liyan(4)	—	—	—	—
Xu Haiyan(5)	—	—	—	—
Li Qinglong(6)	—	—	—	—
Chen Bin(7)	—	361	44	405
Luo Yanhui(8)	—	—	—	—
	—	955	187	1,142

There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

During the Track Record Period, no remuneration was paid by the Target Company to any director as an inducement to join or upon joining the Target company or as compensation for loss of office.

(1) Liu Juntao was appointed as a Director with effect from 25 August 2020.

(2) Li Qiang was appointed as a Director with effect from 25 August 2020.

(3) Wu Liancheng was appointed as a Director with effect from 25 August 2020.

(4) Wu Liyan was appointed as a Director with effect from 25 August 2020.

(5) Xu Haiyan was appointed as a Director with effect from 31 December 2021.

(6) Li Qinglong was appointed as a Director with effect from 31 December 2021.

(7) Chen Bin was appointed as a Director with effect from 31 December 2021 and resigned as a Director with effect from 14 July 2022.

(8) Luo Yanhui was appointed as a Director with effect from 31 December 2021.

(b) The five highest paid individuals

The five individuals whose emoluments were the highest in the Target Group for the Track Record Period included 1, 3, 3, 2, 4 (unaudited) directors of the Target Company whose emoluments during the year ended 31 December 2020, 2021 and 2022 and each of the three months ended 31 March 2023 and 2022 respectively are reflected in the analysis presented above.

Emoluments payable to the remaining highest paid individuals during the Track Record Period are as follows:

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Salaries and other benefits	3,458	1,866	1,431	186	1,452
Employer's contribution to pension plans	335	340	359	44	133
	3,793	2,206	1,790	230	1,585

Their emoluments were within the following bands:

	Number of employees				
	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
				(Unaudited)	
HKDNil to HKD1,000,000	1	—	—	1	3
HKD1,000,001 to HKD1,500,000	3	2	2	—	—
	4	2	2	1	3

15. DIVIDENDS

After the approval of 2021 annual general meeting on 9 June 2022, cash dividend of RMB488,263,000 (tax included) declared in accordance with the paid-in capital of RMB6,116,057,000.

After the approval of 2020 annual general meeting on 21 June 2021, cash dividend of RMB260,362,000 (tax included) declared in accordance with the paid-in capital of RMB6,116,057,000.

After the approval of 2019 annual general meeting on 14 June 2020, cash dividend of RMB114,506,000 (tax included) declared in accordance with the paid-in capital of RMB3,373,289,000.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings and leasehold improvements	Power generators and equipment	Transportation equipment	Electricity supply equipment	Furniture and fixtures, tools and other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost							
At 1 January 2020	720,888	16,959,810	25,248	3,575	47,293	2,168,858	19,925,672
Additions	51,920	673,914	5,907	367	7,784	2,543,562	3,283,454
Acquisitions of subsidiaries *(Note 37)*	31,098	1,266,707	10	—	134	—	1,297,949
Transfers from construction in progress	100,343	1,990,241	—	—	—	(2,090,584)	—
Disposals	(3,846)	(16,083)	(934)	(1,512)	(1,176)	—	(23,551)
At 31 December 2020 and 1 January 2021	900,403	20,874,589	30,231	2,430	54,035	2,621,836	24,483,524
Additions	681	256,852	765	3,025	16,257	3,372,410	3,649,990
Acquisitions of subsidiaries *(Note 37)*	238,681	1,414,350	1,386	200	227	—	1,654,844
Transfers from construction in progress	112,757	4,413,116	284	15	1,478	(4,527,650)	—
Disposals	—	(42,112)	(1,295)	(33)	(147)	—	(43,587)
At 31 December 2021 and 1 January 2022	1,252,522	26,916,795	31,371	5,637	71,850	1,466,596	29,744,771
Additions	216,921	92,702	3,244	8,230	17,739	1,383,193	1,722,029
Acquisitions of subsidiaries *(Note 37)*	21,510	1,039,627	162	1,096	773	—	1,063,168
Transfers from construction in progress	25,451	761,974	—	1,392	21,375	(810,192)	—
Disposals	—	(9,505)	(626)	—	(2,088)	—	(12,219)
At 31 December 2022 and 1 January 2023	1,516,404	28,801,593	34,151	16,355	109,649	2,039,597	32,517,749
Additions	—	2,997	159	1,230	570	698,426	703,382
Transfers from construction in progress	—	392,711	—	—	33	(392,744)	—
At 31 March 2023	1,516,404	29,197,301	34,310	17,585	110,252	2,345,279	33,221,131
Accumulated depreciation and impairment loss							
At 1 January 2020	169,013	3,714,252	19,002	2,583	17,789	6,197	3,928,836
Charge for the year	40,515	966,279	2,472	286	5,879	—	1,015,431
Impairment loss recognised for the year	—	—	—	—	—	10,338	10,338
Disposals	(529)	(1,845)	(907)	(1,505)	(1,097)	—	(5,883)
At 31 December 2020 and 1 January 2021	208,999	4,678,686	20,567	1,364	22,571	16,535	4,948,722
Charge for the year	41,996	1,326,606	2,540	164	7,535	—	1,378,841
Impairment loss recognised for the year	—	772	—	—	—	26,008	26,780
Disposals	—	(240)	(1,088)	(33)	(66)	—	(1,427)
At 31 December 2021 and 1 January 2022	250,995	6,005,824	22,019	1,495	30,040	42,543	6,352,916
Charge for the year	63,826	1,489,293	2,695	2,196	11,817	—	1,569,827
Impairment loss recognised for the year	2,651	64,684	—	—	5	1,756	69,096
Disposals	—	(9,505)	(181)	—	(862)	—	(10,548)
At 31 December 2022 and 1 January 2023	317,472	7,550,296	24,533	3,691	41,000	44,299	7,981,291
Charge for the period	17,790	373,974	603	601	2,695	—	395,663
At 31 March 2023	335,262	7,924,270	25,136	4,292	43,695	44,299	8,376,954
Carrying amounts							
At 31 March 2023	1,181,142	21,273,031	9,174	13,293	66,557	2,300,980	24,844,177
At 31 December 2022	1,198,932	21,251,297	9,618	12,664	68,649	1,995,298	24,536,458
At 31 December 2021	1,001,527	20,910,971	9,352	4,142	41,810	1,424,053	23,391,855
At 31 December 2020	691,404	16,195,903	9,664	1,066	31,464	2,605,301	19,534,802

Depreciation of property, plant and equipment (other than construction in progress) is calculated using the straight-line method to allocate their costs less accumulated impairment losses over their estimated useful lives to their residual values, as follows:

Buildings	30 years
Leasehold improvements	Shorter of 5 years and over the lease term
Power generators and equipment	5–20 years
Transportation equipment	6 years
Electricity supply equipment	5 years
Furniture and fixtures, tools and other equipment	5 years

As at 31 March 2023, the legal titles of certain properties of the Target Group with a net book value of RMB198,124,000 have not been transferred to the Target Group. However, the Directors are of the opinion that the risks and rewards of using these assets have been transferred to the Target Group.

During the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2023, certain property, plant and equipment of the Target Group with a net book value of RMB2,905,731,000, RMB3,117,638,000, RMB2,234,771,000 and RMB2,691,417,000 respectively were pledged as security for certain bank borrowings (Note 29(d)).

During the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2023, impairment loss was recognised of RMB10,338,000, RMB26,780,000, RMB69,096,000 and RMBNil respectively.

(a) Given the potential adverse impact on the performance of the Target Group's power plants as a result of the COVID-19 pandemic as at 31 December 2020, 2021 and 2022, the management of the Target Group concluded there were indication for impairment and conducted impairment assessment for under-performing power plants. These power plants had property, plant and equipment with carrying amounts before the impairment loss recognised for that financial year of RMB10,338,000, RMB26,780,000 and RMB69,096,000 as at 31 December 2020, 2021 and 2022 respectively. The Target Group estimates the recoverable amount of several cash-generating units ("CGUs") of segments to which the asset belongs when it is not possible to estimate the recoverable amount individually. Each CGU represents the Target Group's individual power plant.

(b) For the purpose of impairment assessment, the recoverable amount of each CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management for the purposes of impairment assessment covering a five-year period. Annual cash flows beyond the five-year period are expected to be similar to that of the fifth year based on the then production capacity, taking into account of the expected remaining useful lives of the relevant underlying operating assets.

(c) Management prepared the financial budgets taking into account of the actual and prior years' performance and market development expectations. For certain CGUs in "Photovoltaic power electricity" segment, the growth rates in electricity sold and pre-tax discount rates used for value in use calculations of 0% and 7.29%–8.04%, 0% and 6.95%–7.71%, 0% and 6.99%–7.74% and 0% and 6.97%–7.72% respectively as at 31 December 2020, 2021 and 2022. Management estimates the growth rates in electricity sold by reference to the expected demand for electricity in the regions where the power plants are located. In addition, management estimates the discount rates using pre-tax rate that reflects market assessments of the time value of money and the specific risks relating to the CGUs. Other key assumptions applied in the impairment assessment include the expected tariff rates and staff costs.

(d) Management of the Target Group has performed impairment test of property, plant and equipment of related CGUs. Based on the value in use calculation and the allocation, impairment loss of RMB10,338,000, RMB26,780,000 and RMB69,096,000 has been recognised against the carrying amount of property, plant and equipment for the years ended 31 December 2020, 2021 and 2022 respectively.

17. INTANGIBLE ASSETS

	Operating rights
Cost	*RMB'000*
At 1 January 2020, 31 December 2020 and 1 January 2021	—
Acquisitions of subsidiary *(Note 37.24)*	159,060
At 31 December 2021 and 1 January 2022, 31 December 2022, 1 January 2023 and 31 March 2023	159,060
Accumulated amortisation	
At 1 January 2020, 31 December 2020 and 1 January 2021	—
Amortisation charge for the year	8,645
At 31 December 2021 and 1 January 2022	8,645
Amortisation charge for the year	10,373
At 31 December 2022 and 1 January 2023	19,018
Amortisation charge for the period	2,593
At 31 March 2023	21,611
Carrying amounts	
At 31 March 2023	137,449
At 31 December 2022	140,042
At 31 December 2021	150,415
At 31 December 2020	—

Operating rights represent the carrying amount of the favourable tariff contracts acquired on the acquisition of clean energy company. This intangible asset has finite useful lives and is amortised on a straight-line basis over the period of 20 years.

The Target Group acquired the operating rights of RMB159,060,000 on acquisition of Youyu Huaguang during the year ended 31 December 2021. Further details are disclosed in Note 37.24.

18. RIGHT-OF-USE ASSETS

	Leasehold land	Buildings	Equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost				
At 1 January 2020, 31 December 2020 and 1 January 2021	583,475	46,633	—	630,108
Additions	85,818	15,435	—	101,253
Acquisitions of subsidiaries *(Note 37)*	27,431	—	—	27,431
At 31 December 2021 and 1 January 2022	696,724	62,068	—	758,792
Additions	173,664	8,237	56,908	238,809
Acquisitions of subsidiaries *(Note 37)*	37,598	—	—	37,598
At 31 December 2022 and 1 January 2023 and 31 March 2023	907,986	70,305	56,908	1,035,199
Accumulated depreciation				
At 1 January 2020	22,004	1,994	—	23,998
Depreciation charge for the year	25,039	5,135	—	30,174
At 31 December 2020 and 1 January 2021	47,043	7,129	—	54,172
Depreciation charge for the year	33,584	12,377	—	45,961
At 31 December 2021 and 1 January 2022	80,627	19,506	—	100,133
Depreciation charge for the year	38,306	15,036	6,436	59,778
At 31 December 2022 and 1 January 2023	118,933	34,542	6,436	159,911
Depreciation charge for the period	9,602	3,822	1,609	15,033
At 31 March 2023	128,535	38,364	8,045	174,944
Carrying amounts				
At 31 March 2023	779,451	31,941	48,863	860,255
At 31 December 2022	789,053	35,763	50,472	875,288
At 31 December 2021	616,097	42,562	—	658,659
At 31 December 2020	536,432	39,504	—	575,936

During the years ended 31 December 2020, 2021, and 2022 and the three months ended 31 March 2023, the Target Group leases leasehold land, land use right, buildings and equipment of power generators included in construction in progress for its operations. Lease contracts are entered into for fixed term of 2 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Target Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Target Group regularly entered into short-term leases for equipment. As at 31 December 2020, 2021, 2022 and 31 March 2023, portfolio of short-term leases was similar to the portfolio of short-term leases to which 2020, 2021, 2022 and 31 March 2023, the short-term lease expense was recognised and as disclosed in Note 11.

The amounts recognised in profit or loss as following:

	Year ended 31 December			Three months ended 31 March	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Depreciation expense on right-of-use assets	30,174	45,961	59,778	15,698	15,033
Interest expense on lease liabilities	13,387	14,557	20,394	6,212	4,745
Expense relating to short-term leases	18,528	19,633	22,790	937	635

For years ended 31 December 2020, 2021, 2022 and three months ended 31 March 2022 and 31 March 2023, the total cash outflow for leases amounted to RMB62,089,000, RMB70,021,000, RMB79,449,000, RMB13,873,000 (unaudited) and RMB18,825,000 respectively.

19. GOODWILL

	Total
	RMB'000
Cost	
At 1 January 2020, 31 December 2020, 1 January 2021, 31 December 2021, 1 January 2022, 31 December 2022, 1 January 2023 and 31 March 2023	18,016
Accumulated impairment losses	
At 1 January 2020, 31 December 2020, 1 January 2021, 31 December 2021, 1 January 2022, 31 December 2022, 1 January 2023 and 31 March 2023	—
Net book value	
At 31 December 2020, 31 December 2021, 31 December 2022 and 31 March 2023	18,016

Goodwill is allocated to the Target Group's CGU identified according to operating arrangement.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating unit that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	At 31 December			At 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Wind power electricity segment				
Yantai Runfeng New Energy Development Co., Ltd (煙台潤豐新能源發展有限公司)	18,016	18,016	18,016	18,016

(a) For the purpose of impairment assessment, the recoverable amount of the CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management for the purposes of impairment assessment covering a five-year period. Annual cash flows beyond the five-year period are expected to be similar to that of the fifth year based on the then production capacity, taking into account of the expected remaining useful lives of the relevant underlying operating assets.

(b) Management prepared the financial budgets taking into account of the actual and prior years' performance and market development expectations. For the CGU included in "wind power electricity" segment, as at the end of each reporting period during the Track Record Period, the growth rates in electricity sold and pre-tax discount rates used for value in use calculations are 0% and 8.4%, 0% and 8.2%, 0% and 8.1% and 0% and 8.1% respectively. Management estimates the growth rates in electricity sold by reference to the expected demand for electricity in the regions where the power plants are located. In addition, management estimates the discount rates using pre-tax rate that reflects market assessments of the time value of money and the specific risks relating to the CGU. Other key assumptions applied in the impairment assessment include the expected tariff rates and staff costs.

(c) Management of the Target Group has performed impairment test of goodwill of related CGU. Based on the value in use calculation and the allocation, no impairment loss has been recognised against the carrying amount of goodwill for the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2023.

20. INTERESTS IN ASSOCIATES

	At 31 December			At 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost of investment in associates	—	210,328	210,328	210,328
Share of undistributed post-acquisition reserves	—	16,984	29,329	43,679
	—	227,312	239,657	254,007

There are no contingent liabilities relating to the Target Group's interests in associates and these associates did not have any material contingent liabilities as at 31 December 2021, 2022 and 31 March 2023.

Dividends from associates for the year ended 31 December 2020, 2021, 2022 and three months ended 31 March 2023 amounted to Nil, RMB11,398,000, Nil and Nil respectively.

The followings are the details of the associates as at 31 December 2021, 2022 and 31 March 2023:

Name of companies	Place of establishment and operation	Paid up capital	Proportion of ownership interest — Held by Subsidiaries of the Target Company	Type of legal entity	Principal activities
Fuxin Huashun Wind Power Generation Co., Ltd. ("Fuxin Huashun") (阜新華順風力發電有限公司)	The PRC	RMB153,000,000	49% *(note)*	Limited liability company	Generation and sale of electricity
Shanxi Jingtai New Energy Co., Ltd. ("Shanxi Jingtai") (山西京太新能源有限公司)	The PRC	RMB271,564,000	35% *(note)*	Limited liability company	Generation and sale of electricity

Note: According to the Articles of Association of Fuxin Huashun and Shanxi Jingtai, any resolution in a shareholders meeting must be passed by 2/3 shareholders. As such, the Directors consider that the Target Company does not have control over Fuxin Huashun and Shanxi Jingtai.

Summarised statements of financial position

Fuxin Huashun

	At 31 December 2021	At 31 December 2022	At 31 March 2023
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets	188,411	169,933	165,307
Current assets	175,134	175,861	179,801
Non-current liabilities	(60,000)	—	—
Current liabilities	(45,992)	(86,316)	(76,051)
Net assets	257,553	259,478	269,057

Shanxi Jingtai

	At 31 December 2021	At 31 December 2022	At 31 March 2023
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets	103,623	1,104,774	944,127
Current assets	450,214	290,674	322,695
Non-current liabilities	—	(340,773)	(185,091)
Current liabilities	(264,952)	(733,208)	(732,675)
Net assets	288,885	321,467	349,056

Summarised income statements and statements of comprehensive income

Fuxin Huashun

	Year ended 31 December 2021	Year ended 31 December 2022	Three months ended 31 March 2022	Three months ended 31 March 2023
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue	65,173	56,485	13,642	17,189
Profit and total comprehensive income for the year/period	22,289	25,186	5,961	9,579
Dividend received from associates	—	11,398	—	—

Shanxi Jingtai

	Year ended 31 December 2021	Year ended 31 December 2022	Three months ended 31 March 2022	Three months ended 31 March 2023
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue	71,728	143,456	10,184	51,938
Profit and total comprehensive income for the year/period	17,322	32,582	6,116	27,589
Dividend received from associates	—	—	—	—

Reconciliation of summarised financial information presented above to the carrying amount of interests in associates are as follows:

Fuxin Huashun

	At 31 December		At 31 March
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Opening net assets	—	257,553	259,478
Investment in an associate	235,264	—	—
Profit and total comprehensive income for the year/period	22,289	25,186	9,579
Dividend paid	—	(23,261)	—
Closing net assets	257,553	259,478	269,057
Interest in associate (at 49%) — At carrying amounts	126,202	127,144	131,837

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	At 31 December		At 31 March
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Opening net assets	—	288,885	321,467
Investment in an associate	271,564	—	—
Profit and total comprehensive income for the year/period	17,322	32,582	27,589
Closing net assets	288,886	321,467	349,056
Interest in associate (at 35%) — At carrying amounts	101,110	112,513	122,170

21. FINANCIAL ASSETS MEASURED AT AMORTISED COST

	At 31 December			At 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Debt securities:				
— Unlisted	59,402	—	—	—

These unlisted debt securities represent investments in unlisted debt issued by private entities established in the PRC. These investments in debt instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes.

During the year ended 31 December 2021, the Target Group disposed of the investments in unlisted debt, at a consideration of RMB59,402,000, which was also the fair value as at the date of disposal as the investment no longer met the investment objective of the Target Group after the change in short-term financing method for the Target Group's horizontal integration.

22. DEFERRED INCOME TAXES

Deferred income taxes are calculated in respect of temporary differences under the liability method using the tax rates enacted or substantively enacted by the end of each financial reporting period during the Track Record Period.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated statements of financial position:

	At 31 December			At 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred income tax assets	13,504	26,318	60,331	59,399
Deferred income tax liabilities	(1,278)	(2,145)	(2,262)	(2,609)
	12,226	24,173	58,069	56,790

Notes:

(a) The net movements in the deferred income tax assets/(liabilities) during the year/period, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Accelerated tax depreciation	**Right-of-use assets/lease liabilities**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2020	12,192	(148)	12,044
Credited to profit or loss *(Note 13)*	173	9	182
At 31 December 2020 and 1 January 2021	12,365	(139)	12,226
Acquisition of subsidiaries *(Note 37)*	8,074	3	8,077
Credited to profit or loss *(Note 13)*	3,821	49	3,870
At 31 December 2021 and 1 January 2022	24,260	(87)	24,173
Acquisition of subsidiaries *(Note 37)*	42,859	4	42,863
(Charged)/credited to profit or loss *(Note 13)*	(10,740)	1,773	(8,967)
At 31 December 2022 and 1 January 2023	56,379	1,690	58,069
Charged to profit or loss *(Note 13)*	(1,120)	(159)	(1,279)
At 31 March 2023	55,259	1,531	56,790

(b) Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2020, 2021, 2022 and 31 March 2023, the Target Group had unrecognised tax losses to be carried forward against future taxable profits amounting to RMB581,614,000, RMB630,706,000, RMB718,390,000 and RMB648,332,000 respectively, which will expire within 5 years due to the unpredictability of future profit streams for certain subsidiaries.

23. INVENTORIES

	At 31 December			At 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equipment	8,788	—	—	—
Spare parts and consumables	43,503	23,370	20,555	20,445
	52,291	23,370	20,555	20,445

24. BILLS AND ACCOUNTS RECEIVABLE

	At 31 December			At 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivable	68,048	79,104	20,013	11,881
Accounts receivable	3,250,702	4,849,411	5,862,958	6,032,529
	3,318,750	4,928,515	5,882,971	6,044,410

Notes:

(a) To measure the ECL of bills and accounts receivable, accounts and bills receivables have been assessed individually. The loss allowance of the bills and accounts receivable as at 31 December 2020, 2021, 2022 and 31 March 2023 was insignificant.

(b) The ageing analysis of the accounts receivable based on invoice date is as follows:

	At 31 December			At 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unbilled	1,311,442	2,086,252	2,756,320	4,206,410
1 to 3 months	1,939,260	2,763,159	3,106,638	1,826,119
	3,250,702	4,849,411	5,862,958	6,032,529

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward looking information that is available without undue cost or effort. The grouping is regularly reviewed by the management to ensure relevant information about specific debtor is updated.

As at 31 December 2020, 2021, 2022 and 31 March 2023, accounts receivable from regional and provincial power grid companies include clean energy power price premium receivable of RMB1,311,442,000, RMB2,086,252,000, RMB2,756,320,000 and RMB4,206,410,000 respectively, which is unbilled.

The clean energy power price premium, which is a component of the government-approved on-grid tariff for wind and photovoltaic power generation, is recognised as revenue from sales of electricity in the consolidated statements of profit or loss and other comprehensive income of the Target Group for its wind and photovoltaic power projects.

(c) As at 31 December 2020, 2021, 2022 and 31 March 2023, bills receivable were bank acceptance notes issued by third parties and were normally with a maturity period of 360 days.

(d) As at 31 December 2020, 2021, 2022 and 31 March 2023, certain of the bank borrowings (Notes 29(d)) was secured by the rights on certain accounts receivable. The accounts receivable pledged under these debts as at 31 December 2020, 2021, 2022 and 31 March 2023 amounted to RMB2,987,557,000, RMB4,521,269,000, RMB5,586,646,000 and RMB5,368,324,000 respectively.

(e) The fair values of the accounts and bills receivables approximate their carrying amounts as the impact of discounting is not significant. All accounts and bills receivables are denominated in RMB.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 31 December			At 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Deposits and other receivables	52,475	76,786	75,213	71,556
Prepayments	80,066	84,427	53,517	58,450
Deductible value-added tax ("VAT")	1,136,727	1,068,556	756,803	773,929
Provision under ECL	(6,142)	(18,954)	(20,552)	(20,552)
	1,263,126	1,210,815	864,981	883,383
Non-current				
Prepayments for property, plant and equipment (other than construction of power plants)	47,027	63,810	50,565	50,565
Prepayments for acquisitions of subsidiaries	360,289	1,239,859	33,590	33,590
Other prepayments	18,365	17,386	28,631	30,632
	425,681	1,321,055	112,786	114,787
	1,688,807	2,531,870	977,767	998,170

26. RESTRICTED DEPOSITS

Restricted deposits are all restricted cash deposits and pledged to certain banks as security for loans and banking facilities granted to the Target Group. As at 31 December 2022 and 31 March 2023, the restricted deposits of the Target Group are interest bearing at 1.75% and 1.75% respectively per annum.

27. CASH AND CASH EQUIVALENTS

	At 31 December			At 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at banks and in hand	2,111,288	783,024	2,494,889	2,956,400
Denominated in:				
RMB	2,111,288	783,024	2,494,889	2,956,400

The Target Group's cash at banks as at 31 December 2020, 2021, 2022 and 31 March 2023 are interest bearing from 0.25% to 1.15%, 0.25% to 1.15%, 0.25% to 1.15% and 0.25% to 1.15% respectively per annum.

28. SHAREHOLDERS' EQUITY

Registered capital

	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January	3,373,289	6,116,057	6,116,057	6,116,057
Capital injection *(Note)*	2,742,768	—	—	—
At 31 December/31 March	6,116,057	6,116,057	6,116,057	6,116,057

Note:

On 8 December 2020, certain independent third parties made capital injection in aggregate of RMB2,742,768,000 at an aggregate consideration of approximately RMB4,350,000,000 and resulted in approximately RMB1,607,232,000 credited to capital reserve of the Target Company.

Reserves

Capital reserve

Capital reserve mainly represents capital injection of the Target Company in excess of nominal value of share capital.

29. BANK BORROWINGS

Bank borrowings are analysed as follows:

	At 31 December			At 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Long-term bank borrowings				
— Secured *(Note (d))*	5,893,288	7,638,907	7,823,902	8,062,324
— Unsecured	3,163,840	3,901,473	5,429,094	5,686,178
	9,057,128	11,540,380	13,252,996	13,748,502
Less: Current portion of long-term bank borrowings	(1,050,645)	(1,400,695)	(1,654,220)	(1,528,293)
	8,006,483	10,139,685	11,598,776	12,220,209
Current				
Short-term bank borrowings				
— unsecured	700,099	3,900,000	3,200,000	3,698,989
Current portion of long-term bank borrowings	1,050,645	1,400,695	1,654,220	1,528,293
	1,750,744	5,300,695	4,854,220	5,227,282
	9,757,227	15,440,380	16,452,996	17,447,491

Notes:

(a) The carrying amounts of the Target Group's bank borrowings are denominated in RMB.

(b) The repayments terms of the long-term bank borrowings are analysed as follows:

	At 31 December			At 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	1,050,645	1,400,695	1,654,220	1,528,293
Between one and two years	—	360,963	20,023	1,692,071
Between two and five years	1,418,295	1,482,311	2,259,292	720,582
Over five years	6,588,188	8,296,411	9,319,461	9,807,556
	9,057,128	11,540,380	13,252,996	13,748,502

(c) The effective interest rate per annum of the Target Group's bank borrowings are as follows:

	At 31 December			At 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Short-term bank borrowings	3.70%	3.65%	3.50%	3.50%
Long-term bank borrowings (including current portion)	4.36%	4.41%	4.20%	4.20%

The bank borrowings of the Target Group in fixed and floating rates are as follows:

	At 31 December			At 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fixed-rate borrowings	8,752,594	14,507,452	15,748,242	16,751,463
Floating-rate borrowings	1,004,633	932,928	704,754	696,028
	9,757,227	15,440,380	16,452,996	17,447,491

(d) The carrying amounts of bank borrowings of the Target Group are secured as follows:

	At 31 December			At 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Secured by certain property, plant and equipment *(Note 16)*	2,905,731	3,117,638	2,234,772	2,691,417
Secured by bank balance *(Note 26)*	—	—	2,484	2,583
Secured against the rights on certain accounts receivable *(Note 24)*	2,987,557	4,521,269	5,586,646	5,368,324

30. BORROWINGS FROM RELATED PARTIES

Borrowings from related parties are analysed as follows:

	At 31 December			At 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Long-term borrowings from other related parties	2,870,209	2,796,034	2,069,630	2,170,555
Less: Current portion of long-term borrowings from other related party	(753,598)	(425,526)	(195,890)	(206,394)
	2,116,611	2,370,508	1,873,740	1,964,161
Current				
Current portion of long-term borrowings from other related party	753,598	425,526	195,890	206,394
	2,870,209	2,796,034	2,069,630	2,170,555

Notes:

(a) The carrying amounts of the Target Group's borrowings from related parties are denominated in RMB.

(b) As at 31 December 2020, 2021, 2022 and 31 March 2023, the long-term borrowings from other related parties were unsecured, interest bearing from 3.70% to 4.99%, 3.47% to 5.88%, 3.40% to 5.50% and 3.80% to 5.50% respectively per annum.

31. OTHER BORROWINGS

	At 31 December			At 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Long-term other borrowings from third parties *(Note (a))*	2,123,607	1,168,742	696,848	631,932
Current				
Short-term other borrowings from third parties *(Note (b))*	415,144	1,159,659	387,233	346,533
	2,538,751	2,328,401	1,084,081	978,465

Notes:

(a) As at 31 December 2020, 2021, 2022 and 31 March 2023, the balance is unsecured, interest bearing from 3.75% to 6.11%, 3.75% to 5.40%, 3.05% to 5.88% and 2.60% to 4.90% respectively per annum. The fair values of the long-term other borrowings from third parties approximate their carrying amounts as the impact of discounting is not significant.

(b) As at 31 December 2020, 2021, 2022 and 31 March 2023, the balance is unsecured, interest bearing from 3.70% to 4.99%, 3.47% to 5.88%, 3.40% to 5.50% and 3.80% to 5.50% respectively per annum.

(c) As at 31 December 2020, 2021 and 2022 and 31 March 2023, certain group entities of the Target Company had provided corporate guarantee of RMB3,500,000,000, RMB2,750,000,000, RMB1,840,000,000 and RMB1,360,000,000 respectively to secure the other borrowings.

32. LEASE LIABILITIES

	At 31 December			At 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities:				
Within one year	16,222	30,789	50,691	31,556
Between one and two years	20,352	22,435	29,253	42,765
Between two and five years	60,124	63,432	87,653	86,243
Over five years	234,975	213,956	260,068	253,656
	331,673	330,612	427,665	414,220
Less: Amounts payable within 12 months shown under current liabilities	(16,222)	(30,789)	(50,691)	(31,556)
	315,451	299,823	376,974	382,664

Except for short-term leases and low value leases in which the Target Group applied recognition exemption, the Target Group has recognised additions of right-of-use assets of Nil, RMB128,684,000, RMB276,407,000 and Nil and lease liabilities of Nil, RMB34,770,000, RMB133,318,000 and Nil for the year ended 31 December 2020, 2021, 2022 and three months ended 31 March 2023 respectively, of which right-of-use assets from acquisitions of subsidiaries amounted to Nil, RMB27,431,000, RMB37,598,000 and Nil respectively.

33. BILLS AND ACCOUNTS PAYABLE

	At 31 December			At 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills payable	—	—	—	569
Accounts payable *(Note a)*	51,965	46,695	27,244	29,465
	51,965	46,695	27,244	30,034

Note:

(a) The normal credit period for accounts payable generally ranges from 60 to 180 days. The ageing analysis of the accounts payable based on invoice date is as follows:

	At 31 December			At 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
1 to 6 months	12,166	11,849	3,673	7,936
7–12 months	16,810	18,874	6,589	9,346
Over 1 year	22,989	15,972	16,982	12,183
	51,965	46,695	27,244	29,465

34. OTHER PAYABLES AND ACCRUALS

	At 31 December			At 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Salaries and staff welfare payable	11,663	18,103	19,582	46,587
VAT payable	26,163	56,917	119,385	122,607
Other taxes payable	12,272	14,884	20,128	18,859
Interest payable	648	4,383	—	—
Repairs and maintenance expense payable	1,731	6,770	10,522	10,168
Dividends payable to non-controlling shareholders of subsidiaries	23,356	74,207	84,157	63,709
Payable for purchase of property, plant and equipment and materials equipment	645,515	720,492	547,201	558,700
Other payables and accrued operating expenses	148,401	187,207	262,147	245,253
	869,749	1,082,963	1,063,122	1,065,883

35. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	At 31 December			At 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from related parties				
Amounts due from companies controlled by SPIC	1,095,817	2,015,907	1,480,055	1,506,806
Amounts due to related parties				
Amounts due to SPIC	(575,722)	(804,706)	(2,047,566)	(1,947,066)

Balances with related parties are unsecured, interest free and repayable on demand.

36. FINANCIAL INSTRUMENTS

36.1 Categories of financial instruments

	At 31 December			At 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Amortised cost	6,631,590	7,785,278	9,914,089	10,560,133
Financial liabilities				
Amortised cost	18,044,211	23,969,789	24,184,288	24,981,863

36.2 Financial risk management objectives and policies

The Target Group's activities expose it to a variety of financial risks: interest rate risks, credit risk and liquidity risk. The Target Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Group's financial performance.

(a) Interest rate risks

The Target Group's income and operating cash flows are substantially independent of changes in market interest rates. The Target Group's interest-bearing assets mainly include cash at banks and deposits at SPIC Financial Company Limited ("SPIC Financial"), details of which have been disclosed in Notes 26 and 27 respectively. The Target Group's exposure to changes in interest rates is mainly attributable to its borrowings and lease liabilities, details of which have been disclosed in Notes 29 to 32 respectively. Borrowings carried at floating rates expose the Target Group to cash flow interest rate risk whereas borrowings and lease liability carried at fixed rates expose the Target Group to fair value interest rate risk, details of which have been disclosed in Notes 29 to 32. The Target Group has not used any specific interest rate swap contracts to hedge its exposure to interest rate risk.

The Target Group's cash flow interest rate risk is mainly concentrated on the fluctuation of People's Bank of China ("PBOC") interest rate arising from the Target Group's RMB denominated floating rate bank borrowings.

As at 31 December 2020, 2021, 2022 and 31 March 2023, if the interest rates on bank borrowings had been 50 basis higher/lower than the prevailing interest rates, with all other variables held constant, post-tax profit for the year/period (net of interest capitalised) would have been RMB3,767,000, RMB3,498,000, RMB2,643,000 and RMB2,610,000 lower/higher respectively which mainly as a result of higher/lower interest expense on floating rate bank borrowings and borrowings from related parties.

(b) Credit risk and impairment test

The Target Group's credit risk primarily arises from bills and accounts receivable (Note 24), deposits and other receivables (Note 25), financial assets measured at amortised cost (Note 21), restricted deposits (Note 26), cash and cash equivalents (Note 27) and amount due from related parties (Note 35). The Target Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Accounts receivable arising from contracts with customers (including those under other non-current assets)

The Target Group is exposed to significant concentration of credit risk in terms of electricity sales as a majority of the Target Group's sales of electricity were made to regional and provincial power grid companies. The Target Group normally grants credit terms ranged from 15 to 90 days to these power grid companies except for the clean energy power price premium. The collection of such clean energy power price premium is subject to the allocation of funds by relevant government authorities to local grid companies, which therefore takes a relatively long time for settlement. The Target Group only accepts bills issued or guaranteed by reputable PRC banks if accounts receivables are settled by bills and therefore the management of the Target Group considers the credit risk arising from the endorsed or discounted bills is insignificant. The Target Group normally does not require collaterals from trade debtors. In addition, the Target Group performs impairment assessment under ECL model upon application of HKFRS 9 on accounts receivable individually. Ageing analysis of the Target Group's accounts receivable is disclosed in Note 24 and management does not expect any losses from non-performance by these counterparties.

Deposits and other receivables and amount due from related parties

The counterparties of the Target Group's deposits and other receivables and amount due from related parties are mainly large state-owned enterprises with good credit quality and subsidiaries of SPIC. Under ECL model upon application of HKFRS 9, management makes periodic collective assessment as well as individual assessment on the recoverability of all receivables, based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any disputes with the relevant debtors. The Target Group's historical experience in collection of receivables falls within the recorded allowances and the Directors are of the opinion that adequate provision for uncollectible receivables has been made.

Restricted deposits and cash and cash equivalents

Substantially all of the Target Group's cash and deposits are held in major financial institutions, which management believes are of high credit quality. Therefore, the Target Group performs impairment assessment under 12m ECL model of HKFRS 9 on restricted deposits and cash and cash equivalents on collective basis. Management does not expect any losses from non-performance by these counterparties.

Financial assets measured at amortised cost

The Target Group's financial assets at amortised cost are Target Group's certain bonds which were considered as for holding to collect contractual cash flows. The bonds which have been classified as financial assets measured at amortised cost are issued by large state-owned enterprises with high credit quality and therefore are considered to be low credit risk investments. Therefore, the Target Group performs impairment assessment under 12m ECL model of HKFRS 9 on financial assets at amortised cost on individual basis. During the Track Record Period, no ECL on financial assets at amortised cost has been recognised.

The tables below detail the credit risk exposures of the Target Group's financial assets, including bills and accounts receivable, deposits and other receivables, financial assets at amortised cost, restricted deposits and cash and cash equivalents, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount			
					At 31 December			At 31 March
					2020	2021	2022	2023
					RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets measured at amortised cost	*21*	A1	*Note (i)*	12m ECL	59,402	—	—	—
Restricted deposits	*26*	A1	*Note (i)*	12m ECL	—	—	1,513	1,513
Cash and cash equivalents	*27*	A1	*Note (i)*	12m ECL	2,111,288	783,024	2,494,889	2,956,400
Deposits and other receivables	*25*	N/A	*Note (ii)*	Lifetime ECL (credit impaired)	52,475	76,786	75,213	71,556
Amount due from related parties	*35*	N/A	*Note (i)*	12m ECL	1,095,817	2,015,907	1,480,055	1,506,806
Bills receivable	*24*	A1	*Note (i)*	12m ECL	68,048	79,104	20,013	11,881
Accounts receivable	*24*	A1	*Note (iii)*	Lifetime ECL (not credit impaired)	3,259,305	4,849,411	5,862,958	6,032,529

Notes:

(i) Financial assets measured at amortised cost, bills receivable, amounts due from related parties, restricted deposits and cash and cash equivalents

At the end of the reporting period, the Directors have performed impairment assessment under 12m ECL model for financial assets at amortised cost, bills receivable, amount due from related parties, restricted deposit and cash and cash equivalents, and concluded that there has been no significant increase in credit risk since initial recognition. Since the counterparties are in major financial institutions and large state-owned enterprises with high credit ratings assigned by international credit-rating agencies, the probability of defaults of the counterparties are insignificant and accordingly, no allowance for credit losses is provided for these financial assets.

(ii) Deposits and other receivables

For the purposes of internal credit risk management, the Target Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

The Target Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	**Description**	**Deposits and other receivables**
A	The counterparties can honor the terms of the contracts. There is no reason to doubt their ability to fulfill the payment on a timely basis.	12m ECL
B	The counterparties frequently repay after due dates but usually settle after due date.	12m ECL
C	The counterparties cannot repay in full and there has been a significant increase in credit risk since initial recognition.	Lifetime ECL (not credit-impaired)
D	There is evidence indicating the asset is credit-impaired.	Lifetime ECL (credit-impaired)

	Past due	**Not past due/No fixed repayment terms**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2020	52,475	—	52,475
At 31 December 2021	76,786	—	76,786
At 31 December 2022	75,213	—	75,213
At 31 March 2023	71,556	—	71,556

The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

(iii) Accounts receivable

As a majority of the Target Group's sales of electricity were made to regional and provincial power grid companies, the Target Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL individually for accounts receivable. At the end of the reporting period, the Directors have performed impairment assessment for accounts receivable based on external credit rating and corresponding default rate issued by international credit-rating agencies, and concluded that the credit losses of the accounts receivable as at 31 December 2020, 2021, 2022 and 31 March 2023 were insignificant and therefore no additional allowance is provided for accounts receivable.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of credit facilities.

The Target Group's primary cash requirements have been for construction of power plants, additions of and upgrades on property, plant and equipment, payment on related debts and payment for purchases and operating expenses.

The Target Group finances its working capital requirements through a combination of internal resources, borrowings from related parties, and short-term and long-term bank and other borrowings.

Management monitors regularly the Target Group's current and expected liquidity requirements to ensure it maintains sufficient cash and cash equivalents and has available funding through adequate amount of facilities to meet its working capital requirements. The Target Group will refinance and/or restructure certain short-term loans into long-term loans or consider alternative sources of financing, where applicable.

The table below analyses the Target Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of each financial period during the Track Record Period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash outflows by maturity and its carrying amounts.

	Within one year	**Between one and two years**	**Between two and five years**	**Over five years**	**Total contractual undiscounted cash flows**	**Total Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2020						
Bills and accounts payable	51,965	—	—	—	51,965	51,965
Construction cost payables	1,380,588	—	—	—	1,380,588	1,380,588
Other payables and accruals	869,749	—	—	—	869,749	869,749
Amounts due to related parties	575,722	—	—	—	575,722	575,722
Bank borrowings	1,785,759	—	1,446,660	6,719,952	9,952,371	9,757,227
Other borrowings	421,371	1,044,512	389,753	721,196	2,576,832	2,538,751
Borrowings from related parties	759,627	864,827	320,143	948,574	2,893,171	2,870,209
	5,844,781	1,909,339	2,156,556	8,389,722	18,300,398	18,044,211
Lease liabilities	16,951	21,267	62,829	245,548	346,595	331,673

	Within one year	**Between one and two years**	**Between two and five years**	**Over five years**	**Total contractual undiscounted cash flows**	**Total Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2021						
Bills and accounts payable	46,695	—	—	—	46,695	46,695
Construction cost payables	1,470,610	—	—	—	1,470,610	1,470,610
Other payables and accruals	1,082,963	—	—	—	1,082,963	1,082,963
Amounts due to related parties	804,706	—	—	—	804,706	804,706
Bank borrowings	5,406,709	368,182	1,511,958	8,462,339	15,749,188	15,440,380
Other borrowings	1,177,054	144,995	521,010	520,268	2,363,327	2,328,401
Borrowings from related parties	428,930	150,649	1,122,593	1,116,230	2,818,402	2,796,034
	10,417,667	663,826	3,155,561	10,098,837	24,335,891	23,969,789
Lease liabilities	32,174	23,444	66,286	223,584	345,488	330,612

	Within one year	Between one and two years	Between two and five years	Over five years	Total contractual undiscounted cash flows	Total Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2022						
Bills and accounts payable	27,244	—	—	—	27,244	27,244
Construction cost payables	1,439,649	—	—	—	1,439,649	1,439,649
Other payables and accruals	1,063,122	—	—	—	1,063,122	1,063,122
Amounts due to related parties	2,047,566	—	—	—	2,047,566	2,047,566
Bank borrowings	4,951,304	20,423	2,304,478	9,505,850	16,782,055	16,452,996
Other borrowings	393,041	177,598	266,922	262,781	1,100,342	1,084,081
Borrowings from related parties	197,457	234,287	454,533	1,199,910	2,086,187	2,069,630
	10,119,383	432,308	3,025,933	10,968,541	24,546,165	24,184,288
Lease liabilities	52,972	30,569	91,597	271,771	446,909	427,665

	Within one year	Between one and two years	Between two and five years	Over five years	Total contractual undiscounted cash flows	Total Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 March 2023						
Bills and accounts payable	30,034	—	—	—	30,034	30,034
Construction cost payables	1,342,369	—	—	—	1,342,369	1,342,369
Other payables and accruals	1,065,883	—	—	—	1,065,883	1,065,883
Amounts due to related parties	1,947,066	—	—	—	1,947,066	1,947,066
Bank borrowings	5,331,828	1,725,913	734,993	10,003,707	17,796,441	17,447,491
Other borrowings	351,731	231,550	98,963	310,898	993,142	978,465
Borrowings from related parties	208,045	561,605	195,721	1,222,548	2,187,919	2,170,555
	10,276,956	2,519,068	1,029,677	11,537,153	25,362,854	24,981,863
Lease liabilities	32,976	44,689	90,123	265,070	432,858	414,220

36.3 Capital risk management

The Target Group's objectives when managing capital are to safeguard the Target Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Target Group manages the capital structure and makes adjustments to it in light of changes in economic condition. In order to maintain or adjust the capital structure, the Target Group may adjust the dividend payments to shareholders, return capital to shareholders, issue new shares, and sell assets to reduce debt or to obtain bank and other borrowings.

The Target Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debts (including current and non-current borrowings as well as lease liabilities as shown in the consolidated statements of financial position) less cash and cash equivalents. Total capital is calculated as total equity, as shown in the consolidated statements of financial position, plus net debt.

The table below analyses the Target Group's capital structure.

	At 31 December			At 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings *(Note 29)*	9,757,227	15,440,380	16,452,996	17,447,491
Borrowing from related parties *(Note 30)*	2,870,209	2,796,034	2,069,630	2,170,555
Other borrowings *(Note 31)*	2,538,751	2,328,401	1,084,081	978,465
Lease liabilities *(Note 32)*	331,673	330,612	427,665	414,220
Less: Cash and cash equivalents *(Note 27)*	(2,111,288)	(783,024)	(2,494,889)	(2,956,400)
Net debt	13,386,572	20,112,403	17,539,483	18,054,331
Total equity	11,306,943	11,083,146	13,102,160	13,360,189
Total capital	24,693,515	31,195,549	30,641,643	31,414,520
Gearing ratio	54%	64%	57%	57%

36.4 Fair value estimation

The directors of the Target Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values.

37. ACQUISITIONS OF SUBSIDIARIES

37.1 Acquisition of Zhongwei Hengji Weiye Photovoltaic Power Co., Ltd (中衛恒基偉業光伏電力有限公司)

On 31 August 2020, the Target Group acquired 100% equity interests in Zhongwei Hengji Weiye Photovoltaic Power Co., Ltd ("Zhongwei Hengji") from independent third party in form of paying cash consideration.

Consideration transferred

	2020
	RMB'000
Cash paid	91,000

Assets and liabilities recognised at the date of acquisition

	2020
	RMB'000
Non-current assets	
Property, plant and equipment	262,954
Prepayments for property, plant and equipment	21,993
Current assets	
Cash and cash equivalents	67
Bills and accounts receivable	101,209
Prepayments, deposits and other receivables	13,510
Non-current liabilities	
Bank borrowings	(88,510)
Current liabilities	
Bills and accounts payable	(125,408)
Other payables and accruals	(62,456)
Tax payable	(9,306)
Net identifiable assets acquired	114,053

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB101,209,000 at the date of acquisition.

Goodwill arising on acquisition

	2020
	RMB'000
Consideration transferred	91,000
Add: Non-controlling interests	—
Less: Net identifiable assets acquired	(114,053)
Gain on recognition of negative goodwill *(Note 9)*	(23,053)

Net cash outflows arising on acquisition

	2020
	RMB'000
Consideration paid in cash	91,000
Less: Cash and cash equivalents acquired	(67)
	90,933

Revenue and profit contribution

During the period from the acquisition date to 31 December 2020, Zhongwei Hengji had contributed a total revenue of approximately RMB12,358,000 and net loss of approximately RMB2,306,000.

If the acquisition had occurred on 1 January 2020, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2020 would have been increased by approximately RMB44,739,000 and approximately RMB8,814,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2020 and could not serve as a basis for the forecast of future operation result.

37.2 Acquisition of Weifang Huaxu Solar Photovoltaic Agriculture Co., Ltd. (濰坊華旭太陽能光伏農業有限公司)

On 31 December 2020, the Target Group acquired 100% equity interests in Weifang Huaxu Solar Photovoltaic Agriculture Co., Ltd. (''Weifang Huaxu'') from independent third party in form of paying cash consideration.

Consideration transferred

	2020
	RMB'000
Cash paid	13,308

Assets and liabilities recognised at the date of acquisition

	2020
	RMB'000
Non-current assets	
Property, plant and equipment	115,685
Prepayments for property, plant and equipment	6,735
Current assets	
Cash and cash equivalents	3,746
Bills and accounts receivable	64,265
Prepayments, deposits and other receivables	2,626
Current liabilities	
Bills and accounts payable	(123,850)
Other payables and accruals	(49,903)
Net identifiable assets acquired	19,304

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB64,265,000 at the date of acquisition.

Goodwill arising on acquisition

	2020
	RMB'000
Consideration transferred	13,308
Add: Non-controlling interests	—
Less: Net identifiable assets acquired	(19,304)
Gain on recognition of negative goodwill *(Note 9)*	(5,996)

Net cash outflows arising on acquisition

	2020
	RMB'000
Consideration paid in cash	13,308
Less: Cash and cash equivalents acquired	(3,746)
	9,562

Revenue and profit contribution

During the period from the acquisition date to 31 December 2020, the Weifang Huaxu had contributed a total revenue of approximately RMBNil and net profit of approximately RMBNil.

If the acquisition had occurred on 1 January 2020, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2020 would have been increased by approximately RMB19,865,000 and approximately RMB6,844,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2020 and could not serve as a basis for the forecast of future operation result.

37.3 Acquisition of Weifang Guanggu Agricultural Ecological Park Co., Ltd. (濰坊光穀農業生態園有限公司)

On 31 December 2020, the Target Group acquired 100% equity interests in Weifang Guanggu Agricultural Ecological Park Co., Ltd. ("Weifang Guanggu") from independent third party in form of paying cash consideration.

Consideration transferred

	2020
	RMB'000
Cash paid	8,514

Assets and liabilities recognised at the date of acquisition

	2020
	RMB'000
Non-current assets	
Property, plant and equipment	66,431
Prepayments for property, plant and equipment	4,697
Current assets	
Cash and cash equivalents	3,667
Bills and accounts receivable	30,160
Prepayments, deposits and other receivables	8,001
Current liabilities	
Bills and accounts payable	(69,371)
Other payables and accruals	(31,034)
Net identifiable assets acquired	12,551

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB30,160,000 at the date of acquisition.

Goodwill arising on acquisition

	2020
	RMB'000
Consideration transferred	8,514
Add: Non-controlling interests	—
Less: Net identifiable assets acquired	(12,551)
Gain on recognition of negative goodwill *(Note 9)*	(4,037)

Net cash outflows arising on acquisition

	2020
	RMB'000
Consideration paid in cash	8,514
Less: Cash and cash equivalents acquired	(3,667)
	4,847

Revenue and profit contribution

During the period from the acquisition date to 31 December 2020, Weifang Guanggu had contributed a total revenue of approximately RMBNil and net profit of approximately RMBNil.

If the acquisition had occurred on 1 January 2020, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2020 would have been increased by approximately RMB10,325,000 and approximately RMB5,026,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2020 and could not serve as a basis for the forecast of future operation result.

37.4 Acquisition of Anqiu Guangneng New Energy Co., Ltd. (安丘市光能新能源有限公司)

On 31 December 2020, the Target Group acquired 100% equity interests in Anqiu Guangneng New Energy Co., Ltd. ("Anqiu Guangneng") from independent third party in form of paying cash consideration.

Consideration transferred

	2020
	RMB'000
Cash paid	178

Assets and liabilities recognised at the date of acquisition

	2020
	RMB'000
Non-current assets	
Property, plant and equipment	15,250
Prepayments for property, plant and equipment	1,511
Current assets	
Cash and cash equivalents	798
Prepayments, deposits and other receivables	1,444
Current liabilities	
Bills and accounts payable	(16,369)
Other payables and accruals	(1,648)
Net identifiable assets acquired	986

Goodwill arising on acquisition

	2020
	RMB'000
Consideration transferred	178
Less: Net identifiable assets acquired	(986)
Gain on recognition of negative goodwill *(Note 9)*	(808)

Net cash Inflows arising on acquisition

	2020
	RMB'000
Consideration paid in cash	178
Less: Cash and cash equivalents acquired	(798)
	(620)

Revenue and profit contribution

During the period from the acquisition date to 31 December 2020, Anqiu Guangneng had contributed a total revenue of approximately RMBNil and net profit of approximately RMBNil.

If the acquisition had occurred on 1 January 2020, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2020 would have been increased by approximately RMB2,067,000 and approximately RMB1,196,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2020 and could not serve as a basis for the forecast of future operation result.

37.5 Acquisition of Tianneng Power Investment (Beijing) New Energy Technology Co., Ltd. (天能電投(北京)新能源科技有限公司)

On 31 December 2020, the Target Group acquired 100% equity interests in Tianneng Power Investment (Beijing) New Energy Technology Co., Ltd ("Tianneng Power") from independent third party in form of paying cash consideration.

Consideration transferred

	2020
	RMB'000
Cash paid	1,600

Assets and liabilities recognised at the date of acquisition

	2020
	RMB'000
Non-current assets	
Property, plant and equipment	31,590
Prepayments for property, plant and equipment	644
Current assets	
Cash and cash equivalents	12
Bills and accounts receivable	12,669
Prepayments, deposits and other receivables	11,259
Non-current liabilities	
Other borrowings	(22,003)
Current liabilities	
Bills and accounts payable	(21,161)
Other payables and accruals	(9,858)
Tax payable	(1,530)
Net identifiable assets acquired	1,622

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB12,669,000 at the date of acquisition.

Goodwill arising on acquisition

	2020
	RMB'000
Consideration transferred	1,600
Less: Net identifiable assets acquired	(1,622)
Gain on recognition of negative goodwill *(Note 9)*	(22)

Net cash outflows arising on acquisition

	2020
	RMB'000
Consideration paid in cash	1,600
Less: Cash and cash equivalents acquired	(12)
	1,588

Revenue and profit contribution

During the period from the acquisition date to 31 December 2020, Tianneng Power had contributed a total revenue of approximately RMB300,000 and net loss of approximately RMB109,000.

If the acquisition had occurred on 1 January 2020, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2020 would have been increased by approximately RMB4,913,000 and approximately RMB776,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2020 and could not serve as a basis for the forecast of future operation result.

37.6 Acquisition of Wuzhong Hongsibao Qihuang New Energy Development Co., Ltd. (吳忠市紅寺堡區杞煌新能源開發有限公司)

On 1 July 2020, the Target Group acquired 100% equity interests in Wuzhong Hongsibao Qihuang New Energy Development Co., Ltd. ("Wuzhong Hongsibao") from independent third party in form of paying cash consideration.

Consideration transferred

	2020
	RMB'000
Cash paid	—

Assets and liabilities recognised at the date of acquisition

	2020
	RMB'000
Non-current assets	
Property, plant and equipment	160,070
Current assets	
Cash and cash equivalents	3,036
Bills and accounts receivable	52,623
Prepayments, deposits and other receivables	23,855
Non-current liabilities	
Other borrowings	(139,601)
Current liabilities	
Bills and accounts payable	(17,420)
Other payables and accruals	(82,563)
Net identifiable assets acquired	—

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB52,623,000 at the date of acquisition.

Net cash inflows arising on acquisition

	2020
	RMB'000
Consideration paid in cash	—
Less: Cash and cash equivalents acquired	(3,036)
	(3,036)

Revenue and profit contribution

During the period from the acquisition date to 31 December 2020, Wuzhong Hongsibao had contributed a total revenue of approximately RMB9,621,000 and net loss of approximately RMB1,519,000.

If the acquisition had occurred on 1 January 2020, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2020 would have been increased by approximately RMB26,112,000 and approximately RMB3,171,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2020 and could not serve as a basis for the forecast of future operation result.

37.7 Acquisition of Yongning Defu New Energy Co., Ltd. (永寧縣德伏新能源有限公司)

On 31 December 2020, the Target Group acquired 100% equity interests in Yongning Defu New Energy Co., Ltd. ("Yongning Defu") from independent third party in form of paying cash consideration.

Consideration transferred

	2020
	RMB'000
Cash paid	—

Assets and liabilities recognised at the date of acquisition

	2020
	RMB'000
Non-current assets	
Property, plant and equipment	134,610
Prepayments for property, plant and equipment	546
Current assets	
Bills and accounts receivable	22,439
Prepayments, deposits and other receivables	12,016
Current liabilities	
Bills and accounts payable	(168,200)
Tax payable	(87)
Net identifiable assets acquired	1,324

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB22,439,000 at the date of acquisition.

Goodwill arising on acquisition

	2020
	RMB'000
Consideration transferred	—
Less: Net identifiable assets acquired	(1,324)
Gain on recognition of negative goodwill *(Note 9)*	(1,324)

Revenue and profit contribution

During the period from the acquisition date to 31 December 2020, Yongning Defu had contributed a total revenue of approximately RMBNil and net profit of approximately RMBNil.

If the acquisition had occurred on 1 January 2020, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2020 would have been increased by approximately RMB21,698,000 and approximately RMB2,462,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2020 and could not serve as a basis for the forecast of future operation result.

37.8 Acquisition of Yongning Deguang New Energy Co., Ltd. (永寧縣德光新能源有限公司)

On 31 December 2020, the Target Group acquired 100% equity interests in Yongning Deguang New Energy Co., Ltd. (''Yongning Deguang'') from independent third party in form of paying cash consideration.

Consideration transferred

	2020
	RMB'000
Cash paid	—

Assets and liabilities recognised at the date of acquisition

	2020
	RMB'000
Non-current assets	
Property, plant and equipment	130,201
Prepayments for property, plant and equipment	546
Current assets	
Bills and accounts receivable	25,565
Prepayments, deposits and other receivables	11,631
Current liabilities	
Bills and accounts payable	(166,944)
Tax payable	(94)
Net identifiable assets acquired	905

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB25,565,000 at the date of acquisition.

Negative goodwill arising on acquisition

	2020
	RMB'000
Consideration transferred	—
Less: Net identifiable assets acquired	(905)
Gain on recognition of negative goodwill *(Note 9)*	(905)

Revenue and profit contribution

During the period from the acquisition date to 31 December 2020, Yongning Deguang had contributed a total revenue of approximately RMBNil and net profit of approximately RMBNil.

If the acquisition had occurred on 1 January 2020, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2020 would have been increased by approximately RMB22,576,000 and approximately RMB3,427,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2020 and could not serve as a basis for the forecast of future operation result.

37.9 Acquisition of Ningxia Yanchi Tongshang New Energy Co., Ltd. (寧夏鹽池通商新能源有限公司)

During the year ended 31 December 2020, the Target Group acquired 100% equity interests in Ningxia Yanchi Tongshang New Energy Co., Ltd. ("Ningxia Yanchi") from independent third party in form of paying cash consideration.

Consideration transferred

	2020
	RMB'000
Cash paid	4,690

Assets and liabilities recognised at the date of acquisition

	2020
	RMB'000
Non-current assets	
Property, plant and equipment	137,248
Current assets	
Cash and cash equivalents	1,219
Bills and accounts receivable	21,187
Prepayments, deposits and other receivables	11,862
Non-current liabilities	
Other borrowings	(46,745)
Current liabilities	
Bills and accounts payable	(101,516)
Other payables and accruals	(14,315)
Tax payable	(94)
Net identifiable assets acquired	8,846

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB21,187,000 at the date of acquisition.

Goodwill arising on acquisition

	2020
	RMB'000
Consideration transferred	4,690
Add: Non-controlling interests	—
Less: Net identifiable assets acquired	(8,846)
Gain on recognition of negative goodwill *(Note 9)*	(4,156)

Net cash outflows arising on acquisition

	2020
	RMB'000
Consideration paid in cash	4,690
Less: Cash and cash equivalents acquired	(1,219)
	3,471

Revenue and profit contribution

During the period from the acquisition date to 31 December 2020, Ningxia Yanchi had contributed a total revenue of approximately RMBNil and net profit of approximately RMBNil.

If the acquisition had occurred on 1 January 2020, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2020 would have been increased by approximately RMB17,850,000 and approximately RMB1,933,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2020 and could not serve as a basis for the forecast of future operation result.

37.10 Acquisition of Ningxia Liancheng Photovoltaic Power Generation Co., Ltd. (寧夏聯成光伏發電有限公司)

On 31 December 2020, the Target Group acquired 100% equity interests in Ningxia Liancheng Photovoltaic Power Generation Co., Ltd ("Ningxia Liancheng") from independent third party in form of paying cash consideration.

Consideration transferred

	2020
	RMB'000
Cash paid	—

Assets and liabilities recognised at the date of acquisition

	2020
	RMB'000
Non-current assets	
Property, plant and equipment	115,738
Prepayments for property, plant and equipment	2,426
Current assets	
Cash and cash equivalents	1
Bills and accounts receivable	20,626
Prepayments, deposits and other receivables	12,914
Non-current liabilities	
Other borrowings	(49,280)
Current liabilities	
Bills and accounts payable	(69,779)
Other payables and accruals	(32,632)
Tax payable	(14)
Net identifiable assets acquired	—

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB20,626,000 at the date of acquisition.

Net cash inflows arising on acquisition

	2020
	RMB'000
Consideration paid in cash	—
Less: Cash and cash equivalents acquired	(1)
	(1)

Revenue and profit contribution

During the period from the acquisition date to 31 December 2020, Ningxia Liancheng had contributed a total revenue of approximately RMBNil and net profit of approximately RMBNil.

If the acquisition had occurred on 1 January 2020, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2020 would have been increased by approximately RMB18,513,000 and approximately RMB147,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2020 and could not serve as a basis for the forecast of future operation result.

37.11 Acquisition of Yongning Derunyuan New Energy Co., Ltd. (永寧縣德潤源新能源有限公司)

On 31 December 2020, the Target Group acquired 100% equity interests in Yongning Derunyuan New Energy Co., Ltd. ("Yongning Derunyuan") from independent third party in form of paying cash consideration.

Consideration transferred

	2020
	RMB'000
Cash paid	—

Assets and liabilities recognised at the date of acquisition

	2020
	RMB'000
Non-current assets	
Property, plant and equipment	128,172
Current assets	
Cash and cash equivalents	1
Bills and accounts receivable	20,434
Prepayments, deposits and other receivables	13,123
Non-current liabilities	
Other borrowings	(50,117)
Current liabilities	
Bills and accounts payable	(95,268)
Other payables and accruals	(15,209)
Tax payable	(108)
Net identifiable assets acquired	1,028

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB20,434,000 at the date of acquisition.

Goodwill arising on acquisition

	2020
	RMB'000
Consideration transferred	—
Add: Non-controlling interests	—
Less: Net identifiable assets acquired	(1,028)
Gain on recognition of negative goodwill *(Note 9)*	(1,028)

Net cash inflows arising on acquisition

	2020
	RMB'000
Consideration paid in cash	—
Less: Cash and cash equivalents acquired	(1)
	(1)

Revenue and profit contribution

During the period from the acquisition date to 31 December 2020, Yongning Derunyuan had contributed a total revenue of approximately RMBNil and net profit of approximately RMBNil.

If the acquisition had occurred on 1 January 2020, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2020 would have been increased by approximately RMB18,661,000 and decreased by approximately RMB303,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2020 and could not serve as a basis for the forecast of future operation result.

37.12 Acquisition of Fuxin United Wind Power Generation Co., Ltd. (阜新聯合風力發電有限公司)

On 28 February 2021, the Target Group acquired 100% equity interests in Fuxin United Wind Power Generation Co., Ltd. ("Fuxin United") from independent third party in form of paying cash consideration.

Consideration transferred

	2021
	RMB'000
Cash paid	168,756

Assets and liabilities recognised at the date of acquisition

	2021
	RMB'000
Non-current assets	
Property, plant and equipment	216,481
Prepayments for property, plant and equipment	8,145
Current assets	
Cash and cash equivalents	30,359
Bills and accounts receivable	69,909
Prepayments, deposits and other receivables	7,305
Inventories	687
Non-current liabilities	
Bank borrowings	(10,000)
Current liabilities	
Bills and accounts payable	(5,054)
Other payables and accruals	(119,068)
Bank borrowings	(20,033)
Tax payable	(1,433)
Net identifiable assets acquired	177,298

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB69,909,000 at the date of acquisition.

Goodwill arising on acquisition

	2021
	RMB'000
Consideration transferred	168,756
Add: Non-controlling interests	—
Less: Net identifiable assets acquired	(177,298)
Gain on recognition of negative goodwill *(Note 9)*	(8,542)

Net cash outflows arising on acquisition

	2021
	RMB'000
Consideration paid in cash	168,756
Less: Cash and cash equivalents acquired	(30,359)
	138,397

Revenue and profit contribution

During the period from the acquisition date to 31 December 2021, Fuxin United had contributed a total revenue of approximately RMB45,611,000 and net profit of approximately RMB12,528,000.

If the acquisition had occurred on 1 January 2021, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2021 would have been increased by approximately RMB57,771,000 and approximately RMB14,730,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2021 and could not serve as a basis for the forecast of future operation result.

37.13 Acquisition of Taipusiqi United Wind Power Generation Co., Ltd. (太僕寺旗聯合風力發電有限公司)

On 28 February 2021, the Target Group acquired 100% equity interests in Taipusiqi United Wind Power Generation Co., Ltd. ("Taipusiqi United") from independent third party in form of paying cash consideration.

Consideration transferred

	2021
	RMB'000
Cash paid	126,060

Assets and liabilities recognised at the date of acquisition

	2021
	RMB'000
Non-current assets	
Property, plant and equipment	243,253
Current assets	
Cash and cash equivalents	3,516
Bills and accounts receivable	64,632
Prepayments, deposits and other receivables	14,302
Inventories	24
Non-current liabilities	
Bank borrowings	(111,880)
Current liabilities	
Bills and accounts payable	(6,163)
Other payables and accruals	(54,371)
Bank borrowings	(25,215)
Tax payable	(1,698)
Net identifiable assets acquired	126,400

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB64,632,000 at the date of acquisition.

Goodwill arising on acquisition

	2021
	RMB'000
Consideration transferred	126,060
Less: Net identifiable assets acquired	(126,400)
Gain on recognition of negative goodwill *(Note 9)*	(340)

Net cash outflows arising on acquisition

	2021
	RMB'000
Consideration paid in cash	126,060
Less: Cash and cash equivalents acquired	(3,516)
	122,544

Revenue and profit contribution

During the period from the acquisition date to 31 December 2021, Taipusiqi United had contributed a total revenue of approximately RMB39,965,000 and net profit of approximately RMB10,809,000.

If the acquisition had occurred on 1 January 2021, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2021 would have been increased by approximately RMB49,731,000 and approximately RMB14,335,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2021 and could not serve as a basis for the forecast of future operation result.

37.14 Acquisition of Taipusiqi CENTURYCONCORD-SHE Nhua Wind Power Investment Limited (太僕寺旗申華協合風力發電投資有限公司)

On 28 February 2021, the Target Group acquired 100% equity interests in Taipusiqi CENTURYCONCORD-SHE Nhua Wind Power Investment Limited ("CENTURYCONCORD-SHE") from independent third party in form of paying cash consideration.

Consideration transferred

	2021
	RMB'000
Cash paid	134,604

Assets and liabilities recognised at the date of acquisition

	2021
	RMB'000
Non-current assets	
Property, plant and equipment	146,710
Prepayments for property, plant and equipment	3,489
Current assets	
Cash and cash equivalents	12,680
Bills and accounts receivable	49,649
Prepayments, deposits and other receivables	2,710
Inventories	19
Non-current liabilities	
Bank borrowings	(10,000)
Current liabilities	
Bills and accounts payable	(4,614)
Other payables and accruals	(38,697)
Bank borrowings	(20,270)
Tax payable	(3,358)
Net identifiable assets acquired	138,318

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB49,649,000 at the date of acquisition.

Goodwill arising on acquisition

	2021
	RMB'000
Consideration transferred	134,604
Less: Net identifiable assets acquired	(138,318)
Gain on recognition of negative goodwill *(Note 9)*	(3,714)

Net cash outflows arising on acquisition

	2021
	RMB'000
Consideration paid in cash	134,604
Less: Cash and cash equivalents acquired	(12,680)
	121,924

Revenue and profit contribution

During the period from the acquisition date to 31 December 2021, the Target Entities had contributed a total revenue of approximately RMB32,402,000 and net profit of approximately RMB9,077,000.

If the acquisition had occurred on 1 January 2021, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2021 would have been increased by approximately RMB41,743,000 and approximately RMB11,328,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2021 and could not serve as a basis for the forecast of future operation result.

37.15 Acquisition of Wuyi County Wind Power Co., Ltd. (武川縣義合風力發電有限公司)

On 28 February 2021, the Target Group acquired 100% equity interests in Wuyi County Wind Power Co., Ltd. ("Wuyi County") from independent third party in form of paying cash consideration.

Consideration transferred

	2021
	RMB'000
Cash paid	94,810

Assets and liabilities recognised at the date of acquisition

	2021
	RMB'000
Non-current assets	
Property, plant and equipment	198,310
Prepayments for property, plant and equipment	2,687
Current assets	
Cash and cash equivalents	4,097
Bills and accounts receivable	53,190
Prepayments, deposits and other receivables	3,700
Non-current liabilities	
Bank borrowings	(121,680)
Current liabilities	
Bills and accounts payable	(2,708)
Other payables and accruals	(28,600)
Bank borrowings	(10,190)
Tax payable	(1,132)
Net identifiable assets acquired	97,674

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB53,190,000 at the date of acquisition.

Goodwill arising on acquisition

	2021
	RMB'000
Consideration transferred	94,810
Less: Net identifiable assets acquired	(97,674)
Gain on recognition of negative goodwill *(Note 9)*	(2,864)

Net cash outflows arising on acquisition

	2021
	RMB'000
Consideration paid in cash	94,810
Less: Cash and cash equivalents acquired	(4,097)
	90,713

Revenue and profit contribution

During the period from the acquisition date to 31 December 2021, Wuyi County had contributed a total revenue of approximately RMB37,298,000 and net profit of approximately RMB8,788,000.

If the acquisition had occurred on 1 January 2021, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2021 would have been increased by approximately RMB46,448,000 and approximately RMB11,596,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2021 and could not serve as a basis for the forecast of future operation result.

37.16 Acquisition of Lingshou Anxiusheng New Energy Technology Co., Ltd. (靈壽縣安旭晟新能源科技有限公司)

On 30 June 2021, the Target Group acquired 100% equity interests in Lingshou Anxiusheng New Energy Technology Co., Ltd. ("Lingshou Anxiusheng") from independent third party in form of paying cash consideration.

Consideration transferred

	2021
	RMB'000
Cash paid	—

Assets and liabilities recognised at the date of acquisition

	2021
	RMB'000
Non-current assets	
Property, plant and equipment	437
Current assets	
Cash and cash equivalents	389
Bills and accounts receivable	1,039
Current liabilities	
Bills and accounts payable	(1,297)
Tax payable	(7)
Net identifiable assets acquired	561

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB1,039,000 at the date of acquisition.

Goodwill arising on acquisition

	2021
	RMB'000
Consideration transferred	—
Less: Net identifiable assets acquired	(561)
Gain on recognition of negative goodwill *(Note 9)*	(561)

Net cash inflows arising on acquisition

	2021
	RMB'000
Consideration paid in cash	—
Less: Cash and cash equivalents acquired	(389)
	(389)

Revenue and profit contribution

During the period from the acquisition date to 31 December 2021, the Target Entities had contributed a total revenue of approximately RMB233,000 and net profit of approximately RMB116,000.

If the acquisition had occurred on 1 January 2021, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2021 would have been increased by approximately RMB265,000 and approximately RMB138,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2021 and could not serve as a basis for the forecast of future operation result.

37.17 Acquisition of Beijing Jiulang Photovoltaic Technology Co., Ltd. (北京九朗光伏科技有限公司)

On 31 October 2021, the Target Group acquired 100% equity interests in Beijing Jiulang Photovoltaic Technology Co., Ltd. ("Beijing Jiulang") from independent third party in form of paying cash consideration.

Consideration transferred

	2021
	RMB'000
Cash paid	16,638

Assets and liabilities recognised at the date of acquisition

	2021
	RMB'000
Non-current assets	
Property, plant and equipment	18,306
Prepayments for property, plant and equipment	119
Current assets	
Cash and cash equivalents	340
Bills and accounts receivable	5,821
Prepayments, deposits and other receivables	1,390
Non-current liabilities	
Other borrowings	(2,890)
Current liabilities	
Bills and accounts payable	(1,724)
Other payables and accruals	(1,177)
Bank borrowings	(2,763)
Tax payable	(182)
Net identifiable assets acquired	17,240

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB5,821,000 at the date of acquisition.

Goodwill arising on acquisition

	2021
	RMB'000
Consideration transferred	16,638
Less: Net identifiable assets acquired	(17,240)
Gain on recognition of negative goodwill *(Note 9)*	(602)

Net cash outflows arising on acquisition

	2021
	RMB'000
Consideration paid in cash	16,638
Less: Cash and cash equivalents acquired	(340)
	16,298

Revenue and profit contribution

During the period from the acquisition date to 31 December 2021, Beijing Jiulang had contributed a total revenue of approximately RMB372,000 and net profit of approximately RMB4,000.

If the acquisition had occurred on 1 January 2021, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2021 would have been increased by approximately RMB3,300,000 and approximately RMB1,687,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2021 and could not serve as a basis for the forecast of future operation result.

37.18 Acquisition of Beijing Qingying Photovoltaic Technology Co., Ltd. (北京清英光伏科技有限公司)

On 1 January 2021, the Target Group acquired 100% equity interests in Beijing Qingying Photovoltaic Technology Co., Ltd. ("Beijing Qingying") from independent third party in form of paying cash consideration.

Consideration transferred

	2021
	RMB'000
Cash paid	—

Assets and liabilities recognised at the date of acquisition

	2021
	RMB'000
Non-current assets	
Property, plant and equipment	6,887
Prepayments for property, plant and equipment	805
Current assets	
Cash and cash equivalents	10
Bills and accounts receivable	345
Non-current liabilities	
Other borrowings	(1,995)
Current liabilities	
Bills and accounts payable	(4,970)
Other payables and accruals	(301)
Bank borrowings	(760)
Net identifiable assets acquired	21

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB345,000 at the date of acquisition.

Goodwill arising on acquisition

	2021
	RMB'000
Consideration transferred	—
Less: Net identifiable assets acquired	(21)
Gain on recognition of negative goodwill *(Note 9)*	(21)

Net cash inflows arising on acquisition

	2021
	RMB'000
Consideration paid in cash	—
Less: Cash and cash equivalents acquired	(10)
	(10)

Revenue and profit contribution

During the period from the acquisition date to 31 December 2021, Beijing Qingying had contributed a total revenue of approximately RMB976,000 and net profit of approximately RMB187,000.

If the acquisition had occurred on 1 January 2021, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2021 would have been increased by approximately RMB976,000 and approximately RMB187,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2021 and could not serve as a basis for the forecast of future operation result.

37.19 Acquisition of Beijing Jingfuxinneng New Energy Technology Co., Ltd (北京京福鑫能新能源科技有限公司)

On 1 January 2021, the Target Group acquired 100% equity interests in Beijing Jingfuxinneng New Energy Technology Co., Ltd ("Beijing Jingfuxinneng") from independent third party in form of paying cash consideration.

Consideration transferred

	2021
	RMB'000
Cash paid	500

Assets and liabilities recognised at the date of acquisition

	2021
	RMB'000
Non-current assets	
Property, plant and equipment	20,182
Prepayments for property, plant and equipment	334
Current assets	
Cash and cash equivalents	175
Bills and accounts receivable	3,866
Prepayments, deposits and other receivables	2,053
Current liabilities	
Bills and accounts payable	(3,279)
Other payables and accruals	(22,000)
Net identifiable assets acquired	1,331

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB3,866,000 at the date of acquisition.

Goodwill arising on acquisition

	2021
	RMB'000
Consideration transferred	500
Less: Net identifiable assets acquired	(1,331)
Gain on recognition of negative goodwill *(Note 9)*	(831)

Net cash outflows arising on acquisition

	2021
	RMB'000
Consideration paid in cash	500
Less: Cash and cash equivalents acquired	(175)
	325

Revenue and profit contribution

During the period from the acquisition date to 31 December 2021, Beijing Jingfuxinneng had contributed a total revenue of approximately RMB3,024,000 and net profit of approximately RMB680,000.

If the acquisition had occurred on 1 January 2021, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2021 would have been increased by approximately RMB3,024,000 and approximately RMB680,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2021 and could not serve as a basis for the forecast of future operation result.

37.20 Acquisition of Aohanqi ShuoKe Photovoltaic Power Generation Co., Ltd. (敖漢旗爍科光伏發電有限公司)

On 1 January 2021, the Target Group acquired 98.41% equity interests in Aohanqi ShuoKe Photovoltaic Power Generation Co., Ltd. ("Aohanqi ShuoKe") from independent third party in form of paying cash consideration.

Consideration transferred

	2021
	RMB'000
Cash paid	135,018

Assets and liabilities recognised at the date of acquisition

	2021
	RMB'000
Non-current assets	
Property, plant and equipment	191,395
Current assets	
Cash and cash equivalents	730
Bills and accounts receivable	124,348
Prepayments, deposits and other receivables	14,935
Current liabilities	
Bills and accounts payable	(14,152)
Other payables and accruals	(42)
Bank borrowings	(177,000)
Tax payable	(2,608)
Net identifiable assets acquired	137,606

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB124,348,000 at the date of acquisition.

Non-controlling interests

The non-controlling interests in Aohanqi ShuoKe recognised at the acquisition date were measured by reference to the proportionate share of recognised amounts of net assets of the Aohanqi ShuoKe and amounts to RMB2,193,000.

Goodwill arising on acquisition

	2021
	RMB'000
Consideration transferred	135,018
Add: Non-controlling interests	2,193
Less: Net identifiable assets acquired	(137,606)
Gain on recognition of negative goodwill *(Note 9)*	(395)

Net cash outflows arising on acquisition

	2021
	RMB'000
Consideration paid in cash	135,018
Less: Cash and cash equivalents acquired	(730)
	134,288

Revenue and profit contribution

During the period from the acquisition date to 31 December 2021, Aohanqi ShuoKe had contributed a total revenue of approximately RMB49,740,000 and net profit of approximately RMB7,269,000.

If the acquisition had occurred on 1 January 2021, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2021 would have been increased by approximately RMB49,740,000 and approximately RMB7,269,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2021 and could not serve as a basis for the forecast of future operation result.

37.21 Acquisition of Guodian Nailuntumotezuoqi Solar Power Co., Ltd. (國電奈倫土默特左旗光伏發電有限公司)

On 1 January 2021, the Target Group acquired 55% equity interests in Guodian Nailuntumotezuoqi Solar Power Co., Ltd. ("Guodian Nailuntumotezuoqi") from independent third party in form of paying cash consideration.

Consideration transferred

	2021
	RMB'000
Cash paid	182,710

Assets and liabilities recognised at the date of acquisition

	2021
	RMB'000
Non-current assets	
Property, plant and equipment	190,471
Deferred tax assets	8,077
Current assets	
Cash and cash equivalents	21
Bills and accounts receivable	232,292
Prepayments, deposits and other receivables	163,135
Current liabilities	
Bills and accounts payable	(186,498)
Other payables and accruals	(110)
Bank borrowings	(64,900)
Tax payable	(10,277)
Net identifiable assets acquired	332,211

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB232,292,000 at the date of acquisition.

Non-controlling interests

The non-controlling interests in Guodian Nailuntumotezuoqi recognised at the acquisition date were measured by reference to the proportionate share of recognised amounts of net assets of the Guodian Nailuntumotezuoqi and amounts to RMB149,496,000.

Goodwill arising on acquisition

	2021
	RMB'000
Consideration transferred	182,710
Add: Non-controlling interests	149,496
Less: Net identifiable assets acquired	(332,211)
Gain on recognition of negative goodwill *(Note 9)*	(5)

Net cash outflows arising on acquisition

	2021
	RMB'000
Consideration paid in cash	182,710
Less: Cash and cash equivalents acquired	(21)
	182,689

Revenue and profit contribution

During the period from the acquisition date to 31 December 2021, Guodian Nailuntumotezuoqi had contributed a total revenue of approximately RMB82,738,000 and net profit of approximately RMB25,584,000.

If the acquisition had occurred on 1 January 2021, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2021 would have been increased by approximately RMB82,738,000 and approximately RMB25,584,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2021 and could not serve as a basis for the forecast of future operation result.

37.22 Acquisition of Xinjiang Hope Chuangmei Photoelectric Engineering Co., Ltd (新疆希望創美光電工程有限公司)

On 1 January 2021, the Target Group acquired 100% equity interests in Xinjiang Hope Chuangmei Photoelectric Engineering Co., Ltd. ("Xinjiang Hope") from independent third party in form of paying cash consideration.

Consideration transferred

	2021
	RMB'000
Cash paid	42,561

Assets and liabilities recognised at the date of acquisition

	2021
	RMB'000
Non-current assets	
Property, plant and equipment	121,012
Current assets	
Cash and cash equivalents	7,649
Bills and accounts receivable	64,153
Prepayments, deposits and other receivables	9,772
Non-current liabilities	
Bank borrowings	(140,000)
Current liabilities	
Bills and accounts payable	(18,989)
Other payables and accruals	(229)
Tax payable	(807)
Net identifiable assets acquired	42,561

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB64,153,000 at the date of acquisition.

Goodwill arising on acquisition

	2021
	RMB'000
Consideration transferred	42,561
Less: Net identifiable assets acquired	(42,561)
Gain on recognition of negative goodwill *(Note 9)*	—

Net cash outflows arising on acquisition

	2021
	RMB'000
Consideration paid in cash	42,561
Less: Cash and cash equivalents acquired	(7,649)
	34,912

Revenue and profit contribution

During the period from the acquisition date to 31 December 2021, Xinjiang Hope had contributed a total revenue of approximately RMB22,104,000 and net profit of approximately RMB2,363,000.

If the acquisition had occurred on 1 January 2021, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2021 would have been increased by approximately RMB22,104,000 and approximately RMB2,363,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2021 and could not serve as a basis for the forecast of future operation result.

37.23 Acquisition of Hefei Yuanjing Photovoltaic Power Co., Ltd. (合肥源景光伏電力有限公司)

On 1 January 2021, the Target Group acquired 100% equity interests in Hefei Yuanjing Photovoltaic Power Co., Ltd. ("Hefei Yuanjing") from independent third party in form of paying cash consideration.

Consideration transferred

	2021
	RMB'000
Cash paid	154,000

Assets and liabilities recognised at the date of acquisition

	2021
	RMB'000
Non-current assets	
Property, plant and equipment	146,742
Right-of-use assets	11,975
Current assets	
Cash and cash equivalents	8,472
Bills and accounts receivable	81,326
Prepayments, deposits and other receivables	83,589
Non-current liabilities	
Bank borrowings	(159,340)
Lease liabilities	(11,975)
Current liabilities	
Bills and accounts payable	(3,877)
Bank borrowings	(2,303)
Tax payable	(523)
Net identifiable assets acquired	154,086

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB81,326,000 at the date of acquisition.

Goodwill arising on acquisition

	2021
	RMB'000
Consideration transferred	154,000
Less: Net identifiable assets acquired	(154,086)
Gain on recognition of negative goodwill *(Note 9)*	(86)

Net cash outflows arising on acquisition

	2021
	RMB'000
Consideration paid in cash	154,000
Less: Cash and cash equivalents acquired	(8,472)
	145,528

Revenue and profit contribution

During the period from the acquisition date to 31 December 2021, Hefei Yuanjing had contributed a total revenue of approximately RMB35,039,000 and net profit of approximately RMB12,625,000.

If the acquisition had occurred on 1 January 2021, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2021 would have been increased by approximately RMB35,039,000 and approximately RMB12,625,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2021 and could not serve as a basis for the forecast of future operation result.

37.24 Acquisition of Youyu Huaguang Power Generation Co., Ltd. (右玉縣華光發電有限責任公司)

On 28 February 2021, the Target Group acquired 100% equity interests in Youyu Huaguang Power Generation Co., Ltd. ("Youyu Huaguang") from independent third party in form of paying cash consideration.

Consideration transferred

	2021
	RMB'000
Cash paid	96,100

Assets and liabilities recognised at the date of acquisition

	2021
	RMB'000
Non-current assets	
Property, plant and equipment	152,021
Prepayments for property, plant and equipment	18,181
Intangible assets	159,060
Right-of-use assets	15,456
Current assets	
Cash and cash equivalents	3,820
Bills and accounts receivable	227,297
Prepayments, deposits and other receivables	2,314
Current liabilities	
Bills and accounts payable	(2,507)
Other payables and accruals	(389,992)
Bank borrowings	(86,130)
Tax payable	(379)
Net identifiable assets acquired	99,141

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB227,297,000 at the date of acquisition.

Goodwill arising on acquisition

	2021
	RMB'000
Consideration transferred	96,100
Less: Net identifiable assets acquired	(99,141)
Gain on recognition of negative goodwill *(Note 9)*	(3,041)

Net cash outflows arising on acquisition

	2021
	RMB'000
Consideration paid in cash	96,100
Less: Cash and cash equivalents acquired	(3,820)
	92,280

Revenue and profit contribution

During the period from the acquisition date to 31 December 2021, Youyu Huaguang had contributed a total revenue of approximately RMB43,175,000 and net profit of approximately RMB7,917,000.

If the acquisition had occurred on 1 January 2021, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2021 would have been increased by approximately RMB52,563,000 and approximately RMB10,561,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2021 and could not serve as a basis for the forecast of future operation result.

37.25 Acquisition of Ningxia Zhongguang Energy Technology Co., Ltd. (寧夏中光能源科技有限公司)

On 1 January 2021, the Target Group acquired 100% equity interests in Ningxia Zhongguang Energy Technology Co., Ltd. ("Ningxia Zhongguang") from independent third party in form of paying cash consideration.

Consideration transferred

	2021
	RMB'000
Cash paid	—

Assets and liabilities recognised at the date of acquisition

	2021
	RMB'000
Non-current assets	
Property, plant and equipment	2,489
Prepayments for property, plant and equipment	945
Current assets	
Cash and cash equivalents	123
Prepayments, deposits and other receivables	271
Current liabilities	
Other payables and accruals	(3,828)
Net identifiable assets acquired	—

Net cash inflows arising on acquisition

	2021
	RMB'000
Consideration paid in cash	—
Less: Cash and cash equivalents acquired	(123)
	(123)

Revenue and profit contribution

During the period from the acquisition date to 31 December 2021, Ningxia Zhongguang had contributed a total revenue of approximately RMB29,866,000 and net profit of approximately RMB28,978,000.

If the acquisition had occurred on 1 January 2021, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2021 would have been increased by approximately RMB29,866,000 and approximately RMB28,978,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2021 and could not serve as a basis for the forecast of future operation result.

37.26 Acquisition of Jianghua Yao Autonomous County Kunhao Wind Power Co., Ltd. (江華瑤族自治縣坤昊風力發電有限公司)

On 31 March 2021, the Target Group acquired 100% equity interests in Jianghua Yao Autonomous County Kunhao Wind Power Co., Ltd. ("Kunhao Wind") from independent third party in form of paying cash consideration.

Consideration transferred

	2021
	RMB'000
Cash paid	20,000

Assets and liabilities recognised at the date of acquisition

	2021
	RMB'000
Non-current assets	
Property, plant and equipment	148
Prepayments for property, plant and equipment	423,167
Current assets	
Cash and cash equivalents	893
Bills and accounts receivable	14,470
Prepayments, deposits and other receivables	64,460
Non-current liabilities	
Other borrowings	(387,916)
Current liabilities	
Bills and accounts payable	(86,901)
Other payables and accruals	(8,321)
Net identifiable assets acquired	20,000

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB14,470,000 at the date of acquisition.

Goodwill arising on acquisition

	2021
	RMB'000
Consideration transferred	20,000
Less: Net identifiable assets acquired	(20,000)
Gain on recognition of negative goodwill *(Note 9)*	—

Net cash outflows arising on acquisition

	2021
	RMB'000
Consideration paid in cash	20,000
Less: Cash and cash equivalents acquired	(893)
	19,107

Revenue and profit contribution

During the period from the acquisition date to 31 December 2021, Kunhao Wind had contributed a total revenue of approximately RMB27,924,000 and net profit of approximately RMB4,653,000.

If the acquisition had occurred on 1 January 2021, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2021 would have been increased by approximately RMB40,372,000 and approximately RMB8,862,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2021 and could not serve as a basis for the forecast of future operation result.

37.27 Acquisition of Yuli Zhongjiancai Junxin Photovoltaic Power Generation Co., Ltd. (尉犁縣中建材浚鑫光伏發電有限公司)

On 1 January 2022, the Target Group acquired 100% equity interests in Yuli Zhongjiancai Junxin Autonomous County Kunhao Wind Power Co., Ltd. (''Yuli Junxin'') from independent third party in form of paying cash consideration.

Consideration transferred

	2022
	RMB'000
Cash paid	278,177

Assets and liabilities recognised at the date of acquisition

	2022
	RMB'000
Non-current assets	
Property, plant and equipment	243,143
Right-of-use assets	4,495
Deferred tax assets	17,415
Current assets	
Cash and cash equivalents	12,819
Bills and accounts receivable	132,214
Prepayments, deposits and other receivables	743
Non-current liabilities	
Bank borrowings	(69,374)
Lease liabilities	(4,495)
Current liabilities	
Bills and accounts payable	(563)
Other payables and accruals	(40,819)
Bank borrowings	(11,894)
Tax payable	(1,322)
Net identifiable assets acquired	282,362

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB132,214,000 at the date of acquisition.

Goodwill arising on acquisition

	2022
	RMB'000
Consideration transferred	278,177
Less: Net identifiable assets acquired	(282,362)
Gain on recognition of negative goodwill *(Note 9)*	(4,185)

Net cash outflows arising on acquisition

	2022
	RMB'000
Consideration paid in cash	278,177
Less: Cash and cash equivalents acquired	(12,819)
	265,358

Revenue and profit contribution

During the period from the acquisition date to 31 December 2022, Yuli Junxin had contributed a total revenue of approximately RMB40,802,000 and net profit of approximately RMB8,835,000.

If the acquisition had occurred on 1 January 2022, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2022 would have been increased by approximately RMB40,802,000 and approximately RMB8,835,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2022 and could not serve as a basis for the forecast of future operation result.

37.28 Acquisition of Puyang Zhongjian New Energy Technology Development Co., Ltd. (濮陽中建新能源科技發展有限公司)

On 1 January 2022, the Target Group acquired 100% equity interests in Puyang Zhongjian New Energy Technology Development Co., Ltd. ("Puyang Zhongjian") from independent third party in form of paying cash consideration.

Consideration transferred

	2022
	RMB'000
Cash paid	310,580

Assets and liabilities recognised at the date of acquisition

	2022
	RMB'000
Non-current assets	
Property, plant and equipment	328,597
Right-of-use assets	24,650
Deferred tax assets	15,850
Current assets	
Cash and cash equivalents	14,944
Bills and accounts receivable	180,165
Prepayments, deposits and other receivables	14,476
Non-current liabilities	
Lease liabilities	(4,444)
Current liabilities	
Bills and accounts payable	(2,808)
Other payables and accruals	(256,886)
Tax payable	(26)
Net identifiable assets acquired	314,518

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB180,165,000 at the date of acquisition.

Goodwill arising on acquisition

	2022
	RMB'000
Consideration transferred	310,580
Less: Net identifiable assets acquired	(314,518)
Gain on recognition of negative goodwill *(Note 9)*	(3,938)

Net cash outflows arising on acquisition

	2022
	RMB'000
Consideration paid in cash	310,580
Less: Cash and cash equivalents acquired	(14,944)
	295,636

Revenue and profit contribution

During the period from the acquisition date to 31 December 2022, Puyang Zhongjian had contributed a total revenue of approximately RMB57,095,000 and net profit of approximately RMB15,255,000.

If the acquisition had occurred on 1 January 2022, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2022 would have been increased by approximately RMB57,095,000 and approximately RMB15,255,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2022 and could not serve as a basis for the forecast of future operation result.

37.29 Acquisition of Luoning Zhongjiancai Junxin Photovoltaic Power Generation Co., Ltd. (洛寧縣中建材浚鑫光伏發電有限公司)

On 1 January 2022, the Target Group acquired 100% equity interests in Luoning Zhongjiancai Junxin Photovoltaic Power Generation Co., Ltd. ("Luoning Zhongjiancai") from independent third party in form of paying cash consideration.

Consideration transferred

	2022
	RMB'000
Cash paid	301,450

Assets and liabilities recognised at the date of acquisition

	2022
	RMB'000
Non-current assets	
Property, plant and equipment	178,210
Right-of-use assets	4,471
Deferred tax assets	9,598
Current assets	
Cash and cash equivalents	9,319
Bills and accounts receivable	93,032
Prepayments, deposits and other receivables	16,424
Non-current liabilities	
Lease liabilities	(4,471)
Current liabilities	
Bills and accounts payable	(963)
Tax payable	(255)
Net identifiable assets acquired	305,365

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB93,032,000 at the date of acquisition.

Goodwill arising on acquisition

	2022
	RMB'000
Consideration transferred	301,450
Less: Net identifiable assets acquired	(305,365)
Gain on recognition of negative goodwill *(Note 9)*	(3,915)

Net cash outflows arising on acquisition

	2022
	RMB'000
Consideration paid in cash	301,450
Less: Cash and cash equivalents acquired	(9,319)
	292,131

Revenue and profit contribution

During the period from the acquisition date to 31 December 2022, Luoning Zhongjiancai had contributed a total revenue of approximately RMB29,260,000 and net profit of approximately RMB8,362,000.

If the acquisition had occurred on 1 January 2022, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2022 would have been increased by approximately RMB29,260,000 and approximately RMB8,362,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2022 and could not serve as a basis for the forecast of future operation result.

37.30 Acquisition of Suqian Zhongjiancai Photovoltaic Power Generation Co., Ltd. (宿遷市中建材光伏發電有限公司)

On 1 January 2022, the Target Group acquired 100% equity interests in Suqian Zhongjiancai Photovoltaic Power Generation Co., Ltd. ("Suqian Zhongjiancai") from independent third party in form of paying cash consideration.

Consideration transferred

	2022
	RMB'000
Cash paid	144,450

Assets and liabilities recognised at the date of acquisition

	2022
	RMB'000
Non-current assets	
Property, plant and equipment	101,092
Right-of-use assets	3,982
Current assets	
Cash and cash equivalents	11,389
Bills and accounts receivable	56,635
Prepayments, deposits and other receivables	4,345
Non-current liabilities	
Lease liabilities	(3,982)
Current liabilities	
Bills and accounts payable	(1,588)
Other payables and accruals	(23,674)
Bank borrowings	(408)
Net identifiable assets acquired	147,791

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB56,635,000 at the date of acquisition.

Goodwill arising on acquisition

	2022
	RMB'000
Consideration transferred	144,450
Less: Net identifiable assets acquired	(147,791)
Gain on recognition of negative goodwill *(Note 9)*	(3,341)

Net cash outflows arising on acquisition

	2022
	RMB'000
Consideration paid in cash	144,450
Less: Cash and cash equivalents acquired	(11,389)
	133,061

Revenue and profit contribution

During the period from the acquisition date to 31 December 2022, Suqian Zhongjiancai had contributed a total revenue of approximately RMB20,599,000 and net profit of approximately RMB8,009,000.

If the acquisition had occurred on 1 January 2022, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2022 would have been increased by approximately RMB20,599,000 and approximately RMB8,009,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2022 and could not serve as a basis for the forecast of future operation result.

37.31 Acquisition of Keping Zhongjiancai Photovoltaic Power Generation Co., Ltd. (柯坪縣中建材光伏發電有限公司)

On 1 January 2022, the Target Group acquired 100% equity interests in Keping Zhongjiancai Photovoltaic Power Generation Co., Ltd. (''Keping Zhongjiancai'') from independent third party in form of paying cash consideration.

Consideration transferred

	2022
	RMB'000
Cash paid	71,849

Assets and liabilities recognised at the date of acquisition

	2022
	RMB'000
Non-current assets	
Property, plant and equipment	92,152
Current assets	
Cash and cash equivalents	1,496
Bills and accounts receivable	63,403
Prepayments, deposits and other receivables	23,463
Non-current liabilities	
Other borrowings	(80,226)
Current liabilities	
Bills and accounts payable	(53)
Other payables and accruals	(15,061)
Bank borrowings	(10,812)
Tax payable	(489)
Net identifiable assets acquired	73,873

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB63,403,000 at the date of acquisition.

Goodwill arising on acquisition

	2022
	RMB'000
Consideration transferred	71,849
Less: Net identifiable assets acquired	(73,873)
Gain on recognition of negative goodwill *(Note 9)*	(2,024)

Net cash outflows arising on acquisition

	2022
	RMB'000
Consideration paid in cash	71,849
Less: Cash and cash equivalents acquired	(1,496)
	70,353

Revenue and profit contribution

During the period from the acquisition date to 31 December 2022, Keping Zhongjiancai had contributed a total revenue of approximately RMB19,061,000 and net profit of approximately RMB4,373,000.

If the acquisition had occurred on 1 January 2022, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2022 would have been increased by approximately RMB19,061,000 and approximately RMB4,373,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2022 and could not serve as a basis for the forecast of future operation result.

37.32 Acquisition of Yingjisha Baode Photovoltaic Power Generation Co., Ltd. (英吉沙保德光伏發電有限公司)

On 1 January 2022, the Target Group acquired 100% equity interests in Yingjisha Baode Photovoltaic Power Generation Co., Ltd. ("Yingjisha Baode") from independent third party in form of paying cash consideration.

Consideration transferred

	2022
	RMB'000
Cash paid	99,356

Assets and liabilities recognised at the date of acquisition

	2022
	RMB'000
Non-current assets	
Property, plant and equipment	119,974
Current assets	
Cash and cash equivalents	2,803
Bills and accounts receivable	62,926
Prepayments, deposits and other receivables	11,587
Current liabilities	
Bills and accounts payable	(232)
Other payables and accruals	(96,965)
Net identifiable assets acquired	100,093

The bills and accounts receivable was acquired with a fair value and gross contractual amounts of RMB62,926,000 at the date of acquisition.

Goodwill arising on acquisition

	2022
	RMB'000
Consideration transferred	99,356
Less: Net identifiable assets acquired	(100,093)
Gain on recognition of negative goodwill *(Note 9)*	(737)

Net cash outflows arising on acquisition

	2022
	RMB'000
Consideration paid in cash	99,356
Less: Cash and cash equivalents acquired	(2,803)
	96,553

Revenue and profit contribution

During the period from the acquisition date to 31 December 2022, Yingjisha Baode had contributed a total revenue of approximately RMB19,417,000 and net profit of approximately RMB7,039,000.

If the acquisition had occurred on 1 January 2022, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2022 would have been increased by approximately RMB19,417,000 and approximately RMB7,039,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2022 and could not serve as a basis for the forecast of future operation result.

37.33 Acquisition of Puyang JunXin Agricultural Technology Co., Ltd. (濮陽浚鑫農業科技有限公司)

On 1 January 2022, the Target Group acquired 100% equity interests in Puyang JunXin Agricultural Technology Co., Ltd. ("Puyang JunXin") from independent third party in form of paying cash consideration.

Consideration transferred

	2022
	RMB'000
Cash paid	408

Assets and liabilities recognised at the date of acquisition

	2022
	RMB'000
Current assets	
Cash and cash equivalents	113
Prepayments, deposits and other receivables	16,158
Current liabilities	
Other payables and accruals	(13,941)
Net identifiable assets acquired	2,330

Goodwill arising on acquisition

	2022
	RMB'000
Consideration transferred	408
Less: Net identifiable assets acquired	(2,330)
Gain on recognition of negative goodwill *(Note 9)*	(1,922)

Net cash outflows arising on acquisition

	2022
	RMB'000
Consideration paid in cash	408
Less: Cash and cash equivalents acquired	(113)
	295

Revenue and profit contribution

During the period from the acquisition date to 31 December 2022, Puyang JunXin had contributed a total revenue of approximately RMBNil and net profit of approximately RMB8,000.

If the acquisition had occurred on 1 January 2022, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2022 would have been increased by approximately RMBNil and approximately RMB8,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2022 and could not serve as a basis for the forecast of future operation result.

38. RELATED PARTY DISCLOSURES

The Target Group is non-wholly owned subsidiary of SPIC, SPIC is controlled by the PRC government which also owns a significant portion of the productive assets in the PRC. In accordance with HKAS 24 (Revised), government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Target Group. On that basis, related parties include SPIC, its subsidiaries, joint ventures and associates (other than the Target Group), other government-related entities and their subsidiaries, other entities and corporations in which the Target Company is able to control or exercise significant influence and key management personnel of the Target Company and SPIC as well as their close family members.

For the purpose of the related party transactions disclosures, the Directors believe that it is also meaningful to disclose the related party transactions with SPIC companies for the interests of financial statements users. The Directors believe that the information of related party transactions has been adequately disclosed in the Historical Financial Information.

The following is a summary of significant related party transactions which, in the opinion of the Directors, are entered into in the ordinary course of the Target Group's business in addition to the related party information shown elsewhere in the Historical Financial Information.

(a) Summary of transactions

	Year ended 31 December			Three months ended 31 March	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Expenditure					
Interest expenses:					
— SPIC	66,670	47,166	205,513	41,325	35,092
— companies controlled by SPIC	40,106	62,774	56,918	25,109	41,377
Labour and services					
— companies controlled by SPIC	367,151	96,203	175,974	41,378	31,718
Purchases of materials and facilities					
— companies controlled by SPIC	21,428	19,818	113,330	29,875	64,723

Interest expenses to these related parties are charged at interest rates ranged from 2.05% to 7% (2021: ranged from 1.85% to 7%) per annum.

The key management personnel of the Target Company are the directors. Details of remuneration paid to them are set out in Note 14 to the Historical Financial Information.

(b) Summary of balance

Balance due to related parties as follows:

	At 31 December			At 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amount due from related parties *(Note 35) (Note a)*	1,095,817	2,015,907	1,480,055	1,506,806
Borrowings from related parties *(Note 30) (Note b)*	2,870,209	2,796,034	2,069,630	2,170,555
Amount due to related parties *(Note 35) (Note a)*	575,722	804,706	2,047,566	1.947,066

Notes:

(a) Amount due from/(to) related parties are unsecured, interest free and repayable on demand.

(b) The borrowings from related parties were unsecured, interest bearing from 3.70% to 4.99%, 3.47% to 5.88%, 3.40% to 5.50% and 3.80% to 5.50% respectively per annum.

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES

			At 31 December 2020 Proportion of ownership interest		At 31 December 2021 Proportion of ownership interest		At 31 December 2022 Proportion of ownership interest		At 31 March 2023 Proportion of ownership interest		At the date of this report		
Name of subsidiaries	**Place of establishment and operation**	**Registered/paid up capital**	**Held by the Target Company**	**Held by subsidiaries**	**Held by the Target Company**	**Held by subsidiaries**	**Held by the Target Company**	**Held by subsidiaries**	**Held by the Target Company**	**Held by subsidiaries**	**Held by the Target Company**	**Held by subsidiaries**	**Principal activities**
Beijing Dayou Comprehensive Energy Co., Ltd. (北京大有綜合能源有限公司)	The PRC	RMB5,000,000	—	—	100%	—	100%	—	100%	—	100%	—	Generation and sale of electricity
State Power Investment Group Beijing Electric Power Co., Ltd. (國電投（北京）綜合能源有限公司)	The PRC	RMB100,000,000	—	—	—	—	100%	—	100%	—	100%	—	Generation and sale of electricity
Power Investment (Beijing) Comprehensive Energy Service Center (Limited Partnership) (電投（北京）綜合能源服務中心（有限合夥）)	The PRC	RMB971,000,000	—	—	—	—	—	100%	—	100%	—	100%	Generation and sale of electricity
State Power Investment (Beijing) Comprehensive Intelligent Energy Research Institute Co., Ltd. (國電投（北京）綜合智慧能源研究院有限公司)	The PRC	RMB10,000,000	—	—	—	—	100%	—	100%	—	100%	—	Generation and sale of electricity
Beijing Huaqing Smart Energy Management Co., Ltd (北京華慶智慧能源管理有限公司)	The PRC	RMB400,000,000	—	100%	—	100%	—	100%	—	100%	—	100%	Provision of technical services in relation to generation of electricity

Name of subsidiaries	Place of establishment and operation	Registered/paid up capital	At 31 December 2020 Proportion of ownership interest Held by the Target Company	Held by subsidiaries	2021 Proportion of ownership interest Held by the Target Company	Held by subsidiaries	2022 Proportion of ownership interest Held by the Target Company	Held by subsidiaries	At 31 March 2023 Proportion of ownership interest Held by the Target Company	Held by subsidiaries	At the date of this report Held by the Target Company	Held by subsidiaries	Principal activities
State Power Investment (Beijing) New Energy Investment Co., Ltd. Group (國家電投集團（北京）新能源投資有限公司)	The PRC	RMB370,810,000	100%	—	100%	—	100%	—	100%	—	100%	—	Provision of technical services in relation to generation of electricity
Beijing Dianxing Huangcun New Energy Co., Ltd. (北京電興黃村新能源有限公司)	The PRC	RMB20,000,000	100%	—	100%	—	100%	—	100%	—	100%	—	Generation and sale of electricity
National Power Investment Group Channel Wind Power Co., Ltd. (國家電投集團通道風力發電有限公司)	The PRC	RMB138,000,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Hunan Hongrun Wind Power Development Co., Ltd. (湖南虹潤風電開發有限公司)	The PRC	RMB75,270,000	—	51%	—	51%	—	51%	—	51%	—	51%	Generation and sale of electricity
Jianghua Yao Autonomous County Kunhao Wind Power Co., Ltd. (江華瑤族自治縣坤昊風力發電有限公司)	The PRC	RMB100,000,000	—	—	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Leiyang Taiping Wind Power Co., Ltd. (耒陽太平風電有限公司)	The PRC	RMB85,562,000	—	66%	—	66%	—	66%	—	66%	—	66%	Generation and sale of electricity

Name of subsidiaries	Place of establishment and operation	Registered/paid up capital	At 31 December 2020 Proportion of ownership interest		At 31 December 2021 Proportion of ownership interest		At 31 December 2022 Proportion of ownership interest		At 31 March 2023 Proportion of ownership interest		At the date of this report		Principal activities
			Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	
Tianneng Power Investment (Beijing) New Energy Technology Co., Ltd. (天能電投（北京）新能源科技有限公司)	The PRC	RMB3,000,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Beijing Guoyuan Zhilian Energy Development Co., Ltd. (北京國遠智聯能源發展有限公司)	The PRC	RMB2,000,000	—	—	—	—	—	51%	—	51%	—	51%	Generation and sale of electricity
Inner Mongolia Jinghe New Energy Co., Ltd. (內蒙古京和新能源有限公司)	The PRC	RMB4,197,020,188/ RMB1,026,519,163	57%	—	100%	—	100%	—	100%	—	100%	—	Generation and sale of electricity

Name of subsidiaries	Place of establishment and operation	Registered/paid up capital	At 31 December 2020 Proportion of ownership interest Held by the Target Company	2020 Held by subsidiaries	2021 Proportion of ownership interest Held by the Target Company	2021 Held by subsidiaries	2022 Proportion of ownership interest Held by the Target Company	2022 Held by subsidiaries	At 31 March 2023 Proportion of ownership interest Held by the Target Company	2023 Held by subsidiaries	At the date of this report Held by the Target Company	At the date of this report Held by subsidiaries	Principal activities
Yantai Runfeng New Energy Development Co., Ltd. (煙台潤豐新能源發展有限公司)	The PRC	RMB79,000,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
State Power Investment Group Jishan Zhongnengda Photovoltaic Power Generation Co., Ltd. (國家電投集團稷山縣中能達光伏發電有限公司)	The PRC	RMB89,000,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
China Power Investment Shexian Photovoltaic Power Generation Co., Ltd. (中電投涉縣光伏發電有限公司)	The PRC	RMB55,000,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Beijing Jingkai Comprehensive Intelligent Energy Co., Ltd. (北京經開綜合智慧能源有限公司)	The PRC	RMB1,367,750,793/ (2020: RMB170,000,000; 2021: RMB1,367,750,793; 2022: RMB1,948,224,191; 2023: RMB1,948,224,191)	100%	—	79%	—	70%	—	70%	—	70%	—	Generation and sale of electricity
Beijing Jingtong National Post New energy Co., Ltd. (北京京通國郵新能源有限公司)	The PRC	RMB10,000,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Beijing Qingying Photovoltaic Technology Co., Ltd. (北京清英光伏科技有限公司)	The PRC	RMB819,000/ RMB1,000,000	—	—	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity

			At 31 December						At 31 March		At the date of this report		
			2020		2021		2022		2023				
			Proportion of ownership interest		Proportion of ownership interest		Proportion of ownership interest		Proportion of ownership interest				
Name of subsidiaries	Place of establishment and operation	Registered/paid up capital	Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	Principal activities
Beijing Jingshun New Energy Co., Ltd. (北京京順新能源有限公司)	The PRC	RMB50,000,000	—	—	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Beijing Jingfu Xinneng New Energy Technology Co., Ltd. (北京京福鑫能新能源科技有限公司)	The PRC	RMB5,000,000	—	—	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Beijing Xicheng Tianhe Intelligent Energy Co., Ltd. (北京西城天和智慧能源有限公司)	The PRC	RMB2,000,000	—	—	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Beijing Jiulang Photovoltaic Technology Co., Ltd. (北京九朗光伏科技有限公司)	The PRC	RMB5,500,000	—	—	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Lingshou County Green Light Technology Co., Ltd. (靈壽縣綠光科技有限公司)	The PRC	RMB1,000,000/ RMB27,520,000	—	100%	—	—	—	100%	—	100%	—	100%	Generation and sale of electricity
Lingshou County Qingying Technology Co., Ltd. (靈壽縣清英科技有限公司)	The PRC	RMB47,820,000	—	—	—	—	—	100%	—	100%	—	100%	Generation and sale of electricity
Lingshou County Anxusheng New Energy Technology Co., Ltd. (靈壽縣安旭晟新能源科技有限公司)	The PRC	RMB1,000,000/ RMB27,520,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity

			At 31 December						At 31 March		At the date of this report		
			2020		2021		2022		2023				
			Proportion of ownership interest		Proportion of ownership interest		Proportion of ownership interest		Proportion of ownership interest				
Name of subsidiaries	Place of establishment and operation	Registered/paid up capital	Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	Principal activities
Hebei Jielan New Energy Technology Co., Ltd. (河北潔藍新能源科技有限公司)	The PRC	RMB10,000,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Zhongwei Hengji Weiye Photovoltaic Power Co., Ltd. (中衛恒基偉業光伏電力有限公司)	The PRC	RMB90,000,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Fuxin Shenhua Joint Wind Power Co., Ltd. (阜新聯合風力發電有限公司)	The PRC	RMB175,500,000	—	—	—	100%	—	100%	—	100%	—	100%	Provision of technical services of electricity
State Power Investment Group Damao Banner New Energy Power Generation Co., Ltd. (國家電投集團達茂旗新能源發電有限公司)	The PRC	RMB321,900,000	—	—	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
State Power Investment Group Siziwang Qi Wind Power Heating Co., Ltd. (國家電投集團四子王旗風電供熱有限公司)	The PRC	RMB314,890,000	—	—	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Taiwusi Banner United Wind Power Co., Ltd. (太僕寺旗聯合風力發電有限公司)	The PRC	RMB89,000,000	—	—	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Taiwusi Banner Shenhua Joint Wind Power Investment Co., Ltd. (太僕寺旗申華協合風力發電投資有限公司)	The PRC	RMB136,000,000	—	—	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity

Name of subsidiaries	Place of establishment and operation	Registered/paid up capital	At 31 December 2020 Proportion of ownership interest Held by the Target Company	Held by subsidiaries	2021 Proportion of ownership interest Held by the Target Company	Held by subsidiaries	2022 Proportion of ownership interest Held by the Target Company	Held by subsidiaries	At 31 March 2023 Proportion of ownership interest Held by the Target Company	Held by subsidiaries	At the date of this report Held by the Target Company	Held by subsidiaries	Principal activities
Wujiaqu Fengyang New Energy Co., Ltd. (五家渠風陽新能源有限公司)	The PRC	RMB150,000,000	—	75%	—	75%	—	75%	—	75%	—	75%	Generation and sale of electricity
Turpan Electric New Energy Co., Ltd. (吐魯番特變電工新能源有限公司)	The PRC	RMB168,000,000	—	52%	—	52%	—	52%	—	52%	—	52%	Provision of technical services of electricity
Mulei County Haiyuan Wind Power Limited Liability Company (木壘縣海元風力發電有限責任公司)	The PRC	RMB3,333,333	—	70%	—	70%	—	70%	—	70%	—	70%	Generation and sale of electricity
Wujiaqu Xinte Energy Co., Ltd. (五家渠特變電工光電科技有限責任公司)	The PRC	RMB38,000,000	—	60%	—	60%	—	60%	—	60%	—	60%	Generation and sale of electricity
Jimu Is Xinte Wind Power Co., Ltd. (吉木乃新特風電有限公司)	The PRC	RMB75,640,000	—	51%	—	51%	—	51%	—	51%	—	51%	Generation and sale of electricity
Tumu Shukemeng New Photovoltaic Power Generation Co., Ltd. (圖木舒克蒙新光伏發電有限公司)	The PRC	RMB35,000,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Tumushuk City Haitian New Energy Co., Ltd. (圖木舒克市海天達新能源有限公司)	The PRC	RMB32,360,000	—	97%	—	97%	—	97%	—	97%	—	97%	Generation and sale of electricity
Emin Haitianda Optoelectronics Co., Ltd. (額敏海天達光電有限公司)	The PRC	RMB32,070,000	—	85%	—	85%	—	85%	—	85%	—	85%	Generation and sale of electricity

Name of subsidiaries	Place of establishment and operation	Registered/paid up capital	At 31 December 2020 Proportion of ownership interest		At 31 December 2021 Proportion of ownership interest		At 31 December 2022 Proportion of ownership interest		At 31 March 2023 Proportion of ownership interest		At the date of this report		Principal activities
			Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	
Xinjiang Hope Chuangmei Photoelectric Engineering Co., Ltd. (新疆希望創美光電工程有限公司)	The PRC	RMB34,000,000	—	—	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Weili County Building Materials Junxin Guangfu Power Generation Co., Ltd. (尉犁縣中建材浚鑫光伏發電有限公司)	The PRC	RMB280,000,000	—	—	—	—	—	100%	—	100%	—	100%	Provision of technical services of electricity
Yingji Shabaode Photovoltaic Power Generation Co., Ltd. (英吉沙保德光伏發電有限公司)	The PRC	RMB80,000,000	—	—	—	—	—	100%	—	100%	—	100%	Generation and sale of electricity
Emin Haitianda Photovoltaic Power Generation Co., Ltd. (額敏海天達光伏發電有限公司)	The PRC	RMB56,000,000	—	55%	—	55%	—	55%	—	55%	—	55%	Generation and sale of electricity
Keping County Building Materials Photovoltaic Power Generation Co., Ltd. (柯坪縣中建材光伏發電有限公司)	The PRC	RMB93,000,000	—	—	—	—	—	100%	—	100%	—	100%	Generation and sale of electricity
Emin County Wind Sunshine Volt Power Generation Co., Ltd. (額敏縣風陽光伏發電有限公司)	The PRC	RMB56,000,000	—	75%	—	75%	—	75%	—	75%	—	75%	Generation and sale of electricity

Name of subsidiaries	Place of establishment and operation	Registered/paid up capital	At 31 December 2020 Proportion of ownership interest Held by the Target Company	2020 Held by subsidiaries	2021 Proportion of ownership interest Held by the Target Company	2021 Held by subsidiaries	2022 Proportion of ownership interest Held by the Target Company	2022 Held by subsidiaries	At 31 March 2023 Proportion of ownership interest Held by the Target Company	2023 Held by subsidiaries	At the date of this report Held by the Target Company	At the date of this report Held by subsidiaries	Principal activities
Puyang Zhongjian New Energy Technology Development Co., Ltd. (濮陽中建新能源科技發展有限公司)	The PRC	RMB250,000,000	—	—	—	—	—	100%	—	100%	—	100%	Generation and sale of electricity
Luoning County Building Materials Junxin Light Volt Power Generation Co., Ltd. (洛寧縣中建材浚鑫光伏發電有限公司)	The PRC	RMB238,000,000	—	—	—	—	—	100%	—	100%	—	100%	Generation and sale of electricity
Puyang JunXin Agricultural Technology Co., Ltd. (濮陽浚鑫農業科技有限公司)	The PRC	RMB2,000,000	—	—	—	—	—	100%	—	100%	—	100%	Generation and sale of electricity
Suqian City Building Materials Photovoltaic Power Generation Co., Ltd. (宿遷市中建材光伏發電有限公司)	The PRC	RMB119,000,000	—	—	—	—	—	100%	—	100%	—	100%	Generation and sale of electricity
State Power Investment Group Inner Mongolia New Energy Co., Ltd. (國家電投集團內蒙古新能源有限公司)	The PRC	RMB586,095,700	100%	—	100%	—	100%	—	100%	—	100%	—	Generation and sale of electricity
Guodian Nailun Tumt Left Banner Photovoltaic Power Generation Co., Ltd. (國電奈倫土默特左旗光伏發電有限公司)	The PRC	RMB109,993,800	—	—	—	55%	—	55%	—	55%	—	55%	Generation and sale of electricity

Name of subsidiaries	Place of establishment and operation	Registered/paid up capital	At 31 December 2020 Proportion of ownership interest Held by the Target Company	2020 Held by subsidiaries	At 31 December 2021 Proportion of ownership interest Held by the Target Company	2021 Held by subsidiaries	At 31 December 2022 Proportion of ownership interest Held by the Target Company	2022 Held by subsidiaries	At 31 March 2023 Proportion of ownership interest Held by the Target Company	2023 Held by subsidiaries	At the date of this report Held by the Target Company	At the date of this report Held by subsidiaries	Principal activities
Aohanqi ShuoKe Photovoltaic Power Generation Co., Ltd. (敖漢旗爍科光伏發電有限公司)	The PRC	RMB64,000,000	—	—	—	99%	—	100%	—	100%	—	100%	Generation and sale of electricity
Dengkou County Desert Control New Energy Co., Ltd. (磴口縣沙漠治理新能源股份有限公司)	The PRC	RMB100,000,000	—	—	—	—	—	100%	—	100%	—	100%	Generation and sale of electricity
Inner Mongolia Alxa Yellow and Sand New Energy Co., Ltd. (內蒙古阿拉善治黃治沙新能源有限公司)	The PRC	RMB111,472,300	—	—	—	—	—	100%	—	100%	—	100%	Generation and sale of electricity
Dengkou County Yellow Sand Control New Energy Limited Liability Company (磴口縣治黃治沙新能源有限責任公司)	The PRC	RMB112,828,200	—	—	—	—	—	100%	—	100%	—	100%	Generation and sale of electricity
Ningxia Jingyin Smart New Energy Co., Ltd. (寧夏京銀智慧新能源有限公司)	The PRC	RMB10,000,000/ RMB166,440,000	100%	—	100%	—	100%	—	100%	—	100%	—	Provision of technical services of electricity
Qingtongxia Guxia New Energy Co., Ltd. (青銅峽市古峽新能源有限公司)	The PRC	RMB155,200,000	—	—	—	70%	—	70%	—	70%	—	70%	Provision of technical services of electricity
Shizuishan Jingao New Energy Technology Co., Ltd. (石嘴山晶澳新能源技術有限公司)	The PRC	RMB91,480,000/ RMB121,970,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity

Name of subsidiaries	Place of establishment and operation	Registered/paid up capital	At 31 December 2020 Proportion of ownership interest Held by the Target Company	2020 Held by subsidiaries	2021 Proportion of ownership interest Held by the Target Company	2021 Held by subsidiaries	2022 Proportion of ownership interest Held by the Target Company	2022 Held by subsidiaries	At 31 March 2023 Proportion of ownership interest Held by the Target Company	2023 Held by subsidiaries	At the date of this report Held by the Target Company	At the date of this report Held by subsidiaries	Principal activities
Ningxia Zhongguang Energy Technology Co., Ltd. (寧夏中光能源科技有限公司)	The PRC	RMB155,200,000	—	—	—	70%	—	70%	—	70%	—	70%	Generation and sale of electricity
Ningxia Liancheng Photovoltaic Power Generation Co., Ltd. (寧夏聯成光伏發電有限公司)	The PRC	RMB28,770,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Yongning County Devu New Energy Co., Ltd. (永寧縣德伏新能源有限公司)	The PRC	RMB31,750,000	—	100%	—	100%	—	100%	—	100%	—	100%	Provision of technical services of electricity
Yongning County Deguang New Energy Co., Ltd. (永寧縣德光新能源有限公司)	The PRC	RMB31,510,000	—	100%	—	100%	—	100%	—	100%	—	100%	Provision of technical services of electricity
Yongning County Derun Source New Energy Co., Ltd. (永寧縣德潤源新能源有限公司)	The PRC	RMB27,990,000	—	100%	—	100%	—	100%	—	100%	—	100%	Provision of technical services of electricity
Ningxia Yanchi Trade New Energy Co., Ltd. (寧夏鹽池通商新能源有限公司)	The PRC	RMB33,200,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Yinchuan Jingao New Energy Technology Co., Ltd. (銀川市晶澳新能源科技有限公司)	The PRC	RMB91,480,000/ RMB121,970,000	—	100%	—	100%	—	100%	—	100%	—	100%	Provision of technical services of electricity
Ningxia GuQing New Energy Co., Ltd. (寧夏古青新能源有限公司)	The PRC	RMB136,980,000	—	—	—	—	—	70%	—	70%	—	70%	Generation and sale of electricity

			At 31 December						At 31 March		At the date of this report		
			2020		2021		2022		2023				
			Proportion of ownership interest		Proportion of ownership interest		Proportion of ownership interest		Proportion of ownership interest				
Name of subsidiaries	Place of establishment and operation	Registered/paid up capital	Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	Principal activities
Tongxin County Yuexin Energy Co., Ltd. (同心縣粵中新能源有限公司)	The PRC	RMB136,980,000	—	—	—	—	—	70%	—	70%	—	70%	Generation and sale of electricity
State Power Investment Group Pingluo Huayi Wind Power Co., Ltd. (國家電投集團平羅華儀風力發電有限公司)	The PRC	RMB140,000,000	—	65%	—	65%	—	65%	—	65%	—	65%	Generation and sale of electricity
Jingtai Xinneng Yongtai Wind Power Co., Ltd. (景泰新能永泰風電有限公司)	The PRC	RMB71,600,000	—	70%	—	70%	—	70%	—	70%	—	70%	Generation and sale of electricity
Jingtai Xinneng Temple Wind Power Co., Ltd. (景泰新能寺灘風電有限公司)	The PRC	RMB72,000,000	—	80%	—	80%	—	80%	—	80%	—	80%	Generation and sale of electricity
State Power Investment Group Ningxia Zhongrui Wind Energy Co., Ltd. (國家電投集團寧夏中瑞風能有限公司)	The PRC	RMB70,000,000	—	97%	—	97%	—	97%	—	97%	—	97%	Generation and sale of electricity
State Power Investment Group Ningxia Luoshitan Wind Power Co., Ltd. (國家電投集團寧夏落石灘風力發電有限公司)	The PRC	RMB70,000,000	—	65%	—	65%	—	65%	—	65%	—	65%	Generation and sale of electricity
State Power Investment Group Shandong New energy Co., Ltd. (國家電投集團山東新能源有限公司)	The PRC	RMB251,250,000/ RMB393,250,000	100%	—	100%	—	100%	—	100%	—	100%	—	Generation and sale of electricity

Name of subsidiaries	Place of establishment and operation	Registered/paid up capital	At 31 December 2020 Proportion of ownership interest Held by the Target Company	2020 Held by subsidiaries	2021 Proportion of ownership interest Held by the Target Company	2021 Held by subsidiaries	2022 Proportion of ownership interest Held by the Target Company	2022 Held by subsidiaries	At 31 March 2023 Proportion of ownership interest Held by the Target Company	2023 Held by subsidiaries	At the date of this report Held by the Target Company	At the date of this report Held by subsidiaries	Principal activities
Huaiyuan Green Electric New Energy Co., Ltd. (懷遠綠電新能源有限公司)	The PRC	RMB100,000,000	—	—	—	—	—	100%	—	100%	—	100%	Generation and sale of electricity
Xintai Green Electric New Energy Co., Ltd. (新泰綠電新能源有限公司)	The PRC	RMB20,000,000	—	—	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Yangxin Dehui Wind Power Co., Ltd. (陽信德惠風力發電有限公司)	The PRC	RMB218,000,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Leling Runneng Wind Power Co., Ltd. (樂陵潤能風力發電有限公司)	The PRC	RMB127,430,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Gaotang Runneng New Energy Co., Ltd. (高唐潤能新能源有限公司)	The PRC	RMB50,000,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Shanxian Huangbai River Photovoltaic Power Generation Co., Ltd. (單縣黃白河光伏發電有限公司)	The PRC	RMB32,000,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Xiajin Huineng Wind Power Co., Ltd. (夏津惠能風力發電有限公司)	The PRC	RMB81,000,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
State Power Investment (Qingdao) Comprehensive Intelligent Energy Co., Ltd. (國家電投（青島）綜合智慧能源有限公司)	The PRC	RMB1,520,000	—	70%	—	70%	—	70%	—	70%	—	70%	Provision of technical services of electricity

			At 31 December						At 31 March		At the date of this report		
			2020		2021		2022		2023				
			Proportion of ownership interest		Proportion of ownership interest		Proportion of ownership interest		Proportion of ownership interest				
Name of subsidiaries	**Place of establishment and operation**	**Registered/paid up capital**	**Held by the Target Company**	**Held by subsidiaries**	**Held by the Target Company**	**Held by subsidiaries**	**Held by the Target Company**	**Held by subsidiaries**	**Held by the Target Company**	**Held by subsidiaries**	**Held by the Target Company**	**Held by subsidiaries**	**Principal activities**
Weifang Huaxu Solar Photovoltaic Agriculture Co., Ltd. (濰坊華旭太陽能光伏農業有限公司)	The PRC	RMB38,450,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Weifang Guanggu Agricultural Ecological Park Co., Ltd. (濰坊光穀農業生態園有限公司)	The PRC	RMB21,360,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Anqiu Light Energy New Energy Co., Ltd. (安丘市光能新能源有限公司)	The PRC	RMB1,000,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Gaotang Longhong New Energy Co., Ltd. (高唐龍泓新能源有限公司)	The PRC	RMB34,350,000	—	100%	—	100%	—	100%	—	100%	—	100%	Provision of technical services of electricity
Shandong Zhongjing Energy Investment New Energy Development Co., Ltd. (山東中景能投新能源開發有限公司)	The PRC	RMB46,850,000	—	100%	—	100%	—	100%	—	100%	—	100%	Provision of technical services of electricity
Lingshou County Guoxin New Energy Technology Co., Ltd. (靈壽縣國鑫新能源科技有限公司)	The PRC	RMB5,000,000	—	—	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Lingshou County Yingyuan New Energy Technology Co., Ltd. (靈壽縣英源新能源科技有限公司)	The PRC	RMB5,000,000	—	—	—	100%	—	100%	—	100%	—	100%	Provision of technical services of electricity

			At 31 December 2020 Proportion of ownership interest		At 31 December 2021 Proportion of ownership interest		At 31 December 2022 Proportion of ownership interest		At 31 March 2023 Proportion of ownership interest		At the date of this report		
Name of subsidiaries	Place of establishment and operation	Registered/paid up capital	Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	Principal activities
Hefei Yuanjing Photovoltaic Power Co., Ltd. (合肥源景光伏電力有限公司)	The PRC	RMB111,797,456	—	—	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Yantai Qingneng Wind Power Co., Ltd. (煙台清能風力發電有限公司)	The PRC	RMB155,000,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Beijing Guorui Fuding Investment Co., Ltd. (北京國瑞福鼎投資股份有限公司)	The PRC	RMB127,125,206	—	93%	—	100%	—	100%	—	100%	—	100%	Provision of technical services of electricity
Liaocheng Longhong New Energy Co., Ltd. (聊城龍泓新能源有限公司)	The PRC	RMB34,370,000	—	100%	—	100%	—	100%	—	100%	—	100%	Provision of technical services of electricity
Nanjing Zhonghuan Light Power Energy Co., Ltd. (南京中環之光電力能源有限公司)	The PRC	RMB5,000,000	—	100%	—	100%	—	100%	—	100%	—	100%	Provision of technical services of electricity
Zhucheng Green Electric New Energy Co., Ltd. (諸城綠電新能源有限公司)	The PRC	RMB20,000,000	—	—	—	—	—	100%	—	100%	—	100%	Generation and sale of electricity
State Power Investment Group Shanxi New Energy Co., Ltd. (國家電投集團山西新能源有限公司)	The PRC	RMB751,365,000	100%	—	100%	—	100%	—	100%	—	100%	—	Generation and sale of electricity
State Power Investment Group Yuxian Wind Power Co., Ltd. (國家電投集團盂縣風電有限公司)	The PRC	RMB5,000,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity

Name of subsidiaries	Place of establishment and operation	Registered/paid up capital	At 31 December 2020 Proportion of ownership interest Held by the Target Company	Held by subsidiaries	2021 Proportion of ownership interest Held by the Target Company	Held by subsidiaries	2022 Proportion of ownership interest Held by the Target Company	Held by subsidiaries	At 31 March 2023 Proportion of ownership interest Held by the Target Company	Held by subsidiaries	At the date of this report Held by the Target Company	Held by subsidiaries	Principal activities
Guodian Investment Qinshui Comprehensive Intelligent Energy Co., Ltd. (國電投沁水綜合智慧能源有限公司)	The PRC	RMB20,000,000	—	—	—	—	—	100%	—	100%	—	100%	Generation and sale of electricity
State Power Investment Group Shanxi New Energy Co., Ltd. Qinshui Branch (國家電投集團山西新能源有限公司沁水分公司)	The PRC	RMB721,360,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
State Power Investment Group LAN County New Energy Co., Ltd. (國家電投集團嵐縣新能源有限公司)	The PRC	RMB267,800,000	—	100%	—	100%	—	100%	—	100%	—	100%	Provision of technical services of electricity
Linfen Hua Deyu New Energy Co., Ltd. (臨汾華得宇新能源有限公司)	The PRC	RMB10,000,000	—	70%	—	70%	—	70%	—	70%	—	70%	Generation and sale of electricity
Youyu County Huaguang Power Generation Co., Ltd. (右玉縣華光發電有限責任公司)	The PRC	RMB93,400,000	—	—	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
State Power Investment Group Shanyin County Yuyuantai Photovoltaic Power Generation Co., Ltd. (國家電投集團山陰縣煜元泰光伏發電有限公司)	The PRC	RMB15,000,000/ RMB89,980,000	—	60%	—	60%	—	60%	—	60%	—	60%	Generation and sale of electricity

			At 31 December						At 31 March		At the date of this report		
			2020		2021		2022		2023				
			Proportion of ownership interest		Proportion of ownership interest		Proportion of ownership interest		Proportion of ownership interest				
Name of subsidiaries	Place of establishment and operation	Registered/paid up capital	Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	Principal activities
State Power Investment Group Fanzhi New Energy Co., Ltd. (國家電投集團繁峙新能源有限公司)	The PRC	RMB126,000,000/ RMB154,480,000	—	100%	—	100%	—	100%	—	100%	—	100%	Provision of technical services of electricity
CLP Gujiao New Energy Co., Ltd. (中電投古交新能源有限公司)	The PRC	RMB67,470,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
State Power Investment Group Fanzhi Yunwuyu Wind Power Co., Ltd. (國家電投集團繁峙雲霧峪風電有限公司)	The PRC	RMB193,927,040	—	60%	—	60%	—	60%	—	60%	—	60%	Generation and sale of electricity
State Power Investment (Tianjin) Distributed Energy Co., Ltd. (國電投(天津)分散式能源有限公司)	The PRC	RMB215,873,000/ RMB253,373,000	100%	—	100%	—	100%	—	100%	—	100%	—	Generation and sale of electricity
Tianjin Zhongdian Shengfa Photovoltaic Power Generation Co., Ltd. (天津中電晟發光伏發電有限公司)	The PRC	RMB248,260,000	—	70%	—	70%	—	70%	—	70%	—	70%	Generation and sale of electricity
China Power Investment (Tianjin Wuqing) Photovoltaic Power Generation Co., Ltd. (中電投（天津武清）光伏發電有限公司)	The PRC	RMB110,000,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity

Name of subsidiaries	Place of establishment and operation	Registered/paid up capital	At 31 December 2020 Proportion of ownership interest Held by the Target Company	2020 Held by subsidiaries	2021 Proportion of ownership interest Held by the Target Company	2021 Held by subsidiaries	2022 Proportion of ownership interest Held by the Target Company	2022 Held by subsidiaries	At 31 March 2023 Proportion of ownership interest Held by the Target Company	2023 Held by subsidiaries	At the date of this report Held by the Target Company	At the date of this report Held by subsidiaries	Principal activities
China Power Investment Jingrun (Tianjin) Photovoltaic Power Generation Co., Ltd. (中電投京潤（天津）光伏發電有限公司)	The PRC	RMB13,352,200	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
China Power Investment Jingsheng (Tianjin) Photovoltaic Power Generation Co., Ltd. (中電投京盛（天津）光伏發電有限公司)	The PRC	RMB12,072,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Tianjin Jingneng Shengfa New Energy Technology Co., Ltd. (天津靜能盛發新能源技術有限公司)	The PRC	RMB9,719,400	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Tianjin Zhongtian Eneng Photovoltaic Power Generation Co., Ltd. (天津中天恩能光伏發電有限公司)	The PRC	RMB22,290,000	—	70%	—	70%	—	70%	—	70%	—	70%	Generation and sale of electricity
Tianjin Zhongtian Xinde Photovoltaic Power Generation Co., Ltd. (天津中天信德光伏發電有限公司)	The PRC	RMB20,900,000	—	70%	—	70%	—	70%	—	70%	—	70%	Generation and sale of electricity
State Power Investment (Huanghua) New Energy Co., Ltd. (國電投（黃驊）新能源有限公司)	The PRC	RMB75,000,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity

Name of subsidiaries	Place of establishment and operation	Registered/paid up capital	At 31 December 2020 Proportion of ownership interest Held by the Target Company	2020 Held by subsidiaries	2021 Proportion of ownership interest Held by the Target Company	2021 Held by subsidiaries	2022 Proportion of ownership interest Held by the Target Company	2022 Held by subsidiaries	At 31 March 2023 Proportion of ownership interest Held by the Target Company	2023 Held by subsidiaries	At the date of this report Held by the Target Company	At the date of this report Held by subsidiaries	Principal activities
Guodian Investment Port Energy (Tianjin) New Energy Co., Ltd. (國電投港能（天津）新能源有限責任公司)	The PRC	RMB2,000,000	—	100%	—	100%	—	100%	—	100%	—	100%	Generation and sale of electricity
Guote Intelligent Energy (Tianjin) Co., Ltd. (國特智慧能源（天津）有限公司)	The PRC	RMB5,000,000	—	70%	—	70%	—	70%	—	70%	—	70%	Generation and sale of electricity
Jinyuan Xinde (Tianjin) New Energy Technology Co., Ltd. (津源信德（天津）新能源科技有限公司)	The PRC	RMB32,040,000	—	70%	—	70%	—	70%	—	70%	—	70%	Generation and sale of electricity
State Power Investment (Anyang) Clean Energy Co., Ltd. (國電投（安陽）清潔能源有限公司)	The PRC	RMB2,600,000/ RMB7,300,000	—	—	—	—	—	100%	—	100%	—	100%	Generation and sale of electricity
Power Investment (Greater Hinggan Mountains) Clean Energy Co., Ltd. (電投（大興安嶺）清潔能源有限公司)	The PRC	RMB9,750,000/ RMB18,759,000	—	—	—	—	—	60%	—	60%	—	60%	Provision of technical services of electricity

Note:

(a) The English translation of the companies' names is for reference only. The official names of these companies are in Chinese.

(b) Statutory financial statement of these PRC subsidiaries were unaudited for the each of the years ended 31 December 2020, 2021 and 2022, statutory financial statement of these PRC subsidiaries prepared and audited by BDO China Shu Lun Pan Certified Public Accountants LLP.

Material non-controlling interests

The table below shows details of non wholly-owned subsidiaries of the Target Company that have material non-controlling interests:

Name of subsidiaries	Place of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests				Total comprehensive income allocated to non-controlling interests				Accumulated non-controlling interests			
		Years ended 31 December			Three months ended 31 March	Years ended 31 December			Three months ended 31 March	Years ended 31 December			Three months ended 31 March
		2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Inner Mongolia Jinghe New Energy Co., Ltd. (內蒙古京和新能源有限公司) and it subsidiaries (collectively known as "Jinghe Group")	PRC	43%	—	—	—	141,704	—	—	—	1,941,085	—	—	—
Beijing Jingkai Comprehensive Intelligent Energy Co., Ltd. (北京經開綜合智慧能源有限公司) and its subsidiaries (collectively known as "Jingkai Group")	PRC	—	21%	30%	30%	—	14,363	71,570	13,027	—	778,693	1,873,913	1,913,913
Subsidiaries with individually immaterial non-controlling interests										791,820	1,061,325	1,907,380	1,904,250
										2,732,905	1,840,018	3,781,293	3,818,163

The non-controlling interests in respect of the rest of entities with non-controlling interests were individually not material. Set out below are the summarised financial information in respect of each the Target Company's subsidiaries that has material non-controlling interests.

(1) Jinghe Group

Summarised consolidated statements of financial position

	Year ended 31 December			Three months ended 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	6,508,083	4,404,697	4,006,331	3,969,251
Current assets	2,291,912	2,004,175	2,635,538	2,709,872
Non-current liabilities	(2,282,751)	(2,079,771)	(1,898,564)	(1,731,499)
Current liabilities	(1,158,162)	(1,440,958)	(1,564,426)	(1,678,664)
Total equity	5,359,082	2,888,143	3,178,879	3,268,960
Non-controlling interests within Jinghe Group	(825,595)	—	—	—
Equity attributable to equity holders of Jinghe Group	4,533,487	2,888,143	3,178,879	3,268,960
Non-controlling interests of Jinghe Group (at 43%)	1,941,085	N/A	N/A	N/A

(*Note:* Jinghe Group became a wholly-owned subsidiary of the Target Company from 12 August 2021.)

Summarised consolidated income statements and consolidated statements of comprehensive income

	Year ended 31 December			Three months ended 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	1,037,409	1,041,243	823,656	235,634
Profit and total comprehensive income for the year/ period	355,561	453,010	26,188	86,961
Profit and total comprehensive income attributable to the non-controlling interests of Jinghe Group's subsidiaries	(24,605)	—	—	—
Profit and total comprehensive income attributable to equity holders of Jinghe Group	330,956	453,010	26,188	86,961
Total comprehensive income attributable to the non-controlling interests of Jinghe Group (at 43%)	141,704	—	—	—

Summarised consolidated statements of cash flows

	Year ended 31 December			Three months ended 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Dividends paid	—	—	—	—
Dividends paid to non-controlling interests	—	—	—	—
Net cash inflow (outflow) from operating activities	555,766	879,493	(184,587)	708,159
Net cash (outflow) inflow from investing activities	(62,982)	(32,969)	228,272	(2,717)
Net cash (outflow) inflow from financing activities	(429,518)	(1,023,855)	48,118	(484,542)
Net increase in cash and cash equivalents	63,266	(177,331)	91,803	220,900
Cash and cash equivalents at beginning of year/ period	139,747	203,013	25,682	117,485
Cash and cash equivalents at end of year/period	203,013	25,682	117,485	338,385

The financial information presented above is before inter-company eliminations.

(2) ***Jingkai Group***

Summarised consolidated statements of financial position

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	405,611	1,494,267	1,457,299	1,454,395
Current assets	209,593	3,368,350	5,917,377	6,039,103
Non-current liabilities	(88,510)	(432,963)	(326,100)	(327,325)
Current liabilities	(342,281)	(651,425)	(760,277)	(743,646)
Total equity	184,413	3,778,229	6,288,299	6,422,527
Non-controlling interests within Jingkai Group	—	—	—	—
Equity attributable to equity holders of Jingkai Group	184,413	3,778,229	6,288,299	6,422,527
Non-controlling interests of Jingkai Group (2021: at 21%, 2022: at 30%, 2023: at 30%)	N/A	778,693	1,873,913	1,913,913

Summarised consolidated statements of profit or loss and consolidated statements of comprehensive income

	Year ended 31 December			Three months ended 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	14,633	212,617	259,096	65,299
Profit and total comprehensive income for the year/period	14,412	69,686	240,168	43,714
Profit and total comprehensive income attributable to the non-controlling interests of Jingkai Group's subsidiaries	—	—	—	—
Profit and total comprehensive income attributable to equity holders of Jingkai Group	14,412	69,686	240,168	43,714
Total comprehensive income attributable to the non-controlling interests of Jingkai Group (2021: at 21%, 2022: at 30%, 2023: at 30%)	N/A	14,363	71,570	13,027

Summarised consolidated statements of cash flows

	Year ended 31 December			Three months ended 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net cash inflow/(outflow) from operating activities	(4,531)	190,679	193,496	33,849
Net cash outflow from investing activities	(390,604)	(686,580)	(60,053)	(17,530)
Net cash inflow/(outflow) from financing activities	401,305	556,713	(75,387)	67,128
Net increase in cash and cash equivalents	6,170	60,812	58,056	83,447
Cash and cash equivalents at beginning of year/period	—	6,170	66,982	125,038
Cash and cash equivalents at end of year/period	6,170	66,982	125,038	208,485

The financial information presented above is before inter-company eliminations.

Transactions with non-controlling interests

(a) During the year ended 31 December 2020, the non-controlling shareholders of certain non-wholly owned subsidiaries of the Target Group made capital injection in aggregate of approximately RMB12,956,000.

(b) On 12 August 2021, the Target Group acquired remaining 43% equity of Jinghe Group from the non-controlling equity shareholder with cash consideration of RMB2,000,000,000. Immediately prior to the purchase, the carrying amount of the 49% non-controlling interests in these the PRC subsidiaries in aggregate was approximately RMB1,941,085,000. The Group recognised an decrease in non-controlling interests by approximately RMB1,941,085,000.

On 30 December 2021, Jingkai Group entered into an share addition agreement with ICBC Financial Asset Investment Co. Ltd (工銀金融資產投資有限公司) ("ICBC Financial Asset"), ICBC Financial Asset agreed to issue inject share capital to Jingkai Group and resulted an increase in non-controlling interests of 21%. The Target Group recognised an increase in non-controlling interest by approximately RMB791,950,000.

During the year ended 31 December 2021, the non-controlling equity shareholders of certain non-wholly owned subsidiaries of the Target Group made capital injection in aggregate of approximately RMB295,103,000 and recognised an increase in non-controlling interest by approximately RMB133,369,000 and credited to capital reserve by approximately RMB43,904,000.

(c) On 30 June 2022, Jingkai Group entered into an share addition agreement with Beijing Chengtong ICBC Equity Investment Fund (北京誠通工銀股權投資基金) ("Beijing Chengtong"), Beijing Chengtong agreed to inject share capital to Jingkai Group and resulted an increase in non-controlling interests of from 21% to 30%. The Target Group recognised an increase in non-controlling interest by RMB1,798,725,000 and decrease in capital reserve by RMB1,963,000.

(d) During the period ended 31 March 2023, the non-controlling equity shareholders of certain non-wholly owned subsidiaries made capital injection in aggregate of approximately RMB10,000,000.

40. CONTINGENT LIABILITIES

As at 31 December 2020, 2021 and 2022 and 31 March 2023, the Target Group had no significant contingent liabilities.

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES CASH FLOWS

	Bank borrowings	Other borrowings	Borrowings from related parties	Amounts due to related parties	Lease Liabilities
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2020	8,270,834	3,049,689	2,185,860	567,421	361,847
Drawdown of bank borrowings	4,762,199	—	—	—	—
Repayment of bank borrowings	(3,920,363)	—	—	—	—
Drawdown of other borrowings	—	235,100	—	—	—
Repayment of other borrowings	—	(1,228,694)	—	—	—
Drawdown of borrowings from related parties	—	—	599,322	—	—
Repayment of borrowings from related parties	—	—	(21,749)	—	—
Advance from related parties	—	—	—	824,053	—
Repayment to related parties	—	—	—	(815,752)	—
Payments for lease liabilities	—	—	—	—	(43,561)
Interest expense *(Note 12)*	556,047	174,910	106,776	—	13,387
Acquisitions of subsidiaries *(Note 37)*	88,510	307,746	—	—	—

	Bank borrowings	Other borrowings	Borrowings from related parties	Amounts due to related parties	Lease Liabilities
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2020 and 1 January 2021	9,757,227	2,538,751	2,870,209	575,722	331,673
Drawdown of bank borrowings	6,077,302	—	—	—	—
Repayment of bank borrowings	(2,194,478)	—	—	—	—
Drawdown of other borrowings	—	259,816	—	—	—
Repayment of other borrowings	—	(975,884)	—	—	—
Drawdown of borrowings from related parties	—	—	587,420	—	—
Repayment of borrowings from related parties	—	—	(771,535)	—	—
Advance from related parties	—	—	—	604,282	—
Repayment to related parties	—	—	—	(375,298)	—
Payments for lease liabilities	—	—	—	—	(50,388)
Interest expense *(Note 12)*	837,865	112,917	109,940	—	14,557
New lease	—	—	—	—	22,795
Acquisitions of subsidiaries *(Note 37)*	962,464	392,801	—	—	11,975
At 31 December 2021	15,440,380	2,328,401	2,796,034	804,706	330,612

	Bank borrowings	Other borrowings	Borrowings from related parties	Amounts due to related parties	Lease Liabilities
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	15,440,380	2,328,401	2,796,034	804,706	330,612
Drawdown of bank borrowings	5,204,148	—	—	—	—
Repayment of bank borrowings	(5,134,219)	—	—	—	—
Drawdown of other borrowings	—	352,244	—	—	—
Repayment of other borrowings	—	(1,659,511)	—	—	—
Drawdown of borrowings from related parties	—	—	2,628,529	—	—
Repayment of borrowings from related parties	—	—	(3,607,364)	—	—
Advance from related parties	—	—	—	1,751,527	—
Repayment to related parties	—	—	—	(508,667)	—
Payments for lease liabilities	—	—	—	—	(56,659)
Interest expense *(Note 12)*	769,973	62,947	252,431	—	20,394
New lease	—	—	—	—	115,926
Acquisitions of subsidiaries *(Note 37)*	172,714	—	—	—	17,392
At 31 December 2022 and 1 January 2023	16,452,996	1,084,081	2,069,630	2,047,566	427,665
Drawdown of bank borrowings	1,000,000	—	—	—	—
Repayment of bank borrowings	(148,951)	—	—	—	—
Drawdown of other borrowings	—	7,000	—	—	—
Repayment of other borrowings	—	(131,294)	—	—	—
Drawdown of borrowings from related parties	—	—	153,464	—	—
Repayment of borrowings from related parties	—	—	(129,008)	—	—
Advance from related parties	—	—	—	756,881	—
Repayment to related parties	—	—	—	(857,381)	—
Payments for lease liabilities	—	—	—	—	(18,190)
Interest expense *(Note 12)*	143,446	18,678	76,469	—	4,745
At 31 March 2023	17,447,491	978,465	2,170,555	1,947,066	414,220

	Bank borrowings	Other borrowings	Borrowings from related parties	Amounts due to related parties	Lease Liabilities
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	15,440,380	2,328,401	2,796,034	804,706	330,612
Drawdown of bank borrowings	1,210,267	—	—	—	—
Repayment of bank borrowings	(1,070,583)	—	—	—	—
Drawdown of other borrowings	—	100,641	—	—	—
Repayment of other borrowings	—	(873,138)	—	—	—
Drawdown of borrowings from related parties	—	—	547,610	—	—
Repayment of borrowings from related parties	—	—	(1,024,607)	—	—
Advance from related parties	—	—	—	783,571	—
Repayment to related parties	—	—	—	(244,766)	—
Payments for lease liabilities	—	—	—	—	(12,936)
Interest expense *(Note 12)*	118,674	15,553	66,434	—	6,212
New lease	—	—	—	—	5,388
Acquisitions of subsidiaries *(Note 37)*	172,714	—	—	—	17,392
At 31 March 2022 (unaudited)	15,871,452	1,571,457	2,385,471	1,343,511	346,668

42. STATEMENTS OF RESERVES OF THE TARGET COMPANY

Movements in the Target Company's reserves

	Capital reserve	(Accumulated losses)/Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2020	1,607,232	(434,300)	1,172,932
Profit and total comprehensive income for the year	—	430,475	430,475
Dividends *(Note 15)*	—	(114,506)	(114,506)
At 31 December 2020 and 1 January 2021	1,607,232	(118,331)	1,488,901
Profit and total comprehensive income for the year	—	384,226	384,226
Dividends *(Note 15)*	—	(260,362)	(260,362)
At 31 December 2021 and 1 January 2022	1,607,232	5,533	1,612,765
Profit and total comprehensive income for the year	—	67,809	67,809
Dividends *(Note 15)*	—	(488,263)	(488,263)
At 31 December 2022 and 1 January 2023	1,607,232	(414,921)	1,192,311
Loss and total comprehensive expense for the period	—	(22,283)	(22,283)
At 31 March 2023	1,607,232	(437,204)	1,170,028
At 1 January 2022	1,607,232	5,533	1,612,765
Profit and total comprehensive income for the period	—	114,288	114,288
At 31 March 2022 (unaudited)	1,607,232	119,821	1,727,053

43. COMMITMENTS

Save as disclosed elsewhere in the Historical Financial Information, the Target Group has the following capital commitments.

	Year ended 31 December			Three months ended 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted but not provided for in respect of				
— Property, plant and equipment	79,309	96,810	56,640	59,472
— Construction in progress	474,161	204,553	289,019	297,690

44. EARNINGS PER SHARE

No earnings per share information is presented for the purpose of this report as its inclusion is not considered meaningful.

45. EVENTS AFTER THE REPORTING PERIOD

There are no significant subsequent events occurred after 31 March 2023 and up to the date of this accountants' report.

III. SUBSEQUENT FINANCIAL INFORMATION

No audited financial statements have been prepared by the Target Group in respect of any period subsequent to 31 March 2023.

ACCOUNTANTS' REPORT ON HEILONGJIANG COMPANY

The following is the text of reports received from Confucius International CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

PAN-CHINA
天健國際會計師事務所有限公司
Confucius International CPA Limited Certified Public Accountants

香港湾仔莊士敦道181号大有大厦1501-08室
Rooms 1501-08,15th Floor, Tai Yau Building,
181 Johnston Road, Wanchai, Hong Kong
电话 Tel: (852) 3103 6980
传真 Fax: (852) 3104 0170
电邮 Email：info@pccpa.hk
官网 Web：www.pccpa.hk

**ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF SPIC HEILONGJIANG POWER CO., LTD. AND ITS SUBSIDIARIES
TO THE DIRECTORS OF CHINA POWER INTERNATIONAL DEVELOPMENT LIMITED**

Introduction

We report on the historical financial information of SPIC Heilongjiang Power Co., Ltd.* (國家電投集團黑龍江電力有限公司) (formerly known as SPIC Heilongjiang Lvtuo New Energy Co., Ltd.* (國家電投集團黑龍江綠拓新能源有限公司)) (the "Target Company") and its subsidiaries (together, the "Target Group") set out on pages IIB-4 to IIB-57, which comprises the consolidated statements of financial position as at 31 December 2020, 2021, 2022 and 31 March 2023, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2023 (the "Relevant Periods") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information of the Target Group set out on pages IIB-4 to IIB-57 forms an integral part of this report, which has been prepared for inclusion in the circular of China Power International Development Limited (the "Company") dated 18 August 2023 (the "Circular") in connection with the major and connected transactions in relation to the acquisition of the Target Company.

Director's responsibilities for the Historical Financial Information

The sole director of the Target Company is responsible for the preparation of 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, and for such internal control as the sole director determine is necessary to enable the preparation of 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 this Circular in which the Historical Financial Information of the Target Group 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 Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the sole director of the Target Company, 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 Target Group's financial position as at 31 December 2020, 2021, 2022 and 31 March 2023, and of the Target Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the three months ended 31 March 2022 and other explanatory information (the "Stub Period Comparative Financial Information"). The sole director of the Target Company is responsible for the preparation of the Stub 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 Stub 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 Stub 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 IIB-4 have been made.

Dividends

We refer to Note 17 to the Historical Financial Information which contains information about the dividends paid by the Target Company in respect of the Relevant Periods.

Confucius International CPA Limited
Certified Public Accountants

Tsang Kwong Kin
Practising Certificate Number: P07368
Hong Kong, 18 August 2023

HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Confucius International CPA Limited in accordance with the Hong Kong Standards on Auditing issued by the HKICPA (''Underlying Financial Statements'').

The Historical Financial Information of the Target Group is presented in Renminbi (''RMB'') and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Three months ended 31 March	
		2020	2021	2022	2022	2023
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Revenue	*9*	401,845	914,639	1,282,159	290,076	366,304
Other income	*10*	421	497	1,053	275	397
Fuel costs		—	—	(135,406)	(40,405)	(70,033)
Depreciation		(140,151)	(357,336)	(468,291)	(92,384)	(131,247)
Staff costs	*11*	(25,028)	(49,644)	(67,039)	(18,823)	(25,443)
Repairs and maintenance		—	(605)	(3,719)	(1,203)	(397)
Subcontracting costs		(12,219)	(41,828)	(82,536)	(21,078)	(19,642)
Consumables		(1,607)	(7,570)	(16,528)	(3,562)	(5,435)
Impairment losses on trade and other receivables under expected credit loss model		—	(1,606)	(654)	—	—
Other gains and (losses), net	*12*	9,198	3,439	7,105	—	1,627
Other operating expenses	*13*	(52,755)	(53,221)	(63,075)	(14,368)	(14,153)
Operating profit	*14*	179,704	406,765	453,069	98,528	101,978
Finance income	*15*	945	1,358	2,163	238	182
Finance costs	*15*	(173,163)	(335,802)	(397,723)	(83,109)	(92,160)
Profit before tax		7,486	72,321	57,509	15,657	10,000
Income tax credit (expense)	*16*	1,613	(8,604)	(8,546)	(2,690)	(2,164)
Profit for the year/period		9,099	63,717	48,963	12,967	7,836
Other comprehensive income						
Item that will not be reclassified to profit or loss:						
Fair value gain on equity instruments at fair value through other comprehensive income ("FVTOCI"), net of tax		—	—	3,408	—	1,342
Other comprehensive income for the year/period		—	—	3,408	—	1,342
Total comprehensive income for the year/period		9,099	63,717	52,371	12,967	9,178
Profit for the year/period attributable to:						
Equity holder of the Target Company		1,127	56,641	52,396	2,146	(5,492)
Non-controlling interests		7,972	7,076	(3,433)	10,821	13,328
		9,099	63,717	48,963	12,967	7,836
Total comprehensive income for the year/period attributable to:						
Equity holder of the Target Company		1,127	56,641	55,804	2,146	(4,150)
Non-controlling interests		7,972	7,076	(3,433)	10,821	13,328
		9,099	63,717	52,371	12,967	9,178

The accompany notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December			As at 31 March
		2020	2021	2022	2023
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*19*	6,510,618	6,589,798	9,114,972	9,007,436
Right-of-use assets	*20*	380,313	380,208	493,311	487,671
Intangible assets	*21*	132,970	124,935	122,896	120,418
Equity instruments at FVTOCI	*22*	3,557	7,105	51,650	93,439
Deferred tax assets	*23*	50,845	54,416	62,579	63,426
Other non-current assets	*24*	108,745	299,727	244,361	375,300
		7,187,048	7,456,189	10,089,769	10,147,690
Current assets					
Inventories	*25*	—	—	61,245	87,488
Trade and bills receivables	*26*	738,902	169,344	452,486	591,660
Prepayments, deposits and other receivables	*27*	629,705	767,015	325,033	314,289
Cash and cash equivalents	*28*	197,313	91,824	345,494	241,610
		1,565,920	1,028,183	1,184,258	1,235,047
Current liabilities					
Trade and bills payables	*29*	7,243	104,788	8,030	16,504
Construction payables		228,996	199,440	263,762	239,554
Contract liabilities	*30*	—	—	29,454	3,567
Other payables and accrued charges	*31*	118,782	135,686	112,520	67,320
Bank borrowings	*32*	314,300	268,062	406,836	455,212
Borrowings from a related party	*34*	—	—	809,077	809,077
Lease liabilities	*35*	2,047	2,093	10,315	7,310
Tax payables		2,704	5,176	7,623	8,530
		674,072	715,245	1,647,617	1,607,074
Net current assets (liabilities)		891,848	312,938	(463,359)	(372,027)
Total assets less current liabilities		8,078,896	7,769,127	9,626,410	9,775,663
Non-current liabilities					
Deferred income	*36*	—	527	506	501
Bank borrowings	*32*	3,864,700	4,747,994	5,852,488	6,219,721
Other borrowings	*33*	1,727,686	169,743	150,523	153,119
Borrowings from a related party	*34*	1,107,000	1,357,791	1,595,854	1,256,264
Lease liabilities	*35*	179,422	196,015	194,672	196,407
Deferred tax liabilities	*23*	37,083	38,350	41,007	41,776
Other non-current liabilities	*37*	19,073	18,286	17,460	17,501
		6,934,964	6,528,706	7,852,510	7,885,289
Net assets		1,143,932	1,240,421	1,773,900	1,890,374
Capital and reserves					
Share capital	*38*	386,580	450,580	450,580	450,580
Other equity instruments	*39*	—	—	360,000	460,000
Reserves		489,863	508,269	524,377	520,227
Equity attributable to equity holder of the Target Company		876,443	958,849	1,334,957	1,430,807
Non-controlling interests		267,489	281,572	438,943	459,567
Total equity		1,143,932	1,240,421	1,773,900	1,890,374

The accompany notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to equity holder of the Target Company								
		Share capital	Other equity instruments	Statutory reserve	FVTOCI reserve	Other reserve	Retained earnings	Sub-total	Non-controlling interests	Total Equity
		(Note 38)	*(Note 39)*	*(Note 50(i))*		*(Note 50(ii))*				
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2020		227,150	–	–	–	–	116,775	343,925	266,149	610,074
Total comprehensive income for the year		–	–	–	–	–	1,127	1,127	7,972	9,099
Transfer to statutory reserve		–	–	2,771	–	–	(2,771)	–	–	–
Capital injections from shareholder		159,430	–	–	–	–	–	159,430	–	159,430
Capital injections from non-controlling shareholders of subsidiaries		–	–	–	–	–	–	–	321	321
Acquisition of subsidiaries	*43*	–	–	–	–	399,628	–	399,628	–	399,628
Step-acquisition of a subsidiary	*44*	–	–	–	–	2,303	–	2,303	(6,953)	(4,650)
Final dividend paid	*17*	–	–	–	–	–	(29,970)	(29,970)	–	(29,970)
As at 31 December 2020 and 1 January 2021		386,580	–	2,771	–	401,931	85,161	876,443	267,489	1,143,932
Total comprehensive income for the year		–	–	–	–	–	56,641	56,641	7,076	63,717
Transfer to statutory reserve		–	–	2,815	–	–	(2,815)	–	–	–
Capital injections from shareholder		64,000	–	–	–	–	–	64,000	–	64,000
Acquisition of subsidiaries	*43*	–	–	–	–	–	–	–	7,328	7,328
Deregistration of a subsidiary	*45*	–	–	–	–	–	–	–	(321)	(321)
Final dividend paid	*17*	–	–	–	–	–	(38,235)	(38,235)	–	(38,235)
As at 31 December 2021 and 1 January 2022		450,580	–	5,586	–	401,931	100,752	958,849	281,572	1,240,421
Profit for the year		–	–	–	–	–	52,396	52,396	(3,433)	48,963
Other comprehensive income for the year		–	–	–	3,408	–	–	3,408	–	3,408
Total comprehensive income for the year		–	–	–	3,408	–	52,396	55,804	(3,433)	52,371
Issue of perpetual debts		–	360,000	–	–	–	–	360,000	–	360,000
Capital injections from non-controlling shareholders of subsidiaries		–	–	–	–	–	–	–	20,047	20,047
Acquisition of subsidiaries	*43*	–	–	–	–	–	–	–	122,597	122,597
Step-acquisition of subsidiaries	*44*	–	–	–	–	8,502	–	8,502	(282,741)	(274,239)
Deemed partial disposal of subsidiaries	*46*	–	–	–	–	(901)	–	(901)	300,901	300,000
Final dividend paid	*17*	–	–	–	–	–	(47,297)	(47,297)	–	(47,297)
As at 31 December 2022 and 1 January 2023		450,580	360,000	5,586	3,408	409,532	105,851	1,334,957	438,943	1,773,900
Profit for the period		–	–	–	–	–	(5,492)	(5,492)	13,328	7,836
Other comprehensive income for the period		–	–	–	1,342	–	–	1,342	–	1,342
Total comprehensive income for the period		–	–	–	1,342	–	(5,492)	(4,150)	13,328	9,178
Issue of perpetual debts		–	100,000	–	–	–	–	100,000	–	100,000
Capital injections from non-controlling shareholders of subsidiaries		–	–	–	–	–	–	–	7,296	7,296
As at 31 March 2023		450,580	460,000	5,586	4,750	409,532	100,359	1,430,807	459,567	1,890,374
At 31 December 2021 and 1 January 2022		450,580	–	5,586	–	401,931	100,752	958,849	281,572	1,240,421
Profit for the period		–	–	–	–	–	2,146	2,146	10,821	12,967
As at 31 March 2022 (unaudited)		450,580	–	5,586	–	401,931	102,898	960,995	292,393	1,253,388

The accompany notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Operating activities					
Profit before tax	7,486	72,321	57,509	15,657	10,000
Adjustments for:					
Depreciation of property, plant and equipment	125,941	339,912	444,561	86,451	125,592
Depreciation of right-of-use assets	14,210	17,424	23,730	5,933	5,655
Amortisation of intangible assets	34	8,662	8,975	2,244	2,478
Impairment loss on property, plant and equipment	6,406	—	—	—	—
Impairment losses on trade and other receivables under expected credit loss model	—	1,606	654	—	—
Amortisation of deferred income	—	(2)	(21)	—	(5)
Finance income	(945)	(1,358)	(2,163)	(238)	(182)
Finance cost	173,163	335,802	397,723	83,109	92,160
Gain on deregistration of a subsidiary	—	(1,606)	—	—	—
Gain on bargain purchase of subsidiaries	(15,480)	—	(5,186)	—	—
Operating cash flows before movements in working capital	310,815	772,761	925,782	193,156	235,698
Increase in inventories	—	—	(15,391)	(26,206)	(26,243)
Decrease (increase) in trade and bills receivables	71,633	569,558	(133,404)	(184,722)	(139,174)
Decrease (increase) in deposits, prepayments and other receivables	1,232,336	(120,686)	546,504	(123,173)	10,744
(Decrease) increase in trade and bills payables	(69,602)	(25,543)	(482,801)	255,467	8,474
Increase (decrease) in construction payables	33,343	(29,556)	64,322	(199,440)	(24,208)
Increase (decrease) in contract liabilities	—	—	13,071	3,102	(25,887)
(Decrease) increase in other payable and accruals	(456,304)	(182,452)	(45,197)	426,769	(45,200)
Increase (decrease) in non-current liabilities	19,073	(787)	(826)	(18,286)	41
Net cash generated from (used in) operations	1,141,294	983,295	872,060	326,667	(5,755)
Income tax paid	(9,516)	(8,436)	(12,780)	(5,424)	(1,782)
Net cash generated from (used in) operating activities	1,131,778	974,859	859,280	321,243	(7,537)
Investing activities					
Purchase of property, plant and equipment and prepayments for property, plant and equipment	(1,043,989)	(295,185)	(2,084,208)	(1,706,629)	(148,995)
Purchase of right-of-use assets	(7,109)	(3,010)	(14,282)	—	—
Purchase of intangible assets	(41)	(627)	(6,687)	—	—
Receipt from disposal of intangible assets	33	—	—	—	—
Purchase of equity instruments at FVTOCI	(3,557)	(3,548)	(40,000)	—	(40,000)
Net cash outflow on acquisition of subsidiaries	(641)	(2,062)	(171,325)	—	—
Cash outflow on step-acquisition of subsidiaries	(4,650)	—	(274,239)	—	—
Cash inflow on deemed partial disposal of subsidiaries	—	—	300,000	—	—
Interest received	945	1,358	2,163	238	182
Net cash used in investing activities	(1,059,009)	(303,074)	(2,288,578)	(1,706,391)	(188,813)

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Financing activities					
Net (repayment) drawdown of other borrowings	(426,095)	(1,557,943)	(19,220)	(78,043)	2,596
Net drawdown of bank borrowings	107,918	837,056	800,703	3,166,757	415,609
Borrowing (repayment) from a related party	250,180	250,791	1,047,140	(1,357,791)	(339,590)
Receipt of deferred government grants	—	529	—	—	—
Capital injections from non-controlling shareholders of subsidiaries	321	—	20,047	—	7,296
Capital injections from shareholder	159,430	64,000	—	—	—
Dividend paid	(29,970)	(38,235)	(47,297)	—	—
Payment of lease liabilities	(1,598)	(6,591)	(90,099)	(56,170)	(3,676)
Interest paid	(166,127)	(326,881)	(388,306)	(80,755)	(89,769)
Issue of perpetual debts	—	—	360,000	—	100,000
Net cash (used in) generated from financing activities	(105,941)	(777,274)	1,682,968	1,593,998	92,466
Net (decrease) increase in cash and cash equivalents	(33,172)	(105,489)	253,670	208,850	(103,884)
Cash and cash equivalents at beginning of year/period	230,485	197,313	91,824	91,824	345,494
Cash and cash equivalents at end of year/period	197,313	91,824	345,494	300,674	241,610
Analysis of cash and cash equivalents:					
Bank balances	197,313	91,824	345,494	300,674	241,610

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

SPIC Heilongjiang Power Co., Ltd.* (國家電投集團黑龍江電力有限公司) (formerly known as SPIC Heilongjiang Lvtuo New Energy Co., Ltd.* (國家電投集團黑龍江綠拓新能源有限公司)) (the "Target Company") is a limited liability company established in the People's Republic of China (the "PRC") on 4 July 2016. The registered office and principal place of business is located Building 13, 1616 Chuangxin Road, Songbei District, Harbin City, Heilongjiang Province, the PRC.

The Target Company and its subsidiaries (together, the "Target Group') are principally engaged in generation and sales of electricity in the PRC, including investment, development, operation and management of wind power, photovoltaic power and biomass plants. The particulars of the subsidiaries are set out in Note 51.

The controlling party of the Target Company is State Power Investment Corporation Limited* (國家電力投資集團有限公司) ("SPIC").

The Historical Financial Information is presented in RMB and all values are rounded to nearest thousand (RMB'000), which is also the functional currency of the Target Company and its subsidiaries.

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 the Hong Kong Financial Reporting Standards ("HKFRSs").

As at 31 December 2022 and 31 March 2023, the Target Group's current liabilities exceeded their current assets by approximately RMB463,359,000 and RMB372,027,000 respectively. Taking into account the borrowing facilities available to the Target Group, the sole director of the Target Company has, at the time of approving the Historical Financial Information, a reasonable expectation that the Target Group has adequate resources to meet its liabilities as and when they fall due and to continue in operational existence for the foreseeable future. Thus the Target Group continues to adopt the going concern basis of accounting in preparing its Historical Financial Information.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

For the purpose of preparing the Historical Financial Information for the Relevant Periods, the Target Group has consistently applied the accounting policies which conform with HKFRSs, which are effective for the accounting period beginning on 1 January 2023 throughout the Relevant Periods.

New and amendments to HKFRSs in issue but not yet effective

The Target Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKAS 1	Non-current liabilities with Covenants[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after a date to be determined

The sole director of the Target Company anticipates that the application of all other new and amendments to HKFRSs will have no material impact on the Target Group's consolidated financial statements in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Historical Financial Information has been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the Historical Financial Information include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The Stub Period Comparative Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

* *For identification purposes only*

Basis of preparation

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

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, the Target Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

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

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

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

The principal accounting policies are set out below.

Basis of consolidation

The Historical Financial Information incorporate the financial statements of the Target Company and entities controlled by the Target Company and its subsidiaries. Control is achieved when the Target Company:

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

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

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Target Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Target Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Target Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Target Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Target Group's interests in existing subsidiaries

Changes in the Target Group's interests in subsidiaries that do not result in the Target Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Target Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Target Group and the non-controlling interests according to the Target Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Target Company.

When the Target Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Target Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Target Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Target Group, liabilities incurred by the Target Group to the former owners of the acquiree and the equity interests issued by the Target Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

For business combinations in which the acquisition date is on or after 1 January 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 or HK(IFRIC)-Int 21, in which the Target Group applies HKAS 37 or HK(IFRIC)- Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquire or share-based payment arrangements of the Target Group entered into to replace share-based payment arrangements of the acquire are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

When the consideration transferred by the Target Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Target Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e., the date when the Target Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Target Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Target Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any identified impairment loss on the statement of financial position of the Target Company.

Revenue from contracts with customers

The Target Group recognises revenue from sales of electricity to regional and provincial power grid companies and provision of services.

The Target Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Target Group's performance as the Target Group performs;
- the Target Group's performance creates or enhances an asset that the customer controls as the Target Group performs; or
- the Target Group's performance does not create an asset with an alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Target Group's right to consideration in exchange for goods or services that the Target Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Target Group's unconditional right to consideration, i.e., only the passage of time is required before payment of that consideration is due.

A contract liability represents the Target Group's obligation to transfer goods or services to a customer for which the Target Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Further details of revenue and income recognition policies are as follows:

(i) Sales of electricity to regional and provincial power grid company

Revenue is recognised upon transmission of electricity to the power grid when the control of the electricity is transferred at the same time.

(ii) Provision of services

Services fee income are recognised in accordance with the terms of underlying agreement when relevant services are rendered.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Target Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Target Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Target Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Target Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Target Group; and
- an estimate of costs to be incurred by the Target Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Target Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Target Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Target Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Target Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Target Group under residual value guarantees;
- the exercise price of a purchase option if the Target Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Target Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Target Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Target Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Government grants

Government grants are not recognised until there is reasonable assurance that the Target Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Target Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Target Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated 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 related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Target Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other gains and (losses), net".

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Target Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

As stipulated by the rules and regulations of the People's Republic of China (the ''PRC''), the Target Company and its subsidiaries registered in the PRC are required to contribute to a state-sponsored retirement plan for all its PRC employees at certain percentages of the basic salaries predetermined by the local governments. The state-sponsored retirement plan is responsible for the entire retirement benefit obligations payable to retired employees and the Target Group has no further obligations for the actual retirement benefit payments or other post-retirement benefits beyond the annual contribution.

The costs of employee retirement benefits are recognised as expenses in profit or loss in the period in which they are incurred.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical 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 differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests 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.

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

For the purposes of measuring deferred tax for leasing transactions in which the Target Group recognises the right-of-use assets and the related lease liabilities, the Target Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease 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 to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated in the consolidated statement of financial position at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes any costs 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 and, for qualifying assets, borrowing costs capitalised in accordance with the Target Group's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment (other than construction in progress) is calculated using the straight-line method to allocate their costs less accumulated impairment losses over their estimated useful lives to their residual values.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Such impairment losses are recognised in profit or loss.

Gain or losses on disposals are determined by comparing the net sales proceeds with the carrying amount of the relevant assets and are recognised in profit or loss.

Construction in progress

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, the costs of plant and machinery, direct labour costs and overheads and, for qualifying assets, borrowing costs capitalised in accordance with the Target Group's accounting policy. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for the intended use. When the assets concerned are brought into use, the costs are transferred to the appropriate categories of property, plant and equipment and depreciated in accordance with the policy as stated above.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair values at the acquisition date (which is regarded as their costs).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, being their fair values at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and 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.

Impairment losses on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Target Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Target Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Target Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Cost necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Target Group must incur to make the sale.

Provisions

Provisions are recognised when the Target Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Target Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss (''FVTPL'')) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts and 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 asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (''FVTOCI''):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Target Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

In addition, the Target Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve, and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Target Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in "other income" in the consolidated statement of profit or loss and other comprehensive income.

Impairment of financial assets

The Target Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and bills receivables, deposits and other receivables and cash and cash equivalents) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Target Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Group always recognises lifetime ECL for trade receivable without significant financing component.

For all other financial instruments, the Target Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Target Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Group has reasonable and supportable information that demonstrates otherwise.

The Target Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Target Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Group, in full (without taking into account any collaterals held by the Target Group).

Irrespective of the above, the Target Group considers that default has occurred when a financial asset is more than 90 days past due (except for trade receivables from regional and provincial power grid companies) unless the Target Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(iv) Write-off policy

The Target Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Target Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Target Group uses a practical expedient in estimating ECL on trade and bills receivables and contract assets using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and the cash flows that the Target Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade and bills receivables is considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Target Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Target Group recognises an impairment loss or reversal in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivable where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

On derecognition of an investment in equity instrument which the Target Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

The perpetual notes and other perpetual instruments issued by the Target Company are recognised as "Other equity instruments".

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Target Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Related parties

A related party is a person or entity that is related to the Target Group.

(a) A person, or a close member of that person's family, is related to the Target Group if that person:

(i) has control or joint control of the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or of a parent of the Target Group.

(b) An entity is related to the Target Group if any of the following conditions applies:

(i) the entity and the Target Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and 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 the Target Group or an entity related to the Target Group. If the Target Group is itself such a plan, the sponsoring employers are also related to the Target Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the Target Group's parent.

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

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependents of that person or that person's spouse or domestic partner.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, which are described in Note 4, the sole director of the Target Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the sole director of the Target Company has made in the process of applying the Target Group's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Other borrowing versus non-controlling interests' contribution

During the year 2019, the Target Company (the ''Equity Transferor'') entered into several share transfer agreements (the ''Share Transfer Agreements'') with several parties (the ''Equity Transferee'') in which the Equity Transferor agreed to transfer and the Equity Transferee agreed to take certain percentages of the share of the several subsidiaries of the Equity Transferor. The contract periods of the Share Transfer Agreements range from 20 to 25 years. According to the Share Transfer Agreements, the Equity Transferee only entitle a fixed amount/percentage of return, range from 8% to 14%, which was calculated based on the amount invested. In addition, at the end of the contract period, the Equity Transferee has a right to demand the repayment of the amount invested which will base on the distributable amount of these subsidiaries. Accordingly, the management of the Target Group considers the amount invested by the Equity Transferee as an other borrowing which amounting to approximately RMB157,284,000, RMB154,743,000, RMB150,523,000 and RMB153,119,000 for the years ended 31 December 2020, 2021, 2022 and three months ended 31 March 2023 respectively.

Key sources of estimation uncertainty

The key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Residual value, depreciation and useful lives of property, plant and equipment

The Target Group depreciates property, plant and equipment over their estimated useful lives after taking into account of their estimated residual values, using the straight-line method. The estimated useful lives reflect the sole director's estimates of the periods that the Target Group intends to derive future economic benefits from the use of the Target Group's property, plant and equipment. The residual values reflect the sole director's estimated amount that the Target Group would currently obtain from the disposal of the assets, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of their useful lives.

Impairment of non-financial assets

The Target Group assesses whether there are any indicators of impairment for all non-financial assets (including property, plant and equipment, right-of-use assets and intangible assets) at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Provision of ECL for trade and other receivables

The Target Group uses a provision matrix to calculate ECLs for trade and bills receivables and other receivables. The provision rates are based on internal credit rating as groupings of various customers that have similar loss patterns.

The information about the ECLs on the Target Group's trade and bills receivables and other receivables is disclosed in Notes 26 and 27.

Recognition of current taxes and deferred tax

There were transactions and calculations for which the ultimate tax determination was uncertain during the ordinary course of business. As detailed in the Target Group's accounting policies, deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Where the final tax outcomes of these matters are different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provisions in the periods in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

6. CAPITAL RISK MANAGEMENT

The Target Group manages its capital to ensure that entities in the Target Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Target Group's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of the Target Group consists of lease liabilities, bank borrowings, other borrowings, borrowings from a related party, cash and cash equivalents and equity attributable to owner of the Target Group, comprising issued share capital and reserves.

The management of the Target Group reviews and manages its capital structure on a regular basis. As part of this review, the management of the Target Group consider the cost of capital and the risks associated with each class of capital, and will take appropriate actions to balance its overall capital structure.

7. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at FVTOCI	3,557	7,105	51,650	93,439
Financial assets at amortised cost				
Trade and bills receivables	738,902	169,344	452,486	591,660
Deposits and other receivables	36,802	210,401	44,163	46,625
Cash and cash equivalents	197,313	91,824	345,494	241,610
	973,017	471,569	842,143	879,895
	976,574	478,674	893,793	973,334
Financial liabilities				
Financial liabilities at amortised cost				
Trade and bills payables	7,243	104,788	8,030	16,504
Construction payables	228,996	199,440	263,762	239,554
Other payables and accrued charges	112,619	130,279	82,055	56,375
Bank borrowings	4,179,000	5,016,056	6,259,324	6,674,933
Borrowing from a related party	1,107,000	1,357,791	2,404,931	2,065,341
Other borrowings	1,727,686	169,743	150,523	153,119
Lease liabilities	181,469	198,108	204,987	203,717
Other non-current liabilities	19,073	18,286	17,460	17,501
	7,563,086	7,194,491	9,391,072	9,427,044

(b) Financial risk management objectives and policies

The Target Group's major financial instruments include equity investment at FVTOCI, trade receivables, deposits and other receivables, cash and cash equivalents, trade and bills payables, construction costs payables, other payables and accrual charges, bank borrowings, other borrowings, borrowings from a related party, lease liabilities and other non-current liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Foreign currency risk

The Target Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the group entities. The Target Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Target Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise. The sole director considers that foreign currency risk of the Target Group for the years ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2023 are insignificant and therefore no sensitivity analysis is presented thereon.

(ii) Interest rate risk

The Target Group's income and operating cash flows are substantially independent of changes in market interest rates. The Target Group's exposure to changes in interest rates is mainly attributable to its variable-rate borrowings, details of which have been disclosed in Notes 32 to 34. Borrowings carried at floating rates expose the Target Group to cash flow interest rate risk whereas borrowings carried at fixed rates expose the Target Group to fair value interest rate risk, details of which have been disclosed in Notes 32 to 34. The Target Group has not used any specific interest rate swap contracts to hedge its exposure to interest rate risk. The Target Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The Target Group currently does not use any derivative contract to hedge its exposure to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below, which indicates interest rate exposure to interest rate risk in relation to bank borrowings, other borrowings and borrowing from a related party at the end of each reporting period. A 100 basis points increase or decrease is used, which represents management's assessment of the possible change in interest rates.

If interest rates have been 100 basis points higher/lower and all other variables held constant, the Target Group's profit for the three months ended 31 March 2023 would decrease/increase by approximately RMB66,249,000 (for the years ended 31 December 2020, 2021 and 2022 would decrease/increase by approximately RMB44,560,000, RMB50,161,000 and RMB62,093,000 respectively).

(iii) Price risks

The Target Group is exposed to equity price risk through its investments in unquoted equity securities and private fund measured at FVTOCI. The sensitivity analyses for those unquoted financial assets with fair value measurement categorised within Level 3 were disclosed in Note 7(c).

Credit risk and impairment assessment

Credit risk refers to the risk that the Target Group's counterparties default on their contractual obligations resulting in financial losses to the Target Group. The Target Group's credit risk exposures are primarily attributable to trade receivables, other receivables, and cash and cash equivalents. The Target Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables arising from contract with customers

The Target Group is exposed to significant concentration of credit risk in terms of electricity sales as a majority of the Target Group's sales of electricity were made to regional and provincial power grid companies. The Target Group normally grants credit terms ranged from 30 days to these power grid companies. The Target Group only accepts bills issued or guaranteed by reputable PRC banks if accounts receivables are settled by bills and therefore the management of the Target Group considers the credit risk arising from the endorsed or discounted bills is insignificant. The Target Group normally does not require collaterals from trade debtors. In addition, the Target Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade receivable individually. Ageing analysis of the Target Group's trade receivable is disclosed in Note 26.

Deposits and other receivables

For deposits and other receivables, the management of the Target Group makes periodic individual assessment on the recoverability of deposits and other receivables based on historical settlement records, past experience and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Target Group provided impairment based on 12m ECL.

Cash and cash equivalents

The credit risk on cash and cash equivalents is limited because the counterparties are mainly well-established financial institutions.

The tables below detail the credit risk exposures of the Target Group's financial assets, which are subject to ECL assessment.

As at 31 December 2020	*Notes*	**External credit rating**	**Internal credit rating**	**12m or lifetime ECL**	**Gross carrying amounts** *RMB'000*
Financial assets at amortised cost					
Trade and bills receivables	26	N/A	*(Note)*	Lifetime ECL (not credit impaired)	738,902
Deposits and other receivables	27	N/A	Low risk	12m ECL	36,802
Cash and cash equivalents	28	From AA+ or above	N/A	12m ECL	197,313

As at 31 December 2021	*Notes*	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amounts *RMB'000*
Financial assets at amortised cost					
Trade receivables	*26*	N/A	*(Note)*	Lifetime ECL (not credit impaired)	169,344
Deposits and other receivables	*27*	N/A	Low risk	12m ECL	212,007
Cash and cash equivalents	*28*	From BBB or above	N/A	12m ECL	91,824

As at 31 December 2022	*Notes*	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amounts *RMB'000*
Financial assets at amortised cost					
Trade receivables	*26*	N/A	*(Note)*	Lifetime ECL (not credit impaired)	453,140
Deposits and other receivables	*27*	N/A	Low risk	12m ECL	45,769
Cash and cash equivalents	*28*	From A or above	N/A	12m ECL	345,494

As at 31 December 2022	*Notes*	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amounts *RMB'000*
Financial assets at amortised cost					
Trade receivables	*26*	N/A	*(Note)*	Lifetime ECL (not credit impaired)	592,314
Deposits and other receivables	*27*	N/A	Low risk	12m ECL	48,231
Cash and cash equivalents	*28*	From BB+ or above	N/A	12m ECL	241,610

Note:

For trade receivables, the Target Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Target Group determines the ECL on these items on a collective basis, grouped by past due status.

Liquidity risk

In the management of the liquidity risk, the Target Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Target Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Target Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

	Weighted Average effective interest rate %	On demand or less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Over 5 years *RMB'000*	Total contractual undiscounted cash flows *RMB'000*	Carrying amount *RMB'000*
As at 31 December 2020							
Trade payables	N/A	7,243	—	—	—	7,243	7,243
Construction payables	N/A	228,996	—	—	—	228,996	228,996
Other payables and accrued charges	N/A	112,619	—	—	—	112,619	112,619
Bank borrowings	4.5%	502,773	424,652	1,236,237	4,548,128	6,711,790	4,179,000
Borrowings from a related party	4.3%	47,712	47,712	1,250,135	—	1,345,559	1,107,000
Other borrowings	6.1%	105,394	659,194	1,119,621	438,742	2,322,951	1,727,686
Lease liabilities	4.9%	3,794	3,557	17,621	321,612	346,584	181,469
Other non-current liabilities	N/A	19,073	—	—	—	19,073	19,073
		1,027,604	1,135,115	3,623,614	5,308,482	11,094,815	7,563,086

	Weighted Average effective interest rate	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2021							
Trade and bills payables	N/A	104,788	—	—	—	104,788	104,788
Construction payables	N/A	199,440	—	—	—	199,440	199,440
Other payables and accrued charges	N/A	130,279	—	—	—	130,279	130,279
Bank borrowings	4.4%	487,264	540,729	1,665,810	5,072,770	7,766,573	5,016,056
Borrowings from a related party	3.8%	51,189	51,189	1,511,357	—	1,613,735	1,357,791
Other borrowings	9.4%	15,942	15,942	61,386	417,307	510,577	169,743
Lease liabilities	4.9%	3,557	11,827	7,841	321,894	345,119	198,108
Other non-current liabilities	N/A	18,286	—	—	—	18,286	18,286
		1,010,745	619,687	3,246,394	5,811,971	10,688,797	7,194,491
As at 31 December 2022							
Trade payables	N/A	8,030	—	—	—	8,030	8,030
Construction payables	N/A	263,762	—	—	—	263,762	263,762
Other payables and accrued charges	N/A	82,055	—	—	—	82,055	82,055
Bank borrowings	3.9%	651,576	674,744	2,136,118	5,584,039	9,046,477	6,259,324
Borrowing from a related party	3.5%	586,972	67,171	2,104,365	—	2,758,508	2,404,931
Other borrowings	9.9%	14,838	14,838	44,514	391,550	465,740	150,523
Lease liabilities	4.9%	11,827	2,737	10,484	318,551	343,599	204,987
Other non-current liabilities	N/A	17,460	—	—	—	17,460	17,460
		1,636,520	759,490	4,295,481	6,294,140	12,985,631	9,391,072
As at 31 March 2023							
Trade payables	N/A	16,504	—	—	—	16,504	16,504
Construction payables	N/A	239,554	—	—	—	239,554	239,554
Other payables and accrued charges	N/A	56,375	—	—	—	56,375	56,375
Bank borrowings	3.9%	713,532	721,315	2,233,054	5,787,072	9,454,973	6,674,933
Borrowing from a related party	3.5%	575,191	55,340	1,729,282	—	2,359,813	2,065,341
Other borrowings	9.9%	15,099	15,099	45,297	383,434	458,929	153,119
Lease liabilities	4.9%	10,731	2,181	16,083	311,041	340,036	203,717
Other non-current liabilities	N/A	17,501	—	—	—	17,501	17,501
		1,644,487	793,935	4,023,716	6,481,547	12,943,685	9,427,044

(c) Financial instruments measured at fair value

Fair value of the Target Group's financial assets that are measured at fair value on a recurring basis

Some of the Target Group's financial assets are measured at fair value at the end of each reporting period. The following Table gives information about how the fair value of these financial assets are determined (in particular, the valuation techniques and inputs used).

Financial assets	Classified as	As at 31 March 2023	As at 31 December 2022	2021	2020	Fair value hierarchy	Valuation technique and key input	Significant unobservable input(s)	Relationship of the significant input for fair value
		RMB'000	RMB'000	RMB'000	RMB'000				
Unlisted equity investment in the PRC	Financial assets at FVTOCI	7,105	7,105	7,105	3,557	Level 3	Net asset value	N/A	N/A
Unlisted fund investment in the PRC	Financial assets at FVTOCI	86,334	44,545	—	—	Level 3	Net asset value	N/A	N/A

There are no transfers between fair value hierarchies during the Relevant Periods.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The sole director of the Target Company considers that the carrying amounts of the Target Group's financial assets and financial liabilities carried at amortised cost are approximate their fair values.

8. SEGMENT REPORTING

The chief operation decision maker (i.e. the sole director of the Target Company) (the "CODM") reviews the internal reporting of the Target Company and its subsidiaries in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM assesses the performance of the operating segments based on a measure of profit before tax.

For the three months ended 31 March 2023

	Wind power electricity	Photovoltaic power electricity	Biomass electricity	Segment total	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue						
Sales of electricity	30,150	230,675	98,652	359,477	—	359,477
Service income	—	—	6,827	6,827	—	6,827
	30,150	230,675	105,479	366,304	—	366,304
Segment results	12,503	81,255	9,648	103,406	—	103,406
Unallocated income	—	—	—	—	2,024	2,024
Unallocated expenses	—	—	—	—	(3,452)	(3,452)
Operating profit (loss)	12,503	81,255	9,648	103,406	(1,428)	101,978
Finance income	—	182	—	182	—	182
Finance costs	(8,290)	(77,192)	(6,678)	(92,160)	—	(92,160)
Profit (loss) before tax	4,213	4,245	2,970	11,428	(1,428)	10,000
Income tax expense	—	(2,164)	—	(2,164)	—	(2,164)
Profit (loss) for the period	4,213	2,081	2,970	9,264	(1,428)	7,836
Other segment information						
Capital expenditure						
Property, plant and equipment	794	2,570	14,692	18,056	—	18,056
Depreciation of property, plant and equipment	16,487	99,142	9,963	125,592	—	125,592
Depreciation of right-of-use assets	66	5,314	275	5,655	—	5,655
Amortisation of intangible assets	—	2,457	21	2,478	—	2,478
Segment assets						
Other segment assets	1,920,100	8,131,167	1,145,000	11,196,267	—	11,196,267
Equity instruments at FVTOCI	—	93,439	—	93,439	—	93,439
Deferred tax assets	—	59,176	4,250	63,426	—	63,426
Other unallocated assets	—	—	—	—	29,605	29,605
Total assets	1,920,100	8,283,782	1,149,250	11,353,132	29,605	11,382,737
Segment liabilities						
Other segment liabilities	(33,516)	(426,497)	(48,291)	(508,304)	—	(508,304)
Bank borrowings	(1,031,424)	(5,031,999)	(611,510)	(6,674,933)	—	(6,674,933)
Borrowings from a related party	—	(2,065,341)	—	(2,065,341)	—	(2,065,341)
Other borrowings	—	(153,119)	—	(153,119)	—	(153,119)
	(1,064,940)	(7,676,956)	(659,801)	(9,401,697)	—	(9,401,697)
Deferred tax liabilities	—	(38,561)	—	(38,561)	(3,215)	(41,776)
Tax payables	—	(7,383)	(193)	(7,576)	(954)	(8,530)
Other unallocated liabilities	—	—	—	—	(40,360)	(40,360)
Total liabilities	(1,064,940)	(7,722,900)	(659,994)	(9,447,834)	(44,529)	(9,492,363)

For the year ended 31 December 2022

	Wind power electricity	Photovoltaic power electricity	Biomass electricity	Segment total	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue						
Sales of electricity	97,394	853,956	227,159	1,178,509	—	1,178,509
Service income	—	97,864	5,786	103,650	—	103,650
	97,394	951,820	232,945	1,282,159	—	1,282,159
Segment results	36,916	487,359	(17,346)	506,929	—	506,929
Unallocated income	—	—	—	—	8,158	8,158
Unallocated expenses	—	—	—	—	(62,018)	(62,018)
Operating profit (loss)	36,916	487,359	(17,346)	506,929	(53,860)	453,069
Finance income	—	379	—	379	1,784	2,163
Finance costs	(26,852)	(344,030)	(26,260)	(397,142)	(581)	(397,723)
Profit (loss) before tax	10,064	143,708	(43,606)	110,166	(52,657)	57,509
Income tax expense	—	(8,519)	(27)	(8,546)	—	(8,546)
Profit (loss) for the year	10,064	135,189	(43,633)	101,620	(52,657)	48,963
Other segment information						
Capital expenditure						
Property, plant and equipment	180,200	1,958,247	30,581	2,169,028	—	2,169,028
Depreciation of property, plant and equipment	32,549	368,570	43,442	444,561	—	444,561
Depreciation of right-of-use assets	112	21,733	1,885	23,730	—	23,730
Amortisation of intangible assets	—	8,842	133	8,975	—	8,975
Gain on bargain purchase of subsidiaries	—	—	—	—	5,186	5,186
Segment assets						
Other segment assets	1,368,620	8,783,317	918,805	11,070,742	—	11,070,742
Equity instruments at FVTOCI	—	51,650	—	51,650	—	51,650
Deferred tax assets	—	58,329	4,250	62,579	—	62,579
Other unallocated assets	—	—	—	—	89,056	89,056
Total assets	1,368,620	8,893,296	923,055	11,184,971	89,056	11,274,027
Segment liabilities						
Other segment liabilities	(222,736)	(292,182)	(78,566)	(593,484)	—	(593,484)
Bank borrowings	(706,955)	(4,929,617)	(622,752)	(6,259,324)	—	(6,259,324)
Borrowings from a related party	—	(2,404,931)	—	(2,404,931)	—	(2,404,931)
Other borrowings	—	(150,523)	—	(150,523)	—	(150,523)
	(929,691)	(7,777,253)	(701,318)	(9,408,262)	—	(9,408,262)
Deferred tax liabilities	—	(39,871)	—	(39,871)	(1,136)	(41,007)
Tax payables	—	(7,157)	(307)	(7,464)	(159)	(7,623)
Other unallocated liabilities	—	—	—	—	(43,235)	(43,235)
Total liabilities	(929,691)	(7,824,281)	(701,625)	(9,455,597)	(44,530)	(9,500,127)

For the year ended 31 December 2021

	Wind power electricity *RMB'000*	Photovoltaic power electricity *RMB'000*	Biomass electricity *RMB'000*	Segment total *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Segment revenue						
Sales of electricity	—	806,941	—	806,941	—	806,941
Service income	—	107,698	—	107,698	—	107,698
	—	914,639	—	914,639	—	914,639
Segment results	—	414,205	—	414,205	—	414,205
Unallocated income	—	—	—	—	3,936	3,936
Unallocated expenses	—	—	—	—	(10,978)	(10,978)
Operating profit	—	414,205	—	414,205	(7,042)	407,163
Finance income	—	1,358	—	1,358	—	1,358
Finance costs	—	(335,802)	—	(335,802)	—	(335,802)
Profit (loss) before tax	—	79,761	—	79,761	(7,042)	72,719
Income tax expense	—	(8,604)	—	(8,604)	—	(8,604)
Profit (loss) for the year	—	71,157	—	71,157	(7,042)	64,115
Other segment information						
Capital expenditure						
Property, plant and equipment	—	264,215	—	264,215	—	264,215
Depreciation of property, plant and equipment	—	339,912	—	339,912	—	339,912
Depreciation of right-of-use assets	—	17,424	—	17,424	—	17,424
Amortisation of intangible assets	—	8,662	—	8,662	—	8,662
Gain on deregistration of a subsidiary	—	—	—	—	1,606	1,606
Segment assets						
Other segment assets	—	8,066,894	—	8,066,894	—	8,066,894
Equity instruments at FVTOCI	—	7,105	—	7,105	—	7,105
Deferred tax assets	—	54,416	—	54,416	—	54,416
Other unallocated assets	—	—	—	—	355,957	355,957
Total assets	—	8,128,415	—	8,128,415	355,957	8,484,372
Segment liabilities						
Other segment liabilities	—	(312,905)	—	(312,905)	—	(312,905)
Bank borrowings	—	(5,016,056)	—	(5,016,056)	—	(5,016,056)
Borrowings from a related party	—	(1,357,791)	—	(1,357,791)	—	(1,357,791)
Other borrowings	—	(169,743)	—	(169,743)	—	(169,743)
	—	(6,856,495)	—	(6,856,495)	—	(6,856,495)
Deferred tax liabilities	—	(38,350)	—	(38,350)	—	(38,350)
Tax payables	—	(5,176)	—	(5,176)	—	(5,176)
Other unallocated liabilities	—	—	—	—	(343,930)	(343,930)
Total liabilities	—	(6,900,021)	—	(6,900,021)	(343,930)	(7,243,951)

For the year ended 31 December 2020

	Wind power electricity *RMB'000*	Photovoltaic power electricity *RMB'000*	Biomass electricity *RMB'000*	Segment total *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Segment revenue						
Sales of electricity	—	401,845	—	401,845	—	401,845
Segment results	—	193,906	—	193,906	—	193,906
Unallocated income	—	—	—	—	15,901	15,901
Unallocated expenses	—	—	—	—	(30,103)	(30,103)
Operating profit	—	193,906	—	193,906	(14,202)	179,704
Finance income	—	945	—	945	—	945
Finance costs	—	(173,163)	—	(173,163)	—	(173,163)
Profit (loss) before tax	—	21,688	—	21,688	(14,202)	7,486
Income tax (credit) expense	—	1,928	—	1,928	(315)	1,613
Profit (loss) for the year	—	23,616	—	23,616	(14,517)	9,099
Other segment information						
Capital expenditure						
Property, plant and equipment	—	1,269,674	—	1,269,674	—	1,269,674
Depreciation of property, plant and equipment	—	125,941	—	125,941	—	125,941
Depreciation of right-of-use assets	—	14,210	—	14,210	—	14,210
Amortisation of intangible assets	—	34	—	34	—	34
Impairment loss on property, plant and equipment	—	6,406	—	6,406	—	6,406
Gain on bargain purchase of subsidiaries	—	—	—	—	15,480	15,480
Segment assets						
Other segment assets	—	8,669,560	—	8,669,560	—	8,669,560
Equity instruments at FVTOCI	—	3,557	—	3,557	—	3,557
Deferred tax assets	—	50,845	—	50,845	—	50,845
Other unallocated assets	—	—	—	—	29,006	29,006
Total assets	—	8,723,962	—	8,723,962	29,006	8,752,968
Segment liabilities						
Other segment liabilities	—	(553,957)	—	(553,957)	—	(553,957)
Bank borrowings	—	(4,179,000)	—	(4,179,000)	—	(4,179,000)
Borrowings from a related party	—	(1,107,000)	—	(1,107,000)	—	(1,107,000)
Other borrowings	—	(1,727,686)	—	(1,727,686)	—	(1,727,686)
	—	(7,567,643)	—	(7,567,643)	—	(7,567,643)
Deferred tax liabilities	—	(37,083)	—	(37,083)	—	(37,083)
Tax payables	—	(2,704)	—	(2,704)	—	(2,704)
Other unallocated liabilities	—	—	—	—	(1,606)	(1,606)
Total liabilities	—	(7,607,430)	—	(7,607,430)	(1,606)	(7,609,036)

For the three months ended 31 March 2022 (unaudited)

	Wind power electricity	Photovoltaic power electricity	Biomass electricity	Segment total	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue						
Sales of electricity	13,907	264,016	12,153	290,076	—	290,076
Segment results	9,537	131,176	788	141,501	—	141,501
Unallocated income	—	—	—	—	473	473
Unallocated expenses	—	—	—	—	(43,446)	(43,446)
Operating profit	9,537	131,176	788	141,501	(42,973)	98,528
Finance income	—	—	—	—	238	238
Finance costs	(2,953)	(74,926)	—	(77,879)	(5,230)	(83,109)
Profit before tax	6,584	56,250	788	63,622	(47,965)	15,657
Income tax expense	—	(2,690)	—	(2,690)	—	(2,690)
Profit for the year	6,584	53,560	788	60,932	(47,965)	12,967
Other segment information						
Capital expenditure						
Property, plant and equipment	38,587	1,903,324	6,548	1,948,459	—	1,948,459
Depreciation of property, plant and equipment	6,684	70,445	9,322	86,451	—	86,451
Depreciation of right-of-use assets	—	5,524	409	5,933	—	5,933
Amortisation of intangible assets	—	2,223	21	2,244	—	2,244

All revenue from external customers is generated from the PRC.

As at 31 December 2020, 31 December 2021, 31 December 2022 and 31 March 2023, substantially all of the Target Group's assets, liabilities and capital expenditure were located or utilised in the PRC.

Information about major customers

Revenue from major customers during the Relevant Periods, each of them accounted for 10% or more of the Target Group's revenue, are set out below:

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Customer A	128,761	192,035	*	*	*
Customer B	273,084	504,338	670,406	274,973	260,913

* Contributed less than 10% of the revenue for the year/period

9. REVENUE

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Disaggregation of revenue from contracts with customers:					
Sales of electricity to regional and provincial power grid companies *(Note a)*	401,845	806,941	1,178,509	290,076	359,477
Service income	—	107,698	103,650	—	6,827
	401,845	914,639	1,282,159	290,076	366,304
Timing of revenue recognition					
At a point in time	401,845	806,941	1,178,509	290,076	359,477
Over time	—	107,698	103,650	—	6,827
	401,845	914,639	1,282,159	290,076	366,304

Note:

(a) Pursuant to the power purchase agreements entered into between the Target Group and the respective regional and provincial power grid companies, the Target Group's sales of electricity were made to these power grid companies at the tariff rates agreed with the respective regional and provincial power grid companies as approved by the relevant government authorities in the PRC.

10. OTHER INCOME

	Year ended 31 December			Three months ended 31 March	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Compensation received	—	452	129	—	—
Sundry income	421	45	924	275	397
	421	497	1,053	275	397

11. STAFF COSTS (INCLUDING DIRECTOR'S EMOLUMENTS)

	Year ended 31 December			Three months ended 31 March	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Wages, salaries and bonuses	18,646	35,635	43,471	12,205	18,005
Staff welfare	2,906	5,278	8,535	2,396	3,591
Pension costs — defined contribution plans	3,476	8,731	15,033	4,222	3,847
	25,028	49,644	67,039	18,823	25,443

12. OTHER GAINS AND (LOSSES), NET

	Year ended 31 December			Three months ended 31 March	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Government subsidies	124	1,833	730	—	1,627
Impairment loss on property, plant and equipment	(6,406)	—	—	—	—
Gain on sales of material	—	—	673	—	—
Gain on bargain purchase of subsidiaries	15,480	—	5,186	—	—
Gain on deregistration of a subsidiary	—	1,606	—	—	—
Sundry income	—	—	516	—	—
	9,198	3,439	7,105	—	1,627

13. OTHER OPERATING EXPENSES

	Year ended 31 December			Three months ended 31 March	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Amortisation of intangible assets	34	8,662	8,975	2,244	2,478
Lease expenses	1,021	768	246	526	509
Penalties	—	320	4,059	—	1
Administrative and selling related expenses	31,822	21,537	16,274	385	2,231
Taxes and surcharges	231	7,803	9,251	1,935	2,246
Others	19,647	14,131	24,270	9,278	6,688
	52,755	53,221	63,075	14,368	14,153

14. OPERATING PROFIT

Operating profit has been arrived after charging (crediting) the followings:

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Amortisation of intangible assets	34	8,662	8,975	2,244	2,478
Depreciation:					
— property, plant and equipment	125,941	339,912	444,561	86,451	125,592
— right-of-use assets	14,210	17,424	23,730	5,933	5,655
Impairment loss on property, plant and equipment	6,406	—	—	—	—
Gain on deregistration of a subsidiary	—	(1,606)	—	—	—
Gain on bargain purchase of subsidiaries	(15,480)	—	(5,186)	—	—

15. FINANCE INCOME AND FINANCE COSTS

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Finance income					
Bank interest income	945	1,358	2,163	238	182
Finance costs					
Interest expense on					
— borrowings	166,127	326,881	388,306	80,755	89,769
— lease liabilities	7,036	8,921	9,417	2,354	2,391
	173,163	335,802	397,723	83,109	92,160

16. INCOME TAX (CREDIT) EXPENSE

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
PRC current income tax					
Charge for the year/period	351	10,908	10,710	2,690	2,689
Deferred income tax					
Credit for the year/period *(Note 23)*	(1,964)	(2,304)	(2,164)	—	(525)
	(1,613)	8,604	8,546	2,690	2,164

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the standard tax rate of the Target Group is 25% except for subsidiaries which would be entitled to reduced Enterprise Income Tax rates of 0% and 12.5% respectively.

The relevant tax rates for the Target Group range from 0% to 25%.

The income tax (credit) expense for the Relevant Periods can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Profit before tax	7,486	72,321	57,509	15,657	10,000
Calculated at the PRC statutory tax rate of 25%	1,871	18,080	14,377	3,915	2,500
Tax effect of income not taxable for tax purpose	—	—	—	—	(1)
Tax effect of expenses not deductible for tax purpose	—	1,258	3,132	—	830
Tax effect on temporary difference not recognised	(2,533)	(10,474)	(21,981)	(660)	(4,128)
Tax effect of unused tax loss not recognised	—	13,484	22,998	—	5,870
Utilisation of tax losses previously not recognised	—	(353)	—	—	(1,351)
Tax effect of tax concession	(951)	(13,391)	(9,980)	(565)	(1,556)
Income tax (credit) expense	(1,613)	8,604	8,546	2,690	2,164

17. DIVIDENDS

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Dividends for equity holder of the Target Company					
Final dividend declared and paid	29,970	38,235	47,297	—	—

The sole director of the Target Company proposes a final dividend of approximately RMB40,942,000 for the year ended 31 December 2022 (2021: RMB47,297,000, 2020: RMB38,235,000 and 2019: RMB29,970,000). This proposed final dividend is not reflected as a dividend payable as of 31 March 2023 and 31 December 2022, but recorded as a distribution of retained earnings for the subsequent reporting period.

The sole director of the Target Company does not recommend the payment of dividend for the three months ended 31 March 2022 and 2023.

18. DIRECTOR'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Director emoluments

	Director's fee	Salaries, allowances and other benefits	Discretionary bonus	Employer's contribution to pension plans	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2020					
Wang Guoli	—	953	534	129	1,616
For the year ended 31 December 2021					
Wang Guoli	—	888	501	157	1,546
For the year ended 31 December 2022					
Wang Guoli	—	718	305	154	1,177
For the three months ended 31 March 2023					
Wang Guoli	—	396	293	54	743
For the three months ended 31 March 2022 (Unaudited)					
Wang Guoli	—	403	300	39	742

(b) Director's termination benefits

During the Relevant Periods, there was no termination benefits received by the director.

(c) Consideration provided to third parties for making available director's services

During the Relevant Periods, no consideration was paid for making available the services of the director.

(d) Information about loans, quasi-loans and other dealings in favour of director, controlled bodies corporate by and connected entities with such director

During the Relevant Periods, there was no loans, quasi-loans and other dealings entered into by the Target Company or subsidiaries undertaking of the Target Company, where applicable, in favour of director.

(e) Director's material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Target Group's business to which the Target Group was a party and in which the director of the Target Company had a material interest, whether directly or indirectly, subsisted at the end of the year/period or at any time during the Relevant Periods.

(f) Five highest paid individuals

The five individuals whose emoluments were the highest in the Target Group for the Relevant Periods included 1 director. The emoluments payable to the remaining 4 individuals during the Relevant Periods are as follows:

	Year ended 31 December			**Three months ended 31 March**	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Salaries, allowances and benefits in kind	3,470	4,007	3,190	2,096	2,103
Employer's contribution to pension plans	418	580	607	157	195
	3,888	4,587	3,797	2,253	2,298

Their emoluments fell within the following bands:

	Year ended 31 December			**Three months ended 31 March**	
	2020	**2021**	**2022**	**2022**	**2023**
				(Unaudited)	
Nil to RMB500,000	—	—	—	1	1
RMB500,001 to RMB1,000,000	2	1	3	3	3
RMB1,000,001 to RMB1,500,000	2	3	1	—	—
	4	4	4	4	4

No emoluments were paid by the Target Group to the five highest paid individuals as an inducement to join or upon joining the Target Group or as compensation for loss of office.

19. PROPERTY, PLANT AND EQUIPMENT

	Buildings and leasehold improvements	Plant and equipment	Transportation facilities	Electricity equipment	Furniture and fixtures	Other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost								
At 1 January 2020	99,705	3,210,596	1,761	547	39	17,386	353,996	3,684,030
Additions	2,345	3,191	98	700	130	4,122	1,259,088	1,269,674
Acquisitions of subsidiaries	9,088	2,316,305	586	106	69	471	110	2,326,735
Transfer between categories	61,326	433,277	–	202	–	(936)	(493,869)	–
At 31 December 2020	172,464	5,963,369	2,445	1,555	238	21,043	1,119,325	7,280,439
Additions	–	35	1,245	359	52	97	262,427	264,215
Acquisitions of subsidiaries	–	–	–	–	–	–	155,198	155,198
Deregistration of a subsidiary	–	–	–	–	–	–	(6,727)	(6,727)
Transfer between categories	152,516	1,009,651	–	–	3,764	–	(1,165,931)	–
At 31 December 2021	324,980	6,973,055	3,690	1,914	4,054	21,140	364,292	7,693,125
Additions	–	64	1,719	1,160	244	128	2,165,713	2,169,028
Acquisitions of subsidiaries	6,836	840,721	8,499	–	–	–	–	856,056
Transfer between categories	318,294	1,928,413	286	–	–	–	(2,246,993)	–
At 31 December 2022	650,110	9,742,253	14,194	3,074	4,298	21,268	283,012	10,718,209
Additions	–	243	14	35	–	30	17,734	18,056
Transfer between categories	–	962	–	–	–	1,653	(2,615)	–
At 31 March 2023	650,110	9,743,458	14,208	3,109	4,298	22,951	298,131	10,736,265
Accumulated depreciation and impairment								
At 1 January 2020	8,336	211,911	635	272	10	1,284	–	222,448
Acquisition of subsidiaries	8,043	405,925	441	106	40	471	–	415,026
Charge for the year	12,049	112,789	118	91	8	886	–	125,941
Impairment loss for the year	–	–	–	–	–	–	6,406	6,406
At 31 December 2020	28,428	730,625	1,194	469	58	2,641	6,406	769,821
Charge for the year	11,693	326,421	560	182	33	1,023	–	339,912
Deregistration of a subsidiary	–	–	–	–	–	–	(6,406)	(6,406)
At 31 December 2021	40,121	1,057,046	1,754	651	91	3,664	–	1,103,327
Acquisition of subsidiaries	13,443	41,369	523	–	–	14	–	55,349
Charge for the year	55,654	385,136	1,879	363	459	1,070	–	444,561
At 31 December 2022	109,218	1,483,551	4,156	1,014	550	4,748	–	1,603,237
Charge for the period	6,884	117,388	170	148	76	926	–	125,592
At 31 March 2023	116,102	1,600,939	4,326	1,162	626	5,674	–	1,728,829
Carrying amounts								
At 31 March 2023	534,008	8,142,519	9,882	1,947	3,672	17,277	298,131	9,007,436
At 31 December 2022	540,892	8,258,702	10,038	2,060	3,748	16,520	283,012	9,114,972
At 31 December 2021	284,859	5,916,009	1,936	1,263	3,963	17,476	364,292	6,589,798
At 31 December 2020	144,036	5,232,744	1,251	1,086	180	18,402	1,112,919	6,510,618

Notes:

(a) The above items of property, plant and equipment, except for construction in progress, after taking into account the residual values, are depreciated on a straight-line basis over the following periods:

Buildings and leasehold improvements	20–50 years
Plant and equipment	10–20 years
Transportation facilities	6 years
Electricity equipment	5 years
Furniture and fixtures	5–10 years
Other equipment	5–10 years

(b) Details of pledged property, plant and equipment as at 31 December 2020, 2021, 2022 and 31 March 2023 are set out in Note 40.

20. RIGHT-OF-USE ASSETS

	Leasehold lands
	RMB'000
Cost	
At 1 January 2020	400,013
Additions	10,342
Acquisition of subsidiaries	2,288
At 31 December 2020 and 1 January 2021	412,643
Additions	17,319
At 31 December 2021 and 1 January 2022	429,962
Additions	101,843
Acquisition of a subsidiary	37,589
At 31 December 2022 and 1 January 2023	569,394
Additions	15
At 31 March 2023	569,409
Accumulated depreciation	
At 1 January 2020	18,042
Charge for the year	14,210
Acquisition of subsidiaries	78
At 31 December 2020 and 1 January 2021	32,330
Charge for the year	17,424
At 31 December 2021 and 1 January 2022	49,754
Charge for the year	23,730
Acquisition of a subsidiary	2,599
At 31 December 2022 and 1 January 2023	76,083
Charge for the period	5,655
At 31 March 2023	81,738
Carrying amounts	
At 31 March 2023	487,671
At 31 December 2022	493,311
At 31 December 2021	380,208
At 31 December 2020	380,313

	Three months ended 31 March			Year ended 31 December	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Expense relating to short-term leases	1,021	768	246	526	509
Total cash outflow for leases	2,619	7,359	90,345	56,696	4,185
Additions to right-of-use assets	10,342	17,319	101,843	—	15

21. INTANGIBLE ASSETS

	Software	Power generation rights	Heating generation rights	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost				
At 1 January 2020	242	—	—	242
Additions	41	—	—	41
Acquisition of subsidiaries	—	133,545	—	133,545
Disposal	(33)	—	—	(33)
At 31 December 2020 and 1 January 2021	250	133,545	—	133,795
Additions	627	—	—	627
At 31 December 2021 and 1 January 2022	877	133,545	—	134,422
Additions	1	—	6,686	6,687
Acquisition of subsidiaries	384	—	—	384
At 31 December 2022, 1 January 2023 and 31 March 2023	1,262	133,545	6,686	141,493

	Software	Power generation rights	Heating generation rights	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated amortisation				
At 1 January 2020	77	—	—	77
Charge for the year	34	—	—	34
Acquisition of subsidiaries	—	714	—	714
At 31 December 2020 and 1 January 2021	111	714	—	825
Charge for the year	87	8,575	—	8,662
At 31 December 2021 and 1 January 2022	198	9,289	—	9,487
Charge for the year	155	8,560	260	8,975
Acquisition of subsidiaries	135	—	—	135
At 31 December 2022 and 1 January 2023	488	17,849	260	18,597
Charge for the period	59	2,354	65	2,478
At 31 March 2023	547	20,203	325	21,075
Carrying amounts				
At 31 March 2023	715	113,342	6,361	120,418
At 31 December 2022	774	115,696	6,426	122,896
At 31 December 2021	679	124,256	—	124,935
At 31 December 2020	139	132,831	—	132,970

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Software	10 years
Power generation rights	15.6 years
Heating generation rights	30 years

22. EQUITY INSTRUMENTS AT FVTOCI

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted equity investment in the PRC	3,557	7,105	7,105	7,105
Unlisted fund investment in the PRC	—	—	44,545	86,334
	3,557	7,105	51,650	93,439

Note: The above investments represent the Target Company's equity interest in a private entity and interest in a private fund established in the PRC respectively. The sole director of the Target Company have elected to designate these investments as equity instruments at FVTOCI as the sole director of the Company believes that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Target Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

23. DEFERRED TAX ASSETS (LIABILITIES)

Deferred taxes are calculated in respect of temporary differences under the liability method using the tax rates enacted or substantively enacted by the end of reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	50,845	54,416	62,579	63,426
Deferred tax liabilities	(37,083)	(38,350)	(41,007)	(41,776)
	13,762	16,066	21,572	21,650

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the year/period:

	Right-of-use assets/lease liabilities	Tax losses	Business combinations	Changes in fair value	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2020	—	—	—	—	—	—
Acquisition of subsidiaries	—	—	11,798	—	—	11,798
Credited (charged) to profit or loss	2,280	—	(316)	—	—	1,964
At 31 December 2020 and 1 January 2021	2,280	—	11,482	—	—	13,762
Credited (charged) to profit or loss	2,994	—	(690)	—	—	2,304
At 31 December 2021 and 1 January 2022	5,274	—	10,792	—	—	16,066
Acquisition of subsidiaries	—	4,250	—	—	229	4,479
Credited (charged) to profit or loss	2,854	—	(690)	—	—	2,164
Charged to other comprehensive income	—	—	—	(1,137)	—	(1,137)
At 31 December 2022 and 1 January 2023	8,128	4,250	10,102	(1,137)	229	21,572
Credited (charged) to profit or loss	698	—	(173)	—	—	525
Charged to other comprehensive income	—	—	—	(447)	—	(447)
At 31 March 2023	8,826	4,250	9,929	(1,584)	229	21,650

As at 31 March 2023, the Target Group has unused tax losses of approximately RMB131,004,000 (as at 31 December 2020, 2021 and 2022 were RMB33,677,000. RMB28,104,000 and RMB101,566,000 respectively) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately RMB17,001,000 (as at 31 December 2020, 2021 and 2022 were RMBNil. RMBNil and RMB17,001,000 respectively) of such losses. No deferred tax asset has been recognised in respect of the remaining approximately RMB114,003,000 (for the years ended 31 December 2020, 2021 and 2022 were RMB33,677,000, RMB28,104,000 and RMB84,565,000 respectively) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses with expiry dates as disclosed in the following table. No losses may be carried forward indefinitely.

	As at 31 December			As at 31 March
Year	**2020**	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2022	3	—	—	—
2023	5,093	3,651	3,729	—
2024	7,518	7,518	9,651	7,518
2025	21,063	—	3,989	—
2026	—	16,935	16,935	16,935
2027	—	—	67,262	62,500
2028	—	—	—	44,051
	33,677	28,104	101,566	131,004

24. OTHER NON-CURRENT ASSETS

	As at 31 December			As at 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for property, plant and equipment	108,745	299,727	244,361	375,300

25. INVENTORIES

	As at 31 December			As at 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fuel	—	—	61,245	87,488

26. TRADE AND BILLS RECEIVABLES

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables from contract with customers	736,582	169,344	453,140	592,314
Bills receivables	2,320	—	—	—
	738,902	169,344	453,140	592,314
Less: Provision for impairment loss under ECL model	—	—	(654)	(654)
	738,902	169,344	452,486	591,660

Details of pledged trade receivables as at 31 December 2020, 2021, 2022 and 31 March 2023 are set out in Note 40.

Details of the trade receivables due from related parties are set out in Note 47.

The Target Group allows a credit period of 30 days to its customers. The following is an ageing analysis of trade receivables (net of impairment loss under ECL model) presented based on the invoice dates, at the end of each Relevant Periods:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current to 30 days	234,582	147,728	428,268	569,567
31–90 days	38,224	2,577	5,828	3,703
91–180 days	12,520	—	—	—
181–365 days	63,939	—	—	—
Over 1 year	387,317	19,039	18,390	18,390
	736,582	169,344	452,486	591,660

The balance of trade receivables included debtors (see below for ageing analysis) who are past due as at the reporting date for which the Target Group has not provided for impairment due to no significant change in the creditworthiness of these debtors and, hence, the amounts are still considered recoverable. Trade receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default. The management of the Target Group have assessed the expected credit losses of all trade and bills receivables and made impairment when they considered as appropriate.

Ageing of trade receivables which are past due but not impaired:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Overdue by:				
1–90 days	38,224	2,577	5,828	3,703
91–180 days	12,520	—	—	—
181–365 days	63,939	—	—	—
Over 1 year	387,317	19,039	18,390	18,390
	502,000	21,616	24,218	22,093

Movement of impairment losses on trade and bills receivables under ECL model:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Opening balance	—	—	—	654
Charged for the year/period	—	—	654	—
Closing balance	—	—	654	654

Details of impairment assessment are set out in Note 7.

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables	36,483	210,683	42,264	41,476
Less: Provision for impairment loss under ECL model	—	(1,606)	(1,606)	(1,606)
	36,483	209,077	40,658	39,870
Prepayments	55,814	18,402	26,323	23,777
Deposits	319	1,324	3,505	6,755
Other tax recoverable	537,089	538,212	254,547	243,887
	629,705	767,015	325,033	314,289

Movement of impairment losses on other receivables under ECL model:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Opening balance	—	—	1,606	1,606
Charged for the year/period	—	1,606	—	—
Closing balance	—	1,606	1,606	1,606

Details of impairment assessment are set out in Note 7.

28. CASH AND CASH EQUIVALENTS

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank balances	197,313	91,824	345,494	241,610

Notes:

(a) Bank balances carry interest at market rates which range from 0.2% to 0.35% per annum during the Relevant Periods.

(b) As at 31 December 2020, 2021, 2022 and 31 March 2023, the Target Group's cash and cash equivalents denominated in RMB of approximately RMB197,313,000, RMB91,824,000, RMB345,494,000 and RMB241,610,000 are deposited at banks in the PRC respectively. The conversion of these RMB denominated balances into foreign currencies and the remittance of funds out of the PRC are subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

(c) Details of impairment assessment are set out in Note 7.

29. TRADE AND BILLS PAYABLES

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	7,243	5,700	8,030	16,504
Bills payable	—	99,088	—	—
	7,243	104,788	8,030	16,504

Details of the trade payables due to related parties are set out in Note 47.

Payment terms with suppliers are mainly on credit ranging from 60 to 180 days from the time when the goods and/or services are received from the suppliers. The following is an ageing analysis of the trade payables presented based on the date of receipts of goods/services by the Target Group, at the end of each Relevant Periods:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 6 months	759	2,898	6,410	10,471
7 to 12 months	1,157	2,783	1,218	6,031
Over 1 year	5,327	19	402	2
	7,243	5,700	8,030	16,504

Notes:

(a) As at 31 December 2021, bills payables are bills of exchange with maturity period within 3 months.

(b) All trade and bills payables are denominated in RMB.

30. CONTRACT LIABILITIES

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Receipts in advance of performance obligation under sales of electricity	—	—	29,454	3,567
Movement in contract liabilities				
Opening balance	—	—	—	29,454
Received during the year/period	—	—	57,853	11,132
Revenue recognised during the year/period	—	—	(28,399)	(37,019)
Closing balance	—	—	29,454	3,567

The Target Group's contract liabilities mainly represent the Target Group's obligation to sell of electricity to customers subsequently for which the Target Group has received advance payments from the customers.

31. OTHER PAYABLES AND ACCRUED CHARGES

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Salaries and staff welfare payables	357	587	620	1,954
Deposits received	322	987	291	277
Receipt in advance	228	1,737	192	1,112
Interest payable	12,032	12,672	8,078	8,612
Other tax payables	5,935	3,670	30,273	9,833
Other payables	99,908	116,033	73,066	45,532
	118,782	135,686	112,520	67,320

32. BANK BORROWINGS

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Secured	1,639,383	1,545,886	2,137,467	2,100,893
Unsecured	2,539,617	3,470,170	4,121,857	4,574,040
	4,179,000	5,016,056	6,259,324	6,674,933

The carrying amounts of the bank borrowings are repayable:

	As at 31 December			As at 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	314,300	268,062	406,836	455,212
Within a period of more than one year but not exceeding two years	250,354	333,242	445,912	480,612
Within a period of more than two years but not exceeding five years	747,216	1,087,036	1,501,927	1,566,743
Within a period of more than five years	2,867,130	3,327,716	3,904,649	4,172,366
	4,179,000	5,016,056	6,259,324	6,674,933
Less: Amounts due within one year shown under current liabilities	(314,300)	(268,062)	(406,836)	(455,212)
Amounts shown under non-current liabilities	3,864,700	4,747,994	5,852,488	6,219,721

The exposure of the Target Group's bank borrowings are as follows:

	As at 31 December			As at 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fixed-rate borrowings	—	—	50,051	50,000
Variable-rate borrowings	4,179,000	5,016,056	6,209,273	6,624,933
	4,179,000	5,016,056	6,259,324	6,674,933

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Target Group's bank borrowings are as follows:

	As at 31 December			As at 31 March
	2020	**2021**	**2022**	**2023**
Fixed-rate bank borrowings	N/A	N/A	3.3%	3.3%
Variable-rate bank borrowings	4.05% to 5.15%	3.3% to 5.15%	3.1% to 4.8%	2.95% to 4.8%

Notes:

(a) Details of secured assets for secured bank borrowings are set out in Note 40.

(b) As at 31 December 2020, 2021, 2022 and 31 March 2023, bank borrowings amounting to approximately RMBNil, RMBNil, RMB593,702,000 and RMB582,510,000 were guaranteed by a non-controlling shareholder of a Target Group's subsidiary respectively.

(c) As at 31 December 2020, 2021, 2022 and 31 March 2023, the Target Group had available unutilised banking facilities amounted to approximately RMB1,094,195,000, RMB1,541,195,000, RMB195,855,000 and RMB576,545,000 respectively.

33. OTHER BORROWINGS

	As at 31 December			As at 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unsecured other loans	1,727,686	169,743	150,523	153,119

The carrying amounts of the other borrowings are repayable:

	As at 31 December			As at 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	—	—	—	—
Within a period of more than one year but not exceeding two years	553,800	—	—	—
Within a period of more than two years but not exceeding five years	1,016,602	15,000	—	—
Within a period of more than five years	157,284	154,743	150,523	153,119
	1,727,686	169,743	150,523	153,119
Less: Amounts due within one year shown under current liabilities	—	—	—	—
Amounts shown under non-current liabilities	1,727,686	169,743	150,523	153,119

As at 31 December 2020, 2021, 2022 and 31 March 2023, the balance is unsecured, interest bearing from 5.2% to 14.34%, 4.8% to 14.34%, 8% to 14.34% and 8% to 14.34% per annum respectively.

34. BORROWINGS FROM A RELATED PARTY

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Borrowings from a related party	1,107,000	1,357,791	2,404,931	2,065,341

The carrying amounts of the borrowings from a related party are repayable:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	—	—	809,077	809,077
Within a period of more than one year but not exceeding two years	—	307,000	500,000	500,000
Within a period of more than two years but not exceeding five years	1,107,000	1,050,791	1,095,854	756,264
Within a period of more than five years	—	—	—	—
	1,107,000	1,357,791	2,404,931	2,065,341
Less: Amounts due within one year shown under current liabilities	—	—	(809,077)	(809,077)
	1,107,000	1,357,791	1,595,854	1,256,264

As at 31 December 2020, 2021 and 2022 and 31 March 2023, the balance is unsecured, interest bearing from 3.85% to 5.5%, 3.75% to 3.85%, 3.5% to 3.85%and 3.5% to 3.85% per annum respectively.

35. LEASE LIABILITIES

Present value of minimum lease payments:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	2,047	2,093	10,315	7,310
Between one and two years	2,837	9,248	2,034	1,599
Between two and five years	13,340	5,449	6,716	10,029
Over five years	163,245	181,318	185,922	184,779
	181,469	198,108	204,987	203,717
Less: Amounts payables within 12 months under current liabilities	(2,047)	(2,093)	(10,315)	(7,310)
Amounts payables after 12 months shown under non-current liabilities	179,422	196,015	194,672	196,407

The incremental borrowing rates applied to lease liabilities for the Relevant Periods were 4.9% per annum.

36. DEFERRED INCOME

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Opening balance	—	—	527	506
Additions	—	529	—	—
Recognised in profit or loss	—	(2)	(21)	(5)
Closing balance	—	527	506	501
Analysed as:				
Current	—	—	—	—
Non-current	—	527	506	501
	—	527	506	501

37. OTHER NON-CURRENT LIABILITIES

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Provisions for poverty alleviation	19,073	18,286	17,460	17,501

During the years 2016 and 2017, three subsidiaries of the Target Group entered into three agreements in respect of provision for poverty alleviation fund with the local poverty office, respectively. According to the agreements, these three subsidiaries have to provide poverty alleviation fund to the defined poverty households for twenty years.

38. SHARE CAPITAL

The movements of share capital of the Target Company during the Relevant Periods are as follows:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of the year/period	227,150	386,580	450,580	450,580
Capital injections from shareholder	159,430	64,000	—	—
At end of the year/period	386,580	450,580	450,580	450,580

39. OTHER EQUITY INSTRUMENTS

In November 2022 and February 2023, the Target Company issued the perpetual debt with principal amounts of RMB360,000,000 and RMB100,000,000 to a subsidiary of SPIC, Bridge Trust Co., Ltd.. The perpetual debt carries interest rate at 6.18% and 6.53% per annum with an initial base term of 5 years.

40. PLEDGED OF ASSETS

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	867,266	297,792	282,119	266,446
Trade receivables	229,219	46,803	205,313	304,352
	1,096,485	344,595	487,432	570,798

Other than as disclosed above, the whole equity interests of two subsidiaries within the Target Group in Tailai Haoxin Photovoltaic Power Generation Co., Limited* (泰來好新光伏發電有限公司) and Daqing Huaguang Solar Power Generation Co., Limited* (大慶華光太陽能發電有限責任公司) had been pledged to secure bank borrowings with carrying amount of approximately RMB114,250,000 RMB140,885,000 RMB126,444,000 and RMB126,251,000 as at 31 December 2020, 2021, 2022 and 31 March 2023 respectively.

* *For identification purpose only*

41. COMMITMENTS

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted but not provided for in respect of				
— Property, plant and equipment	2,307,408	3,479,182	2,147,807	2,527,577

42. RETIREMENT BENEFITS SCHEME

The employees of the Target Group which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. Target Group is required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

For the years ended 31 December 2020, 2021, 2022 and three months ended 31 March 2022 and 2023, the total contribution to defined contribution retirement benefits scheme charged to the consolidated statement of profit or loss and other comprehensive income amounted to approximately RMB3,476,000, RMB8,731,000, RMB15,033,000, RMB4,222,000 (unaudited) and RMB3,847,000 respectively.

43. ACQUISITION OF SUBSIDIARIES

During the year ended 31 December 2020, the Target Group acquired 100% equity interests in Quzhou Hangkai New Energy Technology Co., Limited* (衢州杭開新能源科技有限公司) and 100% equity interests in Yunhe Zhongji Energy Co., Limited* (雲和縣中機能源有限公司); SPIC assigned 100% equity interests in SPIC Heilongjiang New Energy Co., Limited* (國家電投集團黑龍江新能源有限公司) ("SPIC Heilongjiang") to the Target Group as a capital injection from shareholder.

During the year ended 31 December 2021, the Target Group agreed to subscribe the raised capital of Anda Wanyang Energy Technology Co., Limited* ("Anda Wanyang") (安達市萬揚能源科技有限公司) and to inject RMB7,007,000 for equivalent to 51% equity interests of Anda Wanyang.

During the year ended 31 December 2022, the Target Group acquired 100% equity interests in Muling Huacan New Energy Co., Limited* (穆棱市華燦新能源有限公司), 100% equity interests in Daqing Honggang District Haizhi New Energy Development Co., Limited* (大慶市紅崗區海智新能源開發有限公司), 51% equity interests in Daqing Huisheng New Energy Co., Limited (大慶會晟新能源有限公司), 51% equity interests in Daqing Saertu District Changrong Solar Power Co., Limited (大慶薩爾圖區昌榮太陽能發電有限公司), 51% equity interests in Qiqihar Jiuzhou Environmental Energy Co., Limited (齊齊哈爾九洲環境能源有限公司), 100% equity interests in Keshan Yufeng New Energy Co., Limited (克山縣裕風新能源有限責任公司) and 100% equity interests in Jilin Fubon Energy Technology Service Co., Limited* (吉林省富邦能源科技服務有限公司) in aggregate of consideration amounted to approximately RMB193,389,000.

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Consideration transferred	437,197	7,007	193,389
Add: Non-controlling interests	—	7,328	122,597
Less: Net identifiable assets acquired	452,677	14,335	321,172
Gain on bargain purchase of subsidiaries	(15,480)	—	(5,186)

Assets and liabilities recognised at the date of acquisition

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Property, plant and equipment	1,911,709	155,198	800,707
Right-of-use assets	2,210	—	34,990
Intangible assets	132,831	—	249
Deferred tax assets	11,798	—	4,479
Other non-current assets	150,097	160,012	29,454
Current assets			
Inventories	—	—	45,854
Trade and bills receivables	406,259	—	150,392
Prepayments, deposits and other receivables	1,011,575	18,230	104,522
Cash and cash equivalents	36,928	4,945	22,064
Current liabilities			
Trade and bills payables	(76,845)	(123,088)	(386,043)
Other payables and accrued charges	(155,392)	(200,962)	(22,031)
Contract liabilities	—	—	(16,383)
Bank borrowings	(20,000)	—	(50,055)
Tax payables	(8,261)	—	(4,517)
Non-current liabilities			
Bank borrowings	(2,093,412)	—	(392,510)
Borrowings from a related party	(856,820)	—	—
Net identifiable assets acquired	452,677	14,335	321,172

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Consideration	437,197	7,007	193,389
Less: Other reserve	399,628	—	—
Less: Cash and cash equivalents acquired	36,928	4,945	22,064
Net cash outflow arising on acquisition	641	2,062	171,325

* *For identification purpose only*

44. STEP-ACQUISITION OF SUBSIDIARIES

During the year ended 31 December 2020, the Target Group further acquired 30% of equity interests in Daqing Huaguang Solar Power Generation Co., Limited* ("Daqing Huaguang") (大慶華光太陽能發電有限責任公司) from a non-controlling shareholder at a consideration of approximately RMB6,953,000. Daqing Huaguang became a wholly-owned subsidiary of the Target Group. It recognised a gain on step-acquisition of a subsidiary of approximately RMB2,303,000 and credited to other reserve which shown in consolidated statement of changes in equity.

During the year ended 31 December 2022, the Target Group acquired 49% of equity interest in Anda Longdian New Energy Co., Limited* ("Anda Longdian") (安達市龍電新能源有限公司) and Anda Xingdian New Energy Co., Limited* ("Anda Xingdian") (安達市興電新能源有限公司) from the non-controlling shareholders at consideration in aggregate of approximately RMB282,741,000. Anda Longdian and Anda Xingdian became wholly-owned subsidiaries of the Target Group. It recognised a gain on step-acquisition of subsidiaries of approximately RMB8,502,000 and credited to other reserve which shown in consolidated statement of changes in equity.

45. GAIN ON DEREGISTRATION OF A SUBSIDIARY

During the year ended 31 December 2021, a subsidiary of the Target Group, SPIC Harbin Power Heating Co., Limited* (國家電投集團哈爾濱熱電有限公司) ("SPIC Harbin") was deregistered.

The net liabilities of SPIC Harbin at the date of deregistration were as follows:

	RMB'000
Property, plant and equipment	321
Other payables	(1,606)
Net liabilities being disposal of	(1,285)
Non-controlling interest	(321)
Gain arising on deregistration of a subsidiary	(1,606)
Analysis of cash flow of cash and cash equivalents arising from deregistration of a subsidiary	—

46. DEEMED PARTIAL DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2022, the Target Group entered into an agreement ("Agreement") in respect of capital raising of SPIC Heilongjiang with an independent third party ("Subscriber"). Pursuant to the Agreement, the Subscriber agreed to inject RMB300,000,000 for equivalent to 40.35% equity interests of SPIC Heilongjiang.

The net assets of SPIC Heilongjiang and its subsidiaries at the date of deemed partial disposal were as follows:

	RMB'000
Property, plant and equipment	1,842,312
Right-of-use assets	83,886
Intangible assets	17,102
Deferred tax assets	4,945
Other non-current assets	32,240
Trade and bills receivables	163,212
Prepayments, deposits and other receivables	658,069
Cash and cash equivalents	158,795
Trade and bills payables	(14,996)
Other payables and accrued charges	(733,611)
Lease liabilities	(34,022)
Tax payables	(4,322)
Borrowings	(1,399,303)
Deferred tax liabilities	(4,148)
Other non-current liabilities	(24,448)
Net assets at the date of deemed partial disposal	745,711
Net assets deemed disposed of	300,901
Less: Cash inflow from deemed partial disposal of subsidiaries	300,000
Loss on deemed partial disposal of subsidiaries — other reserve	901

* *For identification purpose only*

47. RELATED PARTY TRANSACTIONS

(a) Other than as disclosed elsewhere in the Historical Financial Information, during the Relevant Periods, the Target Group entered into transactions/had balances with the following related parties:

Relationship	Nature of transactions/balance	Year ended 31 December 2020	2021	2022	Three months ended 31 March 2022	2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)	
Fellow subsidiaries	Interest expenses	—	3,194	4,889	1,222	1,934
	Consultancy fee	—	—	2,503	250	—
	Service income	—	—	8,441	—	—

		As at December 2020	2021	2022	As at 31 March 2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fellow subsidiaries	Trade receivables	—	—	10,557	10,557
	Prepayment, deposits and other receivables	33,993	33,158	28,410	31,235
	Other payable and accrued charges	13,070	25,387	38,481	16,340

(b) Compensation of key management personnel

The sole director of the Target Company considered that he is the only key management personnel of the Target Group and his remuneration has been set out in Note 18.

48. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities	Borrowings	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2020	142,510	4,111,451	4,253,961
Cash flows:			
— Repayment	(1,598)	(234,124)	(235,722)
Non-cash movements:			
— Interest expense	7,036	166,127	173,163
— Acquisition of subsidiaries	—	2,970,232	2,970,232
— Other changes	33,521	—	33,521
At 31 December 2020 and 1 January 2021	181,469	7,013,686	7,195,155
Cash flows:			
— Repayment	(6,591)	(796,977)	(803,568)
Non-cash movements:			
— Interest expense	8,921	326,881	335,802
— Other changes	14,309	—	14,309
At 31 December 2021 and 1 January 2022	198,108	6,543,590	6,741,698
Cash flows:			
— Drawdown (repayment)	(90,099)	1,440,317	1,350,218
Non-cash movements:			
— Interest expense	9,417	388,306	397,723
— Acquisition of subsidiaries	—	442,565	442,565
— Other changes	87,561	—	87,561
At 31 December 2022 and 1 January 2023	204,987	8,814,778	9,019,765
Cash flows:			
— Repayment	(3,676)	(11,154)	(14,830)
Non-cash movements:			
— Interest expense	2,391	89,769	92,160
— Other changes	15	—	15
At 31 March 2023	203,717	8,893,393	9,097,110

49. STATEMENT OF FINANCIAL POSITION OF THE TARGET COMPANY

		As at 31 December			As at 31 March
		2020	2021	2022	2023
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment		110,437	130,283	170,732	169,256
Intangible assets		29	590	457	425
Investment in subsidiaries		1,102,229	1,195,879	2,202,490	2,269,770
Equity instruments at FVTOCI		3,557	7,105	51,650	93,439
Other non-current assets		334	19,495	334	334
		1,216,586	1,353,352	2,425,663	2,533,224
Current assets					
Trade and bills receivables		50,410	—	—	—
Amounts due from subsidiaries		280,876	791,126	1,827,185	1,481,104
Prepayments, deposits and other receivables		45,607	412,270	22,792	22,406
Cash and cash equivalents		104,780	5,777	31,138	59,391
		481,673	1,209,173	1,881,115	1,562,901
Current liabilities					
Trade and bills payables		—	210	891	849
Construction payables		8,628	9,037	9,820	9,725
Amounts due to subsidiaries		562,524	524,295	896,898	1,178,528
Other payables and accrued charges		38,197	110,406	75,304	37,228
Borrowings from a related party		—	—	809,077	809,077
Tax payables		259	177	159	49
		609,608	644,125	1,792,149	2,035,456
Net current (liabilities) assets		(127,935)	565,048	88,966	(472,555)
Total assets less current liabilities		1,088,651	1,918,400	2,514,629	2,060,669
Non-current liabilities					
Borrowings from a related party		307,000	1,057,791	1,293,680	756,265
Deferred tax liabilities		—	—	1,137	1,584
		307,000	1,057,791	1,294,817	757,849
Net assets		781,651	860,609	1,219,812	1,302,820
Capital and reserves					
Share capital	*38*	386,580	450,580	450,580	450,580
Other equity instruments	*39*	—	—	360,000	460,000
Reserves	*50*	395,071	410,029	409,232	392,240
Total equity		781,651	860,609	1,219,812	1,302,820

The accompany notes form part of the Historical Financial Information.

50. RESERVES MOVEMENT OF THE TARGET COMPANY

	Statutory reserve	FVTOCI reserve	Other reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note i)		*(Note ii)*		
At 1 January 2020	—	—	—	(15)	(15)
Total comprehensive income for the year	—	—	—	27,709	27,709
Transfer to statutory reserve	2,771	—	—	(2,771)	—
Capital injections from shareholder	—	—	397,347	—	397,347
Final dividend paid	—	—	—	(29,970)	(29,970)
At 31 December 2020 and 1 January 2021	2,771	—	397,347	(5,047)	395,071
Total comprehensive income for the year	—	—	—	33,193	33,193
Transfer to statutory reserve	2,815	—	—	(2,815)	—
Capital re-organisation on subsidiaries	—	—	20,000	—	20,000
Final dividend paid	—	—	—	(38,235)	(38,235)
At 31 December 2021 and 1 January 2022	5,586	—	417,347	(12,904)	410,029
Profit for the year	—	—	—	10,932	10,932
Other comprehensive income:					
Fair value gain on equity instruments at FVTOCI, net of tax	—	3,408	—	—	3,408
Total comprehensive income	—	3,408	—	10,932	14,340
Capital re-organisation on subsidiaries	—	—	32,160	—	32,160
Final dividend paid	—	—	—	(47,297)	(47,297)
At 31 December 2022 and 1 January 2023	5,586	3,408	449,507	(49,269)	409,232
Loss for the period	—	—	—	(18,334)	(18,334)
Other comprehensive income:					
Fair value gain on equity instruments at FVTOCI, net of tax	—	1,342	—	—	1,342
Total comprehensive expense	—	1,342	—	(18,334)	(16,992)
At 31 March 2023	5,586	4,750	449,507	(67,603)	392,240

Notes:

(i) Statutory reserve

Statutory reserves are non-distributable and the transfers to these funds are determined by the directors of the relevant PRC entities in accordance with the relevant laws and regulations in the PRC.

(ii) Other reserve

Other reserve mainly represents the difference between the fair value of the net assets injected by the owner of the relevant companies of the Target Group and the registered capital of these companies upon their establishment.

51. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Target Company's subsidiaries at the end of the Relevant Periods are set out below:

Name of subsidiary	Place of incorporation/ operations	Registered/paid-up capital	Proportion of ownership interest and voting power held by the Target Company directly and indirectly								Principal activities
			As at 31 December						As at 31 March		
			2020		2021		2022		2023		
			Directly	Indirectly	Directly	Indirectly	Directly	Indirectly	Directly	Indirectly	
Yunhe Zhongji Energy Co., Limited* (雲和縣中機能源有限公司)	The PRC	RMB50,000,000	100%	—	100%	—	100%	—	100%	—	Generation and sales of electricity
Quzhou Hangkai New Energy Technology Co., Limited* (衢州杭開新能源科技有限公司)	The PRC	RMB51,380,000	100%	—	100%	—	100%	—	100%	—	Generation and sales of electricity
Daqing Huaguang Solar Power Generation Co., Limited* (大慶華光太陽能發電有限責任公司)	The PRC	RMB15,500,000	100%	—	100%	—	100%	—	100%	—	Generation and sales of electricity
Anda Longdian New Energy Co., Limited* (安達市龍電新能源有限公司)	The PRC	RMB107,800,000	51%	—	51%	—	100%	—	100%	—	Generation and sales of electricity
Anda Xingdian New Energy Co., Limited* (安達市興電新能源有限公司)	The PRC	RMB635,000,000	51%	—	51%	—	100%	—	100%	—	Generation and sales of electricity
Quzhou Qujiang Hehe New Energy Technology Co., Limited* (衢州市衢江區禾和新能源科技有限公司)	The PRC	RMB101,323,700	56%	—	56%	—	56%	—	56%	—	Generation and sales of electricity
Suichang Jinghe New Energy Technology Co., Limited* (遂昌縣晶禾新能源科技有限公司)	The PRC	RMB59,658,500	55%	—	55%	—	55%	—	55%	—	Generation and sales of electricity
SPIC Heilongjiang New Energy Co., Limited* (國家電投集團黑龍江新能源有限公司)	The PRC	RMB670,589,400	100%	—	100%	—	60%	—	60%	—	Generation and sales of electricity
Tailai Haoxin Photovoltaic Power Generation Co., Limited* (泰來好新光伏發電有限公司)	The PRC	RMB33,500,000	—	100%	—	100%	—	60%	—	60%	Generation and sales of electricity
Anda Tongke New Energy Co., Limited* (安達市同科新能源有限公司)	The PRC	RMB65,600,000	—	100%	—	100%	—	60%	—	60%	Generation and sales of electricity
Zhaozhou Jingrui New Energy Technology Co., Limited* (肇州縣精銳新能源科技有限公司)	The PRC	RMB104,500,000	—	100%	—	100%	—	60%	—	60%	Generation and sales of electricity
Daqing Lvrui Solar Power Co., Limited* (大慶綠銳太陽能發電有限公司)	The PRC	RMB69,500,000	—	100%	—	100%	—	60%	—	60%	Generation and sales of electricity

Name of subsidiary	Place of incorporation/ operations	Registered/paid-up capital	Proportion of ownership interest and voting power held by the Target Company directly and indirectly								Principal activities
			As at 31 December						As at 31 March		
			2020		2021		2022		2023		
			Directly	Indirectly	Directly	Indirectly	Directly	Indirectly	Directly	Indirectly	
Liaoning Zhitong Dongguan Photovoltaic Power Co., Limited* (遼寧直通東關光伏電力有限公司)	The PRC	RMB20,000,000	—	100%	100%	—	—	60%	—	60%	Generation and sales of electricity
Liaoning Sanyi Photovoltaic Power Co., Limited* (遼寧三義光伏電力有限公司)	The PRC	RMB77,700,000	—	100%	—	100%	—	60%	—	60%	Generation and sales of electricity
Liaoning Huayu Sanxin Photovoltaic Power Co., Limited* (遼寧華宇三鑫光伏電力有限公司)	The PRC	RMB78,300,000	—	100%	—	100%	—	60%	—	60%	Generation and sales of electricity
Jilin Fubon Energy Technology Service Co., Limited* (吉林省富邦能源科技服務有限公司)	The PRC	RMB37,000,000	—	—	—	—	—	60%	—	60%	Generation and sales of electricity
Nongan Xinsheng New Energy Co., Limited* (農安縣欣盛新能源有限公司)	The PRC	RMB28,513,000	—	100%	—	100%	—	60%	—	60%	Generation and sales of electricity
Songyuan Green Building Photovoltaic Power Generation Co., Limited* (松原綠築光伏發電有限公司)	The PRC	RMB27,800,000	—	100%	—	100%	—	60%	—	60%	Generation and sales of electricity
Changchun Longfa New Energy Co., Limited* (長春龍發新能源有限公司)	The PRC	RMB26,542,000	—	100%	—	100%	—	60%	—	60%	Generation and sales of electricity
Tailai Zhongdian Shuangxing Photovoltaic Power Generation Co., Limited* (泰來中電雙興光伏發電有限公司)	The PRC	RMB15,718,600	—	100%	—	100%	—	60%	—	60%	Generation and sales of electricity
China Power Investment Tailai Photovoltaic Power Generation Co., Limited* (中電投泰來光伏發電有限公司)	The PRC	RMB15,893,840	—	100%	—	100%	—	60%	—	60%	Generation and sales of electricity
Nong'an Xinhe Energy Investment Co., Limited* (農安新合能源投資有限公司)	The PRC	RMB7,112,040	—	100%	—	100%	—	60%	—	60%	Generation and sales of electricity
Kedong Lvzhi New Energy Co., Limited* (克東縣綠智新能源有限公司)	The PRC	RMB117,000,000	—	—	100%	—	100%	—	100%	—	Generation and sales of electricity

Name of subsidiary	Place of incorporation/ operations	Registered/paid-up capital	Proportion of ownership interest and voting power held by the Target Company directly and indirectly								Principal activities
			As at 31 December						As at 31 March		
			2020		2021		2022		2023		
			Directly	Indirectly	Directly	Indirectly	Directly	Indirectly	Directly	Indirectly	
Muling Huacan New Energy Co., Limited* (穆棱市華燦新能源有限公司)	The PRC	RMB5,340,000	—	—	100%	—	100%	—	100%	—	Generation and sales of electricity
Daqing Huisheng New Energy Co., Limited* (大慶會晟新能源有限公司)	The PRC	RMB36,150,000	—	—	100%	—	100%	—	100%	—	Generation and sales of electricity
Qiqihar Jiuzhou Environmental Energy Co., Limited* (齊齊哈爾九洲環境能源有限公司)	The PRC	RMB238,786,000	—	—	51%	—	51%	—	51%	—	Generation and sales of electricity
Anda Wanketong Power Technology Co., Limited* (安達市萬客通電力科技有限公司)	The PRC	RMB27,926,042	—	—	—	51%	—	51%	—	51%	Generation and sales of electricity
Anda City Wide Area Power Technology Co., Limited* (安達市廣域電力科技有限公司)	The PRC	RMB15,875,737	—	—	—	51%	—	51%	—	51%	Generation and sales of electricity
Keshan Yufeng New Energy Co., Limited* (克山縣裕風新能源有限責任公司)	The PRC	RMB89,774,000	—	—	—	—	100%	—	100%	—	Generation and sales of electricity
Daqing Honggang District Haizhi New Energy Development Co., Limited* (大慶市紅崗區海智新能源開發有限公司)	The PRC	RMB178,000,000	—	—	—	—	100%	—	100%	—	Generation and sales of electricity
Mudanjiang Lvzhi New Energy Co., Limited* (牡丹江市綠智新能源有限公司)	The PRC	RMB12,100,300	—	—	—	—	70%	—	70%	—	Generation and sales of electricity
Heilongjiang Lvsheng Energy Development Co., Limited* (黑龍江綠晟能源發展有限公司)	The PRC	RMB30,660,000	—	—	—	—	60%	—	60%	—	Generation and sales of electricity
Baoqing Lvsheng Heating Co., Limited* (寶清縣綠晟供熱有限公司)	The PRC	RMB27,599,800	—	—	—	—	—	60%	—	60%	Generation and sales of electricity
Daqing Saertu District Changrong Solar Power Co., Limited* (大慶薩爾圖區昌榮太陽能發電有限公司)	The PRC	RMB63,798,881	—	—	—	—	51%	—	51%	—	Generation and sales of electricity

* *For identification purpose only*

52. DETAILS OF NON WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non wholly-owned subsidiaries of the Target Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation/ operations	Proportion of ownership interest and voting power held by the non-controlling interests				Profit allocate to non-controlling interests					Accumulated non-controlling interests			
		As at 31 December			As at 31 March	Year ended 31 December			Three months ended 31 March		As at 31 December			As at 31 March
		2020	2021	2022	2023	2020	2021	2022	2022	2023	2020	2021	2022	2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*				
Anda Xingdian New Energy Co., Limited* (安達市興電新能源有限公司)	The PRC	49%	49%	–	–	2,434	6,726	–	–	–	208,871	215,597	–	–
SPIC Heilongjiang New Energy Co., Limited* (國家電投集團黑龍江新能源有限公司) and its subsidiaries	The PRC	–	–	40%	40%	–	–	2,352	3,725	4,588	–	–	303,769	308,357
Individually immaterial subsidiaries with non-controlling interests											58,618	65,975	135,174	151,210
											267,489	281,572	438,943	459,567

* *For identification purpose only*

53. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion for the purpose of this report is not considered meaningful.

54. EVENTS AFTER REPORTING PERIOD

There are no significant subsequent events occurred after 31 March 2023 and up to the date of this accountants' report.

55. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Group, the Target Company or any of its subsidiaries have been prepared in respect of any period subsequent to the end of the Relevant Periods.

ACCOUNTANTS' REPORT ON FUJIAN COMPANY

The following is the text of reports received from Baker Tilly Hong Kong Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

bakertilly
天職國際

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF SPIC FUJIAN ELECTRIC POWER CO., LTD
TO THE DIRECTORS OF CHINA POWER INTERNATIONAL DEVELOPMENT LIMITED

Introduction

We report on the historical financial information of SPIC Fujian Electric Power Co., Ltd (國家電投集團福建電力有限公司) (the ''Target Company'') and its subsidiaries (together, the ''Target Group'') set out on pages IIC-4 to IIC-67, which comprises the combined statements of financial position as at 31 December 2020, 2021 and 2022 and 31 March 2023, and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2023 (the ''Relevant Periods'') and a summary of material accounting policy information and other explanatory information (the ''Historical Financial Information''). The Historical Financial Information set out on pages IIC-4 to IIC-67 forms an integral part of this report, which has been prepared for inclusion in the circular of China Power International Development Limited (the ''Company'') dated 18 August 2023 (the ''Circular'') in connection with the proposed acquisition of 100% of equity interests of the Target Company by the Company (the ''Proposed Acquisition'').

Directors' responsibility for the Historical Financial Information

The directors of the Target Company (the ''Directors'') are responsible for the 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, and for such internal control as the Directors 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 this Circular in which the Historical Financial Information of the Target Group 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.

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 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, 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 purpose of the accountants' report, a true and fair view of the Target Group's financial position as at 31 December 2020, 2021 and 2022 and 31 March 2023 and of the financial performance and cash flows of the Target Group for the Relevant Periods in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Group which comprises the combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the three months ended 31 March 2022 and other explanatory information (the "Stub Period Comparative Financial Information"). The Directors are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub 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 Stub 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 and presentation 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 IIC-4 have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which contains information about the dividends declared by the Target Company for the Relevant Periods.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 18 August 2023
Wan Wing Ping
Practising certificate number P07471

HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The combined financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with accounting policies which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") ("Underlying Financial Statements") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

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

I. HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

COMBINED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Three months ended 31 March	
		2020	**2021**	**2022**	**2022**	**2023**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)	
Revenue	*4*	74,488	220,180	371,941	86,808	136,886
Other income	*5*	3,966	867	10,732	1,355	5,086
Depreciation		(23,220)	(72,789)	(128,715)	(28,905)	(41,668)
Staff costs	*6*	(10,164)	(25,308)	(60,283)	(12,412)	(22,939)
Repairs and maintenance		(316)	(673)	(2,170)	(92)	(271)
Other gains and losses, net	*7*	8,109	28,972	10,255	1,332	(26,177)
Other operating expenses	*8*	(23,516)	(47,666)	(69,094)	(11,401)	(23,272)
Operating profit	*9*	29,347	103,583	132,666	36,685	27,645
Finance income	*10*	2,477	1,804	241	45	80
Finance costs	*10*	(22,944)	(68,115)	(85,562)	(19,170)	(23,180)
Share of result of an associate		—	—	(37)	—	(20)
Share of result of a joint venture		—	—	13,224	(404)	3,725
Profit before taxation		8,880	37,272	60,532	17,156	8,250
Income tax expense	*11*	(890)	(2,371)	(14,924)	(34)	(4,842)
Profit and total comprehensive income for the year/period		7,990	34,901	45,608	17,122	3,408
Attributable to:						
Equity holders of the Target Company		5,656	31,958	21,870	14,385	(4,661)
Non-controlling interests		2,334	2,943	23,738	2,737	8,069
		7,990	34,901	45,608	17,122	3,408

The accompanying notes form part of the Historical Financial Information.

COMBINED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 31 March
		2020	2021	2022	2023
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS					
Non-current assets					
Property, plant and equipment	*14*	675,543	2,288,305	3,290,290	3,302,375
Right-of-use assets	*15*	3,659	17,672	190,368	187,805
Other intangible assets	*17*	—	—	280,909	280,073
Interest in an associate	*18*	—	—	47	27
Interest in a joint venture	*19*	—	—	213,224	216,949
Prepayments for construction of power plants	*16*	—	—	54,054	38,662
		679,202	2,305,977	4,028,892	4,025,891
Current assets					
Inventories	*20*	91	115	368	1,186
Accounts receivable	*21*	186,135	303,263	475,562	547,438
Prepayments, deposits and other receivables	*22*	131,865	198,496	295,497	317,923
Amounts due from related parties	*23*	55,201	3,321	3,339	3,495
Restricted deposits	*24*	4,000	—	—	—
Cash and cash equivalents	*25*	62,506	72,622	154,096	111,350
		439,798	577,817	928,862	981,392
Total assets		1,119,000	2,883,794	4,957,754	5,007,283
EQUITY					
Equity attributable to equity holders of the Target Company					
Paid-in capital	*26*	35,500	434,910	895,124	895,124
Other equity instruments	*27*	—	—	100,514	101,309
Reserves	*28*	190,320	221,798	253,918	247,809
		225,820	656,708	1,249,556	1,244,242
Non-controlling interests		63,427	104,860	403,984	413,389
Total equity		289,247	761,568	1,653,540	1,657,631
LIABILITIES					
Non-current liabilities					
Bank borrowings	*29*	13,000	654,337	1,146,660	1,715,989
Other borrowings	*30*	277,439	905,700	727,714	596,038
Borrowings from related parties	*31*	166,201	124,943	358,752	28,460
Deferred income		—	—	4,000	4,761
Deferred tax liabilities	*33*	—	—	12,177	12,177
		456,640	1,684,980	2,249,303	2,357,425
Current liabilities					
Construction costs payable		135,377	210,696	322,320	336,165
Other payables and accrued charges	*34*	58,126	112,461	167,461	175,878
Amounts due to related parties	*23*	6	651	645	5,354
Bank borrowings	*29*	49,906	38,883	100,803	88,987
Other borrowings	*30*	842	43,618	119,375	110,654
Borrowings from related parties	*31*	128,000	28,038	304,023	250,000
Leases liabilities	*32*	—	—	37,892	19,543
Tax payable		856	2,899	2,392	5,646
		373,113	437,246	1,054,911	992,227
Total liabilities		829,753	2,122,226	3,304,214	3,349,652
Total equity and liabilities		1,119,000	2,883,794	4,957,754	5,007,283
Net current assets/(liabilities)		66,685	140,571	(126,049)	(10,835)
Total assets less current liabilities		745,887	2,446,548	3,902,843	4,015,056

The accompanying notes form part of the Historical Financial Information.

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity shareholder of the Target Company						
	Paid-in capital (Note 26) RMB'000	Other equity instruments (Note 27) RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2020	—	—	176,943	7,721	184,664	22,473	207,137
Profit and total comprehensive income for the year	—	—	—	5,656	5,656	2,334	7,990
Capital injection	35,500	—	—	—	35,500	—	35,500
Acquisitions of subsidiaries	—	—	—	—	—	(3,680)	(3,680)
Capital injection from non-controlling shareholders of subsidiaries	—	—	—	—	—	42,300	42,300
At 31 December 2020 and 1 January 2021	35,500	—	176,943	13,377	225,820	63,427	289,247
Profit and total comprehensive income for the year	—	—	—	31,958	31,958	2,943	34,901
Capital injection	399,410	—	—	—	399,410	—	399,410
Transactions with non-controlling interests	—	—	1,156	—	1,156	(6,513)	(5,357)
Acquisitions of subsidiaries	—	—	—	—	—	26,318	26,318
Capital injection from non-controlling shareholders of subsidiaries	—	—	—	—	—	18,685	18,685
Dividends recognised as distribution	—	—	—	(1,636)	(1,636)	—	(1,636)
At 31 December 2021	434,910	—	178,099	43,699	656,708	104,860	761,568
At 1 January 2022	434,910	—	178,099	43,699	656,708	104,860	761,568
Profit and total comprehensive income for the year	—	—	—	21,870	21,870	23,738	45,608
Capital injection	460,214	—	—	—	460,214	—	460,214
Capital injection from non-controlling shareholders of subsidiaries	—	—	—	—	—	6,876	6,876
Accrual of safety fund reserve	—	—	481	(677)	(196)	196	—
Deemed disposal of interests in a subsidiary without loss of control	—	—	28,686	—	28,686	271,314	300,000
Issuance of perpetual capital instruments	—	100,000	—	—	100,000	—	100,000
Profit attributable to holders of other equity instruments	—	514	—	(514)	—	—	—
Deregistration of a subsidiary	—	—	—	—	—	(3,000)	(3,000)
Dividends recognised as distribution	—	—	—	(14,796)	(14,796)	—	(14,796)
Others	—	—	(2,930)	—	(2,930)	—	(2,930)
At 31 December 2022 and 1 January 2023	895,124	100,514	204,336	49,582	1,249,556	403,984	1,653,540
(Loss)/profit and total comprehensive (expense)/ income for the period	—	—	—	(4,661)	(4,661)	8,069	3,408
Accrual of safety fund reserve	—	—	1,522	(2,175)	(653)	653	—
Capital injection from non-controlling shareholders of subsidiaries	—	—	—	—	—	683	683
Profit attributable to holders of other equity instruments	—	795	—	(795)	—	—	—
At 31 March 2023	895,124	101,309	205,858	41,951	1,244,242	413,389	1,657,631
At 1 January 2022 (audited)	434,910	—	178,099	43,699	656,708	104,860	761,568
Profit and total comprehensive income for the period	—	—	—	14,385	14,385	2,737	17,122
Capital injection	200,000	—	—	—	200,000	—	200,000
Capital injection from non-controlling shareholders of subsidiaries	—	—	—	—	—	1,804	1,804
Others	—	—	(2,180)	—	(2,180)	—	(2,180)
At 31 March 2022 (unaudited)	634,910	—	175,919	58,084	868,913	109,401	978,314

The accompanying notes form part of the Historical Financial Information.

COMBINED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Three months ended 31 March	
		2020	2021	2022	2022	2023
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Cash flows from operating activities						
Net cash (used in)/generated from operating activities	*35(a)*	1,295	54,689	224,017	(15,549)	(4,082)
Cash flows from investing activities						
Payments for property, plant and equipment and prepayments for construction of power plants		(64,581)	(819,004)	(334,391)	(159,573)	(53,620)
Payments for right-of-use assets		(2,565)	(5,075)	(12,771)	—	(259)
Additions to other intangible assets		—	—	(280,909)	—	—
Net cash outflow on acquisitions of subsidiaries		(47,279)	(69,899)	(102,679)	—	—
Investment in an associate		—	—	(84)	—	—
Investment in a joint venture		—	—	(200,000)	(200,000)	—
Decrease in restricted deposits		—	4,000	—	—	—
Interests received		2,477	1,804	241	45	80
Deregistration of a subsidiary		—	—	(3,000)	—	—
Acquisition of non-controlling interests		—	(5,357)	—	—	—
Net cash used in investing activities		(111,948)	(893,531)	(933,593)	(359,528)	(53,799)
Cash flows from financing activities						
Drawdown of bank borrowings	*35(b)*	283,028	683,537	664,202	188,643	577,202
Drawdown of borrowings from related parties	*35(b)*	294,201	20,500	1,007,811	—	—
Drawdown of other borrowings	*35(b)*	118,435	794,743	75,757	118,317	—
Capital injections from non-controlling shareholders of subsidiaries		42,300	18,685	6,876	1,804	683
Net proceeds from capital injection		35,500	399,410	460,214	200,000	—
Deemed disposal in interest in a subsidiary without loss of control		—	—	300,000	—	—
Repayment of bank borrowings	*35(b)*	(507,822)	(53,223)	(219,959)	(28,773)	(19,689)
Repayment of borrowings from related parties	*35(b)*	—	(161,720)	(498,017)	(49,481)	(384,315)
Repayment of other borrowings	*35(b)*	(147,003)	(851,338)	(1,070,213)	(43,618)	(140,397)
Payments for lease liabilities	*35(b)*	—	—	(20,825)	—	(18,349)
Dividend paid		—	(1,636)	(14,796)	—	—
Issuance of perpetual capital instruments		—	—	100,000	—	—
Net cash generated from financing activities		118,639	848,958	791,050	386,892	15,135
Net increase/(decrease) in cash and cash equivalents		7,986	10,116	81,474	11,815	(42,746)
Cash and cash equivalents at beginning of the year/period		54,520	62,506	72,622	72,622	154,096
Cash and cash equivalents at end of the year/period	25	62,506	72,622	154,096	84,437	111,350

The accompanying notes form part of the Historical Financial Information.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

1. GENERAL INFORMATION

The Target Company was established in the People's Republic of China (the ''PRC'') as a limited liability company on 14 April 2020. The Target Company did not carry on any business until the completion of the Reorganisation (as defined below).

The Target Group is principally engaged in investment holdings, generation and sales of electricity and the development of power plants in the PRC (the ''Relevant Business''). The principal place of business is Fujian Province in the PRC.

The Target Group is controlled by State Power Investment Corporation Limited (國家電力投資集團有限公司) (''SPIC''), a wholly state-owned enterprise established in the PRC. The Directors regard SPIC as the immediate and ultimate holding company of the Target Company.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied throughout the Relevant Periods.

2.1 Basis of preparation

Prior to the establishment of the Target Company, the Relevant Business was carried out through State Power Investment Group Fujian New Energy Co., Ltd. (國家電投集團福建新能源有限公司) (''Fujian New Energy'') and State Power Investment Corporation Pingtan Energy Co., Ltd. (國家電投集團平潭能源有限公司) (''SPIC Pingtan''), which were wholly-owned by SPIC, the immediate parent of the Target Company, and their subsidiaries. Pursuant to the equity transfer agreement (the ''Transfer Agreement'') dated 2 July 2020, SPIC agreed to gratuitously transfer its entire equity interests in Fujian New Energy and Pingtan Energy to the Target Company (the ''Reorganisation'').

Upon completion of the Reorganisation on 2 July 2020, Fujian New Energy and Pingtan Energy became wholly-owned subsidiaries of the Target Company. As the Reorganisation brought two previously uncombined business (i.e. Fujian New Energy and Pingtan Energy) together under a newly set up company (i.e. the Target Company), and all these entities were ultimately controlled by SPIC before and after the Reorganisation and the control is not transitory, it constitutes a business combination involving entities or businesses under common control and is accounted for using merger accounting in accordance with Hong Kong Accounting Guideline 5 (Revised), Merger Accounting for Common Control Combinations.

The Historical Financial Information has been prepared as if the Target Company had been in existence throughout the reported period presented as the combining businesses, in substance, are continuing to trade as before, but with a new legal parent (i.e. the Target Company). The net assets of the combining entities or businesses are consolidated/combined using existing book values from SPIC's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of this common control combination. The consolidated/combined statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period.

The Historical Financial Information of the Target Group has been prepared solely for inclusion in the Circular of the Company in connection with the proposed acquisition. For the purpose of preparation of the Historical Financial Information of the Target Group, the assets and liabilities and operating results of SPIC Pingtan, Zhangzhou Jiaomei SPIC New Energy Development Co., Ltd. (漳州角美國電投新能源開發有限公司) and Nanping Ronghua SPIC New Energy Co., Ltd. (南平市榮華國電投新能源有限公司) (''the Excluded Entities'') have been excluded (i.e. a ''carve-out'' basis).

Management of the Company is of the view that it is more appropriate to present the Historical Financial Information during the Relevant Periods on a ''carve-out'' basis, due to the following reasons:

- Target Group is clearly delineated from Excluded Entities in terms of the nature of business and management.
- There are clearly identifiable assets, liabilities, revenue and expenditures of the Target Group and of the Excluded Entities respectively.
- It is practicable to identify the historical financial information attributable to the Target Group's business given that the accounting books and records of the Target Group are maintained separately from the accounting books and records of Excluded Entities.
- Excluded Entities do not form part of the businesses to be acquired by the Company under the Proposed Acquisition and hence its historical financial information is not relevant to the trading record of the business proposed to be acquired. The directors of the Company believe that presenting the Historical Financial Information of the Target Group and Excluded Entities, which would include the results of Excluded Entities that is not the subject of the Proposed Acquisition, would provide irrelevant and potentially misleading

financial information to the users of this Historical Financial Information. As such, presenting the historical financial information of the Target Group on a "carve-out" basis would provide more direct and relevant information to the users of the financial information.

No significant adjustments or allocations of expenses for adoption of a "carve-out" basis were made in the financial information. For the purpose of the Proposed Acquisition, the Historical Financial Information of the Target Group presents the combined financial positions, results and cash flows of the companies now comprising the Target Group excluded the Excluded Entities and as if the group structure had been in existence throughout the Relevant Periods.

Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA. In addition, the Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Historical Financial Information has been prepared under the historical cost convention. The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

As at 31 December 2022 and 31 March 2023, the Target Group's current liabilities exceeded their current assets by RMB126,049,000 and RMB10,835,000 respectively. Taking into account the banking facilities available to the Target Group, the Directors have, at the time of approving the Historical Financial Information, a reasonable expectation that the Target Group has adequate resources to meet its liabilities as and when they fall due and to continue in operational existence for the foreseeable future. Thus the Target Group continues to adopt the going concern basis of accounting in preparing its Historical Financial Information.

2.2 Changes in accounting policies and disclosures

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Periods, the Target Group has consistently adopted the HKFRSs issued by the HKICPA which are effective for the Target Group's financial period beginning on 1 January 2023.

2.3 Issued but not yet effective HKFRSs

The HKICPA has issued a number of new and revised HKFRSs. The Target Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (the "2020 Amendments")[2, 3]
Amendments to HKAS 1	Non-current Liabilities with Covenants (the "2022 Amendments")[2]

1 No mandatory effective date yet determined but available for adoption

2 Effective for annual periods beginning on or January 1, 2024

3 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 "Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause" was revised to align the corresponding wording with no change in conclusion

The Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the Historical Financial Information in the foreseeable future.

2.4 Consolidation

(a) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Target Group has control. The Target Group controls an entity when the Target Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Target Group. They are deconsolidated from the date that control ceases.

(i) Business combinations

The Target Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Target Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at acquisition date, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

The Target Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. All other components of non-controlling interests are measured at their fair values at acquisition date, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss or other comprehensive income, as appropriate.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value at acquisition date of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the combined statements of profit or loss and other comprehensive income.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Target Group's accounting policies.

Non-controlling interests in subsidiaries are presented separately from the Target Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

(ii) Changes in ownership interests in existing subsidiaries

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. The carrying amounts of the Target Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Target Group and the non-controlling interests according to the Target Group's and the non-controlling interests' proportionate interests. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to equity holders of the Target Company.

(iii) Disposal of subsidiaries

When the Target Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as associates, joint ventures or financial assets. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the equity holders of the Target Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Target Group had directly disposed of the related assets or liabilities of the subsidiary. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(b) Associates

Associates are entities over which the Target Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Target Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss.

The Target Group's share of post-acquisition profit or loss is recognised in the combined income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Target Group's share of losses in an associate equals or exceeds its interest in the associate, the Target Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Target Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Target Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the combined statements of profit or loss and other comprehensive income. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Profits and losses resulting from upstream and downstream transactions between the Target Group and its associates are recognised in the Target Group's combined financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

Gains or losses on dilution of equity interests in associates are recognised in the combined statements of profit or loss and other comprehensive income.

(c) Joint ventures

The Target Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Target Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Target Group's share of the post-acquisition profits or losses and movements in other comprehensive income. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Target Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Target Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Target Group's net investment in the joint ventures), the Target Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Target Group and its joint ventures are eliminated to the extent of the Target Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Target Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The principal activities of the Target Group are mainly transacted in RMB and accordingly the Historical Financial Information are presented in RMB, which is the Target Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the combined income statement.

Exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the combined income statement within "finance costs". All other exchange gains and losses are presented in the combined income statement within "other operating expenses".

2.6 Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at cost less subsequent accumulated depreciation and subsequent impairment losses. Cost includes any costs 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 and, for qualifying assets, borrowing costs capitalised in accordance with the Target Group's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the combined income statement during the period in which they are incurred.

Depreciation of property, plant and equipment (other than construction in progress) is calculated using the straight-line method to allocate their costs less accumulated impairment losses over their estimated useful lives to their residual values.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.10). Such impairment losses are recognised in the combined statements of profit or loss and other comprehensive income.

Gains or losses on disposals are determined by comparing the net sales proceeds with the carrying amount of the relevant assets and are recognised in the combined statements of profit or loss and other comprehensive income.

2.7 Construction in progress and prepayments for construction of power plants

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, the costs of plant and machinery, direct labour costs and overheads and, for qualifying assets, borrowing costs capitalised in accordance with the Target Group's accounting policy. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for the intended use. When the assets concerned are brought into use, the costs are transferred to the appropriate categories of property, plant and equipment and depreciated in accordance with the policy as stated in Note 2.6 above.

Prepayments for construction of power plants represent advance payments made to contractors in connection with the construction of the Target Group's power plants including payments for equipment and machineries pending delivery to the relevant power plants for installation. Such prepayments are stated at cost less accumulated impairment losses, if any.

2.8 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over expected beneficial period. The expected beneficial period and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and 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.

2.9 Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Target Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Target Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Target Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Target Group reasonably expects that the effects on the Historical Financial Information would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Target Group applies the short-term lease recognition exemption to leases of offices and equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Target Group; and
- an estimate of costs to be incurred by the Target Group in dismantling and removing an underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Target Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Target Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

The Target Group presents right-of-use assets as a separate line item on the combined statements of financial position.

Lease liabilities

At the commencement date of a lease, the Target Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Target Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Target Group under residual value guarantees;
- the exercise price of a purchase option if the Target Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Target Group exercising an option to terminate the lease.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Target Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment; and
- the lease payments change due to changes in market rental rates following a market rent review/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Target Group presents lease liabilities as a separate line item on the combined statements of financial position.

Lease modifications

The Target Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Target Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Target Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional leases or non-lease components, the Target Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2.10 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amounts of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Target Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

In addition, the Target Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual CGU, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest Target Group of CGU for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of an asset's 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 (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Target Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.11 Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial assets is held within a business model whose objective is to collect contractual cash flows; and

- the contractual term give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Target Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Target Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Target Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Impairment of financial assets

The Target Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including accounts receivable, note receivables, other receivables, deposits, amounts due from related parties, debt instruments at FVTOCI, restricted deposits and cash and cash equivalents) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ("12m") ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Target Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Group always recognises lifetime ECL for accounts receivable other than accounts receivable with significant financing components which is included in other non-current assets. The ECL on these assets are assessed individually.

For accounts receivable with significant financing component and all other instruments, the Target Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition or the financial instrument is not determined to have low credit risk at the reporting date, the Target Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instruments external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Target Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Target Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Target Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Target Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Group, in full (without taking into account any collaterals held by the Target Group).

Irrespective of the above, the Target Group considers that default has occurred when a financial asset is more than 90 days past due (except for clean energy power price premium) unless the Target Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off policy

The Target Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Target Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally the ECL is the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and the cash flows that the Target Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Target Group's other receivables are assessed as a separate group. Amounts due from related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for debt instruments that are measured at FVTOCI, the Target Group recognises an impairment loss or reversal in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of accounts receivable where the corresponding adjustment is recognised through a loss allowance account. For debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amounts of these debt instruments. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

Derecognition of financial assets

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

2.12 Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Perpetual securities

Perpetual securities are classified as equity if they are non-redeemable, or redeemable only at the issuer's option, and any interest and distributions are discretionary. Interest and distributions on perpetual securities classified as equity are recognised as distributions within equity.

The perpetual notes and other perpetual instruments issued by the Target Company are recognised as "Other equity instruments".

Financial liabilities

All financial liabilities including bank borrowings, borrowings from related parties, other borrowings, lease liabilities, amounts due to related parties, construction costs payable and other payables and accrued charge are subsequently measured at amortised cost using the effective interest method.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Target Group or the counterparty.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and with other financial institutions and other short-term highly liquid investments with original maturities of three months or less. Restricted deposits are separately disclosed from cash and cash equivalents.

2.14 Inventories

Inventories comprise coal, oil, consumable supplies and spare parts held for consumption and usage and are stated at the lower of cost and net realisable value after provision for obsolete items, and are expensed to fuel costs or repairs and maintenance expense when used/consumed, or capitalised to property, plant and equipment when installed, as appropriate using weighted average method. Cost comprises purchase price and other costs incurred in bringing the inventories to their present location and condition and excludes borrowing costs.

2.15 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the combined income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Target Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as these assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.16 Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognised in the combined income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the places where the Target Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

In assessing any uncertainty over income tax treatments, the Target Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profits or losses. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Target Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Target Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Target Group the ability to control the reversal of the temporary difference that deferred income tax liability is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profits available against which the temporary difference can be utilised.

For the purposes of measuring deferred tax for leasing transactions in which the Target Group recognises the right-of-use assets and the related lease liabilities, the Target Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities. For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Target Group applies HKAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities results in net deductible temporary differences.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable rights to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied to the same taxable entity by the same taxation authority.

2.17 Employee benefit

(a) Pension obligations

A defined contribution plan is a pension plan under which the Target Group pays fixed contributions into a separate entity. The Target Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For employees in Mainland China, the Target Group contributes on a monthly basis to various defined contribution plans organised by the relevant municipal and provincial governments in the PRC based on certain percentage of the relevant employees' monthly salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Target Group has no further constructive obligation for any post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

All contributions to pension plans are fully and immediately vested and the Target Group had no unvested benefits available to reduce its future contributions.

(b) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Target Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2.18 Provisions

Provisions (including provisions for inundation compensation) are recognised when the Target Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligations using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed.

2.19 Government grants

Grants and subsidies from the government are recognised at their fair values for monetary asset where there is a reasonable assurance that the grant or subsidy will be received and the Target Group will comply with all attached conditions.

Government grants and subsidies relating to costs are deferred and recognised in the combined income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants and subsidies relating to property, plant and equipment and other environmental improvement projects are included in non-current liabilities as deferred income and are credited to the combined income statement on a straight-line basis over the expected lives of the related assets and projects.

Non-monetary assets transferred from the government are recognised at nominal amount.

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the directors of the Target Company and certain senior managements that make strategic decisions.

2.21 Revenue from contracts with customers

The Target Group recognises revenue from sales of electricity to regional and provincial power grid companies and provision of power generation. The revenue is recognised at a point in time generally when the power is transmitted to the power grid.

The Target Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and services (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met

- the customer simultaneously receives and consumes the benefits provided by the Target Group's performance as the Target Group performs;
- the Target Group's performance creates and enhances an asset that the customer controls as the Target Group performs; or
- the Target Group's performance does not create an asset with alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Existence of significant financing component

In determining the transaction price, the Target Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Target Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Target Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For contracts where the Target Group transferred the associated goods or services before payments from customers in which the Target Group adjusts for the promised amount of consideration for significant financing components, the Target Group applies a discount rate that would be reflected in a separate financing transaction between the Target Group and the customer at contract inception, The Target Group recognises interest income during the period between the payment from customers and the transfer of the associated goods or services.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Target Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Target Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Target Group is an agent).

The Target Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Target Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Target Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Target Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Sales of electricity to regional and provincial power grid companies, and provision of power generation

Revenue is recognised upon transmission of electricity to the power grid when the control of the electricity is transferred at the same time.

2.22 Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Service income is recognised when the relevant service is rendered.

2.23 Dividend distribution

Dividend distribution to the Target Company's equity holders is recognised as a liability in the period in which the dividends are approved by the Target Company's shareholders or Directors as appropriate.

2.24 Related parties

A party is considered to be related to the Target Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Target Group;

(ii) has a significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or of a parent of the Target Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Target Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Target Group 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 the Target Group or an entity related to the Target Group; (If the Target Group is itself a plan) and the sponsoring employers of the post-employment benefit plan;

(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); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the parent of the Target Group.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements used in preparing the Historical Financial Information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Target Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on higher of value-in-use calculations or fair value less costs of disposal. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2020, 2021 and 2022 and 31 March 2023, the carrying amounts of property, plant and equipment are RMB675,543,000, RMB2,288,305,000, RMB3,290,290,000 and RMB3,302,375,000 respectively.

As at 31 December 2020, 2021 and 2022 and 31 March 2023, the carrying amounts of right-of-use assets are RMB3,659,000, RMB17,672,000, RMB190,368,000 and RMB187,805,000 respectively.

(ii) Current and deferred income tax expenses

The Target Group is subject to income taxes in various locations within PRC. Judgement is required in determining the provision for income taxes in each of these locations. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation amount in the period in which such estimate is changed.

(iii) Useful lives, residual values and depreciation charges of property, plant and equipment

The Target Group's management determines the estimated useful lives, residual values and related depreciation charges for the Target Group's property, plant and equipment, other than construction in progress. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. It could change significantly as a result of technological advancement and innovations in the power industry. Management will adjust the depreciation charge where useful lives or residual values vary with previously estimated, or it will write-off or write down technically obsolete. Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation charges in the future periods. As at 31 December 2020, 2021 and 2022 and 31 March 2023, the carrying amount of property, plant and equipment, other than construction in progress, was RMB563,696,000, RMB2,029,744,000, RMB2,366,332,000 and RMB3,150,737,000.

(iv) Allowance for ECLs on accounts and other receivables and deposits

The allowance for ECLs on the accounts and other receivables and deposits are estimated based on assumptions about the risk of default and credit risk of respective receivables. The loss allowance amount is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss of the respective receivables. Such assessment involves high degree of estimation and uncertainty. When the actual future cash flows are less or more than expected, a material ECLs or material reversal of ECLs may arise, accordingly.

ECL are measured as an allowance equal to 12-month ECL or lifetime ECL for respective receivables. An asset will use lifetime ECL when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Target Company takes into account quantitative and qualitative reasonable and supportable forward looking information including available debtors' historical data and existing and forecast market conditions.

4. REVENUE AND SEGMENT INFORMATION

A. Revenue

Revenue, representing turnover net of sales related taxes, recognised during the year/period is as follows:

	Year ended 31 December			Three months ended 31 March	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Types of goods or services:					
Sales of electricity to regional and provincial power grid companies *(Note (a))*	74,488	220,180	371,941	86,808	118,808
Energy storage revenue *(Note (b))*	—	—	—	—	18,078
	74,488	220,180	371,941	86,808	136,886
Timing of revenue recognition:					
At a point in time	74,488	220,180	371,941	86,808	136,886

Notes:

(a) Pursuant to the power purchase agreements entered into between the Target Group and the respective regional and provincial power grid companies, the Target Group's sales of electricity were made to these power grid companies at the tariff rates agreed with the respective regional and provincial power grid companies as approved by the relevant government authorities in the PRC, and some of these tariff rates followed the market-oriented price mechanism.

(b) Energy storage revenue includes leasing of electricity storage capacities.

All revenue from external customers is generated from the PRC.

B. Segment information

The chief operating decision maker has been identified as the directors and certain senior management (collectively referred to as the "CODM") who make strategic decisions. The CODM reviews the internal reporting of the Target Group in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM assesses the performance of the operating segments based on a measure of profit before taxation. Other information provided to the CODM is measured in a manner consistent with that in the Historical Financial Information.

Segment assets and liabilities of the Target Group are not reported to the Target Group's CODM management. As a result, reportable segment assets and liabilities have not been presented in the Historical Financial Information.

	Year ended 31 December 2020						
	Wind power generation business	**Thermal power generation business**	**Photovoltaic power generation business**	**Energy storage**	**Segment Total**	**Unallocated**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue							
Sales of electricity	—	—	74,488	—	74,488	—	74,488
Segment results	—	—	37,373	—	37,373	—	37,373
Unallocated expenses	—	—	—	—	—	(8,026)	(8,026)
Operating profit	—	—	37,373	—	37,373	(8,026)	29,347
Finance income	—	—	2,446	—	2,446	31	2,477
Finance costs	—	—	(22,944)	—	(22,944)	—	(22,944)
Profit before taxation	—	—	16,875	—	16,875	(7,995)	8,880
Income tax expense	—	—	(890)	—	(890)	—	(890)
Profit for the year	—	—	15,985	—	15,985	(7,995)	7,990
Other segment information							
Amounts included in the measure of segment profit or loss:							
Depreciation of property, plant and equipment	—	—	23,041	—	23,041	—	23,041
Depreciation of right-of-use assets	—	—	179	—	179	—	179
Gain on recognition of negative goodwill	—	—	5,142	—	5,142	—	5,142

	Year ended 31 December 2021						
	Wind power generation business	Thermal power generation business	Photovoltaic power generation business	Energy storage	Segment Total	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue							
Sales of electricity	80,905	—	139,275	—	220,180	—	220,180
Segment results	70,915	—	52,325	—	123,240	—	123,240
Unallocated income	—	—	—	—	—	4	4
Unallocated expenses	—	—	—	—	—	(19,661)	(19,661)
Operating profit	70,915	—	52,325	—	123,240	(19,657)	103,583
Finance income	19	—	1,626	—	1,645	159	1,804
Finance costs	(25,426)	—	(42,689)	—	(68,115)	—	(68,115)
Profit before taxation	45,508	—	11,262	—	56,770	(19,498)	37,272
Income tax expense	—	—	(2,371)	—	(2,371)	—	(2,371)
Profit for the year	45,508	—	8,891	—	54,399	(19,498)	34,901
Other segment information							
Amounts included in the measure of segment profit or loss:							
Depreciation of property, plant and equipment	28,055	—	43,828	—	71,883	318	72,201
Depreciation of right-of-use assets	—	—	588	—	588	—	588
Gain on recognition of negative goodwill	24,978	—	—	—	24,978	—	24,978

	Year ended 31 December 2022						
	Wind power generation business	Thermal power generation business	Photovoltaic power generation business	Energy storage	Segment Total	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue							
Sales of electricity	215,862	5,927	150,152	—	371,941	—	371,941
Segment results	120,174	2,302	49,138	—	171,614	—	171,614
Unallocated income	—	—	—	—	—	15,055	15,055
Unallocated expenses	—	—	—	—	—	(54,003)	(54,003)
Operating profit	120,174	2,302	49,138	—	171,614	(38,948)	132,666
Finance income	22	—	117	—	139	102	241
Finance costs	(43,590)	—	(41,959)	—	(85,549)	(13)	(85,562)
Share of result of an associate	—	—	(37)	—	(37)	—	(37)
Share of result of a joint venture	—	—	—	—	—	13,224	13,224
Profit before taxation	76,606	2,302	7,259	—	86,167	(25,635)	60,532
Income tax expense	(488)	(12,177)	(2,250)	—	(14,915)	(9)	(14,924)
Profit for the year	76,118	(9,875)	5,009	—	71,252	(25,644)	45,608
Other segment information							
Amounts included in the measure of segment profit or loss:							
Depreciation of property, plant and equipment	66,621	—	56,845	—	123,466	272	123,738
Depreciation of right-of-use assets	3,655	552	770	—	4,977	—	4,977

	Three months ended 31 March 2023						
	Wind power generation business	Thermal power generation business	Photovoltaic power generation business	Energy storage	Segment Total	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue							
Sales of electricity	71,343	8,851	38,614	—	118,808	—	118,808
Energy storage revenue	—	—	—	18,078	18,078	—	18,078
	71,343	8,851	38,614	18,078	136,886	—	136,886
Segment results	42,602	5,446	(17,321)	9,396	40,123	—	40,123
Unallocated income	—	—	—	—	—	608	608
Unallocated expenses	—	—	—	—	—	(13,086)	(13,086)
Operating profit	42,602	5,446	(17,321)	9,396	40,123	(12,478)	27,645
Finance income	16	5	21	12	54	26	80
Finance costs	(9,784)	(680)	(6,928)	(3,801)	(21,193)	(1,987)	(23,180)
Share of result of an associate	—	—	(20)	—	(20)	—	(20)
Share of result of a joint venture	—	—	—	—	—	3,725	3,725
Profit before taxation	32,834	4,771	(24,248)	5,607	18,964	(10,714)	8,250
Income tax expense	(3,922)	—	(920)	—	(4,842)	—	(4,842)
Profit for the year	28,912	4,771	(25,168)	5,607	14,122	(10,714)	3,408
Other segment information							
Amounts included in the measure of segment profit or loss:							
Depreciation of property, plant and equipment	19,542	351	16,171	2,782	38,846	—	38,846
Depreciation of right-of-use assets	1,813	527	482	—	2,822	—	2,822
Amortisation of other intangible assets	—	836	—	—	836	—	836
Impairment of property, plant and equipment	—	—	31,926	—	31,926	—	31,926

	Three months ended 31 March 2022 (Unaudited)						
	Wind power generation business	Thermal power generation business	Photovoltaic power generation business	Energy storage	Segment Total	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Segment revenue							
Sales of electricity	54,873	—	31,935	—	86,808	—	86,808
Segment results	36,282	—	10,858	—	47,140	—	47,140
Unallocated income	—	—	—	—	—	940	940
Unallocated expenses	—	—	—	—	—	(11,395)	(11,395)
Operating profit	36,282	—	10,858	—	47,140	(10,455)	36,685
Finance income	7	—	14	—	21	24	45
Finance costs	(8,401)	—	(10,767)	—	(19,168)	(2)	(19,170)
Share of result of a joint venture	—	—	—	—	—	(404)	(404)
Profit before taxation	27,888	—	105	—	27,993	(10,837)	17,156
Income tax expense	—	—	(34)	—	(34)	—	(34)
Profit for the year	27,888	—	71	—	27,959	(10,837)	17,122
Other segment information							
Amounts included in the measure of segment profit or loss:							
Depreciation of property, plant and equipment	14,974	—	12,687	—	27,661	—	27,661
Depreciation of right-of-use assets	913	138	193	—	1,244	—	1,244

Geographical information

No geographical segment information is presented as the Target Group's revenue are all derived from the PRC and the Target Group's property, plant and equipment are all located in the PRC by physical location of assets.

Information about major customers

The Target Group's major customers are regional and provincial power grid companies. For the years ended 31 December 2020, 2021 and 2022 and three months ended 31 March 2022 and 2023, the Target Group's external revenue amounted to RMB47,652,000, RMB125,278,000, RMB202,558,000, and RMB64,802,000 and RMB63,595,000 was generated from six major customers, each of which accounted for 10% or more of the Target Group's external revenue.

For the years ended 31 December 2020, 2021 and 2022 and three months ended 31 March 2022 and 2023, major customers who accounted for 10% or more of the Target Group's external revenue are as follows:

	Segment	Year ended 31 December			Three months ended 31 March	
		2020	2021	2022	2022	2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Customer A	Thermal power electricity, wind power electricity and photovoltaic power electricity	29,141	44,373	#	#	#
Customer B	Thermal power electricity, wind power electricity and photovoltaic power electricity	9,832	#	#	#	#
Customer C	Thermal power electricity, wind power electricity and photovoltaic power electricity	8,679	#	#	#	#
Customer D	Thermal power electricity, wind power electricity and photovoltaic power electricity	#	44,264	59,591	23,210	15,035
Customer E	Thermal power electricity, wind power electricity and photovoltaic power electricity	#	36,641	106,080	31,663	30,482
Customer F	Thermal power electricity, wind power electricity and photovoltaic power electricity	#	#	36,887	9,929	18,078
		47,652	125,278	202,558	64,802	63,595

\# Represents that the amount of revenue from that customer is less than 10% of the total revenue of that year/period.

5. OTHER INCOME

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Rental income	—	—	—	—	1,475
Income from provision of repairs and maintenance services	—	—	1,426	—	49
Income from provision of IT and other services	1,492	867	9,030	1,336	3,092
Others	2,474	—	276	19	470
	3,966	867	10,732	1,355	5,086

6. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Wages, salaries and bonuses	7,751	17,134	44,821	11,211	19,553
Staff welfare	2,357	6,487	13,367	977	2,439
Pension costs — defined contribution plans	56	1,687	2,095	224	947
	10,164	25,308	60,283	12,412	22,939

7. OTHER GAINS AND LOSSES, NET

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Refund of value added taxes *(Note)*	—	9	972	—	1,055
Government grants	71	19	2,985	—	3,210
Gain on recognition of negative goodwill	5,142	24,978	—	—	—
Profits on trading of electricity	3,176	3,966	6,704	1,332	1,538
Impairment of property, plant and equipment *(Note 14)*	—	—	—	—	(31,926)
Others	(280)	—	(406)	—	(54)
	8,109	28,972	10,255	1,332	(26,177)

Note: It represents the value added taxes refunded from the relevant government authorities as an incentive for the Target Group's operation.

8. OTHER OPERATING EXPENSES

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Amortisation of other intangible assets *(Note 17)*	—	—	—	—	836
Research and development expenses	—	—	9	—	—
Lease expenses	1,362	3,059	3,685	255	35
Reversal of impairment of amounts due from related parties and other receivables	1,850	2,274	3,940	551	905
Power and heat generation costs	9,642	16,184	39,139	6,481	20,431
Administrative and selling related expenses	10,580	26,143	21,868	4,114	1,017
Taxes and surcharges	82	6	453	—	48
	23,516	47,666	69,094	11,401	23,272

9. OPERATING PROFIT

Operating profit is stated after charging/(crediting) the following:

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Amortisation of other intangible assets *(Note 17)*	—	—	—	—	836
Auditor's remuneration	445	129	383	135	—
Depreciation:					
— Property, plant and equipment *(Note 14)*	23,041	72,201	123,738	27,661	38,846
— Right-of-use assets *(Note 15)*	179	588	4,977	1,244	2,822
Impairment losses included in other operating expense					
— Property, plant and equipment *(Note 14)*	—	—	—	—	(31,926)
Lease expenses:					
— Transportation facilities	4	18	88	2	6
— Leasehold lands and buildings	1,358	3,041	3,597	253	29

10. FINANCE INCOME AND FINANCE COSTS

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Finance income					
Interest income from bank deposits	249	233	218	21	76
Interest income from related parties	2,228	1,571	23	24	4
	2,477	1,804	241	45	80
Finance costs					
Interest expense on					
— bank and other borrowings	13,449	66,902	88,810	18,934	23,126
— borrowings from related parties	12,464	3,511	18,940	1,339	2,181
	25,913	70,413	107,750	20,273	25,307
Less: amounts capitalised in property, plant and equipment	(2,969)	(2,298)	(22,188)	(1,103)	(2,127)
	22,944	68,115	85,562	19,170	23,180

As at 31 December 2020, 2021 and 2022 and 31 March 2022 and 2023, the weighted average interest rate on capitalised borrowings is approximately 4.46%, 4.51%, 4.29%, 4.43% and 3.51% per annum, respectively.

11. INCOME TAX EXPENSE

The provision for PRC current income tax is calculated based on the statutory tax rate of 25% on the estimated assessable profits for the year except that certain subsidiaries were either exempted from PRC Enterprise Income Tax or entitled to the preferential tax rate of 7.5%, 12.5% or 15%.

The amount of income tax recognised in the combined income statement represents:

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
PRC current income tax					
Charge for the year/period	1,306	3,398	3,248	250	4,880
Over provision in prior years/period	(416)	(1,027)	(501)	(216)	(38)
	890	2,371	2,747	34	4,842
Deferred income tax					
Charge for the year/period *(Note 33)*	—	—	12,177	—	—
	890	2,371	14,924	34	4,842

The income tax expense on the Target Group's profit before taxation differs from the theoretical amount that would arise using the income tax rate of the PRC as follows:

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before taxation	8,880	37,272	60,532	17,156	8,250
Less: Share of result of an associate	—	—	37	—	20
Share of result of a joint venture	—	—	(13,224)	404	(3,725)
	8,880	37,272	47,345	17,560	4,545
Calculated at the PRC statutory tax rate of 25%	2,220	9,318	11,836	4,390	1,136
Expenses not deductible for taxation purpose	41	812	1,501	—	—
Income not subject to taxation	(1,285)	(6,660)	—	—	—
Effect on tax concession	(1,605)	(8,870)	(25,752)	(7,649)	(6,930)
Tax losses with no deferred income tax assets recognised	2,532	10,606	15,174	3,711	3,490
Deductible temporary differences with no deferred income tax assets recognised	—	—	13,935	—	7,982
Utilisation of tax losses previously not recognised	(639)	(1,137)	(1,449)	(202)	(326)
Over provision in prior years/period	(416)	(1,027)	(501)	(216)	(38)
Others	42	(671)	180	—	(472)
Income tax expense	890	2,371	14,924	34	4,842

12. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

	Fees	Basic salary, housing allowance, other allowances, bonuses and benefits in kind	Employer's contribution to pension plans	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2020				
Yan Houshan *(Note (i))*	—	239	38	277
Lu Jue *(Note (ii))*	—	864	—	864
Cai Wenzhen *(Note (iii))*	—	525	37	562
Liu Xiangdong *(Note (i))*	—	—	—	—
Wang Qi *(Note (iv))*	—	—	—	—
	—	1,628	75	1,703

	Fees	Salaries, bonuses and other benefits	Employer's contribution to pension plans	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2021				
Yan Houshan *(Note (i))*	—	800	33	833
Cai Wenzhen *(Note (iii))*	—	757	34	791
Xue Feng *(Note (v))*	—	772	33	805
Liu Xiangdong *(Note (i))*	—	—	—	—
Wang Qi *(Note (iv))*	—	—	—	—
Nie Yitao *(Note (vi))*	—	—	—	—
Zhou Boxiao *(Note (vii))*	—	—	—	—
	—	2,329	100	2,429

	Fees	Salaries, bonuses and other benefits	Employer's contribution to pension plans	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2022				
Yan Houshan *(Note (i))*	—	849	36	885
Cai Wenzhen *(Note (iii))*	—	239	9	248
Xue Feng *(Note (v))*	—	775	37	812
Tong Yi *(Note (viii))*	—	745	37	782
Liu Xiangdong *(Note (i))*	—	—	—	—
Wang Qi *(Note (iv))*	—	—	—	—
Nie Yitao *(Note (vi))*	—	—	—	—
Zhou Boxiao *(Note (vii))*	—	—	—	—
Li Jingtao *(Note (viii))*	—	—	—	—
Lu Bibo *(Note (viii))*	—	—	—	—
	—	2,608	119	2,727

	Fees	Salaries, bonuses and other benefits	Employer's contribution to pension plans	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Three months ended 31 March 2022 (unaudited)				
Yan Houshan *(Note (i))*	—	134	8	142
Xue Feng *(Note (v))*	—	127	8	135
Tong Yi *(Note (viii))*	—	116	9	125
Cai Wenzhen *(Note (iii))*	—	90	9	99
Liu Xiangdong *(Note (i))*	—	—	—	—
Wang Qi *(Note (iv))*	—	—	—	—
Nie Yitao *(Note (vi))*	—	—	—	—
Zhou Boxiao *(Note (vii))*	—	—	—	—
	—	467	34	501

	Fees	Salaries, bonuses and other benefits	Employer's contribution to pension plans	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Three months ended 31 March 2023				
Yan Houshan *(Note (i))*	—	132	9	141
Xue Feng *(Note (v))*	—	128	10	138
Tong Yi *(Note (viii))*	—	121	10	131
Liu Xiangdong *(Note (i))*	—	—	—	—
Nie Yitao *(Note (vi))*	—	—	—	—
Li Jingtao *(Note (viii))*	—	—	—	—
Lu Bibo *(Note (viii))*	—	—	—	—
	—	381	29	410

Notes:

(i) Yan Houshan and Liu Xiangdong were appointed as director with effect from 13 July 2020. The directors' emoluments were for the services in connection with the management of the affairs of the Target Group.

(ii) Lu Jue, was appointed as director with effect from 13 July 2020 and resigned as director with effect from 23 October 2020.

(iii) Cai Wenzhen, was appointed as director with effect from 13 July 2020 and resigned as director with effect from 8 March 2022.

(iv) Wang Qi, was appointed as director with effect from 13 July 2020 and resigned as director from 23 June 2022.

(v) Xue Feng, was appointed as director with effect from 26 July 2021. The directors' emoluments were for the services in connection with the management of the affairs of the Target Group.

(vi) Nie Yitao, was appointed as director with effect from 25 November 2021. The directors' emoluments were for the services in connection with the management of the affairs of the Target Group.

(vii) Zhou Boxiao, was appointed as director with effect from 25 November 2021 and resigned as director with effect from 21 July 2022.

(viii) Tong Yi, Li Jingtao and Lu Bibo were appointed as director with effect from 9 March 2022, 24 June 2022 and 22 July 2022 respectively. The directors' emoluments were for the services in connection with the management of the affairs of the Target Group.

There was no arrangement under which a director waived or agreed to waive any remuneration for the years ended 31 December 2020, 2021 and 2022 and three months ended 31 March 2022 and 2023.

For the years ended 31 December 2020, 2021 and 2022 and three months ended 31 March 2022 and 2023, no remuneration was paid by the Target Group to any director as an inducement to join or upon joining the Target Group or as compensation for loss of office.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Target Group for the years ended 31 December 2020, 2021 and 2022 and three months ended 31 March 2022 and 2023 included 3, 3, 4, 4 and 3 directors of the Target Company. The emoluments payable to the remaining 2, 2, 1,1 and 2 individuals for the years ended 31 December 2020, 2021 and 2022 and three months ended 31 March 2022 and 2023 are as follows:

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Basic salaries, housing allowance, other allowances and benefits in kind	1,897	1,750	1,345	167	251
Employer's contribution to pension plans	116	106	92	20	26
	2,013	1,856	1,437	187	277

Their emoluments fell within the following bands:

	Number of individual				
	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
				(unaudited)	
Zero to HKD1,000,000 (equivalent to RMB876,100)	2	—	—	1	2
HKD1,000,000 to HKD1,500,000 (equivalent to RMB876,100 to RMB1,314,000)	—	2	1	—	—

13. DIVIDENDS AND EARNINGS PER SHARE

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'00*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Final dividend recognised as distribution	—	1,636	14,796	—	—

No earnings per share information are presented as its inclusion, for the purpose of this report, is not meaningful.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings and leasehold improvements	Power generators and equipment	Furniture and fixtures, tools and other equipment	Transportation facilities	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost						
At 1 January 2020	41,356	216,410	4,054	1,292	77,746	340,858
Additions	320	902	120	157	51,037	52,536
Acquisition of subsidiaries *(Note 38)*	41,768	289,482	356	34	—	331,640
Transfer	—	13,745	3,191	—	(16,936)	—
At 31 December 2020	83,444	520,539	7,721	1,483	111,847	725,034
Accumulated depreciation and impairment losses						
At 1 January 2020	10	25,214	778	448	—	26,450
Depreciation charge for the year	5,499	16,864	464	214	—	23,041
At 31 December 2020	5,509	42,078	1,242	662	—	49,491
Net book value						
At 31 December 2020	77,935	478,461	6,479	821	111,847	675,543
Cost						
At 1 January 2021	83,444	520,539	7,721	1,483	111,847	725,034
Additions	125	1,096	1,966	890	508,059	512,136
Acquisition of subsidiaries *(Note 38)*	19,131	1,074,683	17	—	78,996	1,172,827
Transfer	4,348	434,453	1,540	—	(440,341)	—
At 31 December 2021	107,048	2,030,771	11,244	2,373	258,561	2,409,997
Accumulated depreciation and impairment losses						
At 1 January 2021	5,509	42,078	1,242	662	—	49,491
Depreciation charge for the year	3,307	66,715	1,902	277	—	72,201
At 31 December 2021	8,816	108,793	3,144	939	—	121,692
Net book value						
At 31 December 2021	98,232	1,921,978	8,100	1,434	258,561	2,288,305

	Buildings and leasehold improvements *RMB'000*	Power generators and equipment *RMB'000*	Furniture and fixtures, tools and other equipment *RMB'000*	Transportation facilities *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost						
At 1 January 2022	107,048	2,030,771	11,244	2,373	258,561	2,409,997
Additions	256	2,009	2,593	599	259,414	264,871
Acquisition of subsidiaries *(Note 38)*	33,318	159,843	315	51	667,325	860,852
Transfer	8,287	252,793	262	—	(261,342)	—
At 31 December 2022	148,909	2,445,416	14,414	3,023	923,958	3,535,720
Accumulated depreciation and impairment losses						
At 1 January 2022	8,816	108,793	3,144	939	—	121,692
Depreciation charge for the year	6,687	113,655	3,030	366	—	123,738
At 31 December 2022	15,503	222,448	6,174	1,305	—	245,430
Net book value						
At 31 December 2022	133,406	2,222,968	8,240	1,718	923,958	3,290,290
Cost						
At 1 January 2023	148,909	2,445,416	14,414	3,023	923,958	3,535,720
Additions	—	—	371	—	82,486	82,857
Transfer	100,882	717,490	36,434	—	(854,806)	—
At 31 March 2023	249,791	3,162,906	51,219	3,023	151,638	3,618,577
Accumulated depreciation and impairment losses						
At 1 January 2023	15,503	222,448	6,174	1,305	—	245,430
Depreciation charge for the period	2,469	35,613	649	115	—	38,846
Impairment loss	—	31,926	—	—	—	31,926
At 31 March 2023	17,972	289,987	6,823	1,420	—	316,202
Net book value						
At 31 March 2023	231,819	2,872,919	44,396	1,603	151,638	3,302,375

Notes:

(a) Depreciation of property, plant and equipment (other than construction in progress) is calculated using the straight-line method to allocate their costs less accumulated impairment losses over their estimated useful lives to their residual values, as follows:

Buildings	8–45 years
Leasehold improvements	1–3 years
Power generators and equipment	5–30 years
Furniture and fixtures, tools and other equipment	5–18 years
Transportation facilities	6 years

(b) As at 31 December 2020, 2021 and 2022 and 31 March 2023, property, plant and equipment amounting to approximately RMB487,557,000, RMB883,709,000, RMB680,271,000 and RMB671,172,000 were pledged as securities for certain other borrowings and borrowings from related parties of the Target Group (Notes 30(c) and 31(d)).

(c) For the three months ended 31 March 2023, management has performed impairment assessment on certain property, plant and equipment with impairment indication included in "Wind power electricity generation" segment and an impairment loss of RMB31,926,000 was recognised.

The recoverable amounts of the associated CGUs had been determined based on value in use calculations. These calculations use pretax cash flow projections based on financial budgets approved by management for the purposes of impairment assessment covering a five-year period. Annual cash flows beyond the five-year period are expected to be similar to that of the fifth year based on the current production capacity, taking into account of the expected remaining useful lives of the relevant underlying operating assets. Management prepared the financial budgets taking into account of the actual and prior years' performance and market development expectations. The growth rates in electricity sold and pre-tax discount rates used for value in use calculations was 0% and from 6.96% to 7.64% respectively. Management estimates the growth rates in electricity sold by reference to the expected demand for electricity in the regions where the power plants are located. In addition, management estimates the discount rates using pre-tax rate that reflects market assessments of the time value of money and the specific risks relating to the CGUs. Other key assumptions applied in the impairment assessment include the expected tariff rates, fuel costs and staff costs.

15. RIGHT-OF-USE ASSETS

	Leasehold lands	Buildings	Transportation facilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost				
At 1 January 2020	—	—	—	—
Additions	2,565	—	—	2,565
Acquired on acquisitions of subsidiaries *(Note 38)*	1,273	—	—	1,273
At 31 December 2020	3,838	—	—	3,838
Accumulated depreciation				
At 1 January 2020	—	—	—	—
Depreciation charge for the year	179	—	—	179
At 31 December 2020	179	—	—	179
Net book value				
At 31 December 2020	3,659	—	—	3,659
For the year ended 31 December 2020				
Expenses relating to short-term leases and other leases with lease terms end within 12 months				1,358
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets				4
Total cash outflow for leases				3,927
Additions to right-of-use assets				3,838
Cost				
At 1 January 2021	3,838	—	—	3,838
Additions	5,075	—	—	5,075
Acquired on acquisitions of subsidiaries *(Note 38)*	9,526	—	—	9,526
At 31 December 2021	18,439	—	—	18,439
Accumulated depreciation				
At 1 January 2021	179	—	—	179
Depreciation charge for the year	588	—	—	588
At 31 December 2021	767	—	—	767
Net book value				
At 31 December 2021	17,672	—	—	17,672
For the year ended 31 December 2021				
Expenses relating to short-term leases and other leases with lease terms end within 12 months				3,041
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets				18
Total cash outflow for leases				8,134
Additions to right-of-use assets				14,601

	Leasehold lands *RMB'000*	Buildings *RMB'000*	Transportation facilities *RMB'000*	Total *RMB'000*
Cost				
At 1 January 2022	18,439	—	—	18,439
Additions	12,771	56,241	2,476	71,488
Acquired on acquisitions of subsidiaries *(Note 38)*	106,185	—	—	106,185
At 31 December 2022	137,395	56,241	2,476	196,112
Accumulated depreciation				
At 1 January 2022	767	—	—	767
Depreciation charge for the year	4,426	502	49	4,977
At 31 December 2022	5,193	502	49	5,744
Net book value				
At 31 December 2022	132,202	55,739	2,427	190,368
For the year ended 31 December 2022				
Expenses relating to short-term leases and other leases with lease terms end within 12 months				3,597
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets				88
Total cash outflow for leases				37,281
Additions to right-of-use assets				177,673
Cost				
At 1 January 2023	137,395	56,241	2,476	196,112
Additions	259	—	—	259
At 31 March 2023	137,654	56,241	2,476	196,371
Accumulated depreciation				
At 1 January 2023	5,193	502	49	5,744
Depreciation charge for the period	2,295	502	25	2,822
At 31 March 2023	7,488	1,004	74	8,566
Net book value				
At 31 March 2023	130,166	55,237	2,402	187,805
For the period ended 31 March 2023				
Expenses relating to short-term leases and other leases with lease terms end within 12 months				29
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets				6
Total cash outflow for leases				18,643
Additions to right-of-use assets				259

Note:

During the years ended 31 December 2020, 2021 and 2022 and three months ended 31 March 2023, the Target Group leases leasehold lands, buildings and transportation facilities for its operations. Lease contracts are entered into for fixed term of 5 to 28 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Target Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Target Group regularly entered into short-term leases for transportation facilities. As at 31 December 2020, 2021 and 2022 and 31 March 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense was recognised and disclosed in Note 9.

16. PREPAYMENTS FOR CONSTRUCTION OF POWER PLANTS

Prepayments for construction of power plants represent advance payments made to contractors in connection with the construction of the Target Group's power plants including payments for equipment and machinery pending delivery to the relevant power plants for installation.

As at 31 December 2022 and 31 March 2023, the balance of prepayments for construction of power plants includes an amount of RMB46,287,000 and RMB30,943,000, which was prepayments to related parties (companies controlled by SPIC other than SPIC Financial Company Limited ("SPIC Financial"), associates and non-controlling shareholders of subsidiaries) for construction of power plants.

17. OTHER INTANGIBLE ASSETS

	As at 31 December 2022	As at 31 March 2023
	RMB'000	*RMB'000*
Cost		
At beginning of year/period	—	280,909
Additions	280,909	—
At the end of the year/period	280,909	280,909
Accumulated amortisation		
At beginning of year/period	—	—
Amortisation charge for the year/period	—	836
At the end of the year/period	—	836
Net book value		
At the end of the year/period	280,909	280,073

Other intangible assets represent the carrying amount of the franchise rights. These intangible assets have finite useful lives and are amortised on a straight-line basis over the period of 28 years.

18. INTEREST IN AN ASSOCIATE

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost of investment in an associate	—	—	84	84
Share of undistributed post- acquisition reserves	—	—	(37)	(57)
	—	—	47	27

There are no contingent liabilities relating to the Target Group's interest in the associate and the associate did not have any material contingent liabilities as at 31 December 2022 and 31 March 2023.

No dividend was received from an associate for the year ended 31 December 2022 and three months ended 31 March 2023.

The followings are the details of the associate as at 31 December 2022 and 31 March 2023:

Name of company	Place of establishment and operation	Registered/ paid-up capital	Proportion of ownership interest held by the Target Group	Principal activities
Zhang Zhou Huan Dian New Energy Co., Ltd. (漳州煥電新能源科技有限公司) *(Note)*	The PRC	RMB5,000,000/ RMB83,388	15%	Generation and sale of electricity

Note: Zhang Zhou Huan Dian New Energy Co., Ltd. was considered as an associate of the Target Group because the Target Group has virtue of the contractual right to appoint 1 out of the 5 directors to the board of directors of that company.

The above associate was not individually material to the Target Group.

19. INTEREST IN A JOINT VENTURE

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted investment, at cost	—	—	200,000	200,000
Share of undistributed post- acquisition reserves	—	—	13,224	16,949
	—	—	213,224	216,949

The followings are the details of the joint venture as at 31 December 2022 and 31 March 2023:

Name of company	Place of establishment and operation	Registered/ paid-up capital	Principal activities	Proportion of ownership interest Held by the Target Group As at 31 December 2020	2021	2022	As at 31 March 2023
Shenzhen Feng He Energy Investment Co., Ltd. (深圳峰和能源投資有限公司) ("Shenzhen Feng He")	The PRC	RMB580,000,000/ RMB200,000,000	Generation and sale of electricity	—	—	50%	50%

There are no contingent liabilities relating to the Target Group's interest in the joint venture and the joint venture did not have any material contingent liabilities as at 31 December 2022 and 31 March 2023.

Summarised statements of financial position

	As at 31 December 2022	As at 31 March 2023
	RMB'000	*RMB'000*
Non-current assets	329,751	328,506
Current assets	869,740	848,450
Non-current liabilities	(7,217)	(6,230)
Current liabilities	(603,479)	(568,754)
Net assets	588,795	601,972

Summarised statements of profits or loss and other comprehensive income

	Year ended 31 December 2022	Three months ended 31 March 2022	2023
	RMB'000	*RMB'000* (unaudited)	*RMB'000*
Revenue	465,968	80,840	105,199
Profit/(loss) and total comprehensive income/(expense) for the year/period	58,539	(1,518)	13,177
Dividend received from Shenzhen Feng He	—	—	—

Reconciliation of the above summarised financial information to the carrying amount of the interest in a joint venture recognised in the Historical Financial Information:

	As at 31 December 2022	As at 31 March 2023
	RMB'000	*RMB'000*
Net assets of Shenzhen Feng He	588,795	601,972
Less: non-controlling interests of Shenzhen Feng He	(162,347)	(168,075)
	426,448	433,897
Proportion of the Target Group's ownership	50%	50%
Carrying amount of the Target Group's interest in Shenzhen Feng He	213,224	216,949

20. INVENTORIES

	As at 31 December 2020	2021	2022	As at 31 March 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Spare parts and consumables	91	115	368	1,186

21. ACCOUNTS RECEIVABLE

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accounts receivable from regional and provincial power grid companies *(Note (b))*	183,948	301,351	349,329	412,923
Accounts receivable from other companies *(Note (b))*	2,187	1,544	120,308	133,515
	186,135	302,895	469,637	546,438
Notes receivable *(Note (c))*	—	368	5,925	1,000
	186,135	303,263	475,562	547,438

Notes:

(a) To measure the ECL of accounts receivable has been assessed individually. The loss allowance of the accounts receivable as at 31 December 2020, 2021 and 2022 and 31 March 2023 was considered insignificant, please refer to note 37.2 (b) for details of credit risk assessment.

(b) The ageing analysis of accounts receivable based on invoice date is as follows:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unbilled	185,838	293,292	469,514	522,562
1 to 3 months	297	9,603	123	23,876
	186,135	302,895	469,637	546,438

As at 31 December 2020, 2021 and 2022 and 31 March 2023, accounts receivable from regional and provincial power grid companies include clean energy power price premium receivable of RMB185,838,000, RMB293,292,000, RMB469,514,000 and RMB522,562,000, which is unbilled.

The clean energy power price premium, which is a component of the government-approved on-grid tariff for wind and photovoltaic power generation, is recognised as revenue from sales of electricity in the combined statements of profit or loss and other comprehensive income of the Target Group for its wind and photovoltaic power projects.

(c) As at 31 December 2020, 2021, and 2022 and 31 March 2023, notes receivable were bank acceptance notes issued by third parties and were normally with a maturity period of 360, 360, 360 and 360 days.

(d) As at 31 December 2020, 2021 and 2022 and 31 March 2023, accounts receivable amounting to approximately RMB136,191,000, RMB206,493,000, RMB370,617,000 and RMB436,061,000 are pledged as securities for certain bank borrowings, other borrowings and borrowings from related parties of the Target Group (Note 29(d), 30(c) and 31(d)).

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits and other receivables	31,141	51,502	67,721	79,136
Prepayments	3,805	3,612	4,560	14,310
Deductible valued-added tax	81,713	129,153	200,801	198,217
Others	15,206	14,229	22,415	26,260
	131,865	198,496	295,497	317,923

23. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from related parties				
Amounts due from companies controlled by SPIC *(Note (a))*	55,201	3,321	3,339	3,495

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due to related parties				
Amounts due to companies controlled by SPIC *(Note (b))*	6	651	645	5,354

Note:

(a) The amounts due from companies controlled by SPIC are unsecured, interest-free and repayable on demand, except for balances of RMB40,275,000 and RMB14,822,000 which is interest bearing at 5% and 1.5% per annum respectively as at 31 December 2020 and a balance of RMB2,923,000, RMB2,923,000 and RMB2,923,000 which is interest bearing at 1.50%, 1.50% and 1.50% per annum as at 31 December 2021 and 2022 and 31 March 2023 respectively.

(b) The amounts due to related parties are unsecured, interest-free and repayable on demand.

24. RESTRICTED DEPOSITS

Restricted deposits are all restricted cash deposits. As at 31 December 2020, the restricted deposits of the Target Group are interest bearing from 1.3% to 1.5% per annum.

25. CASH AND CASH EQUIVALENTS

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at banks and in hand *(Note (a))*	6,143	7,872	12,131	6,140
Deposit at SPIC Financial *(Note (b))*	56,363	64,750	141,965	105,210
	62,506	72,622	154,096	111,350

Notes:

(a) As at 31 December 2020, 2021 and 2022 and 31 March 2023, the Target Group's cash at banks are interest bearing 0.30%, 0.30%, 0.25% and 0.25% per annum, respectively.

(b) As at 31 December 2020, 2021 and 2022 and 31 March 2023, the Target Group's deposit at SPIC Financial are interest bearing at 0.35%, 0.35%, 0.35% and 0.35% per annum, respectively.

(c) As at 31 December 2020, 2021 and 2022 and 31 March 2023, the Target Group's cash and cash equivalents denominated in RMB of RMB62,506,000, RMB72,622,000, RMB154,096,000 and RMB111,350,000 are deposited at banks and SPIC Financial.

26. PAID-IN CAPITAL

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January	—	35,500	434,910	895,124
Capital injection	35,500	399,410	460,214	—
At 31 December/31 March	35,500	434,910	895,124	895,124

27. OTHER EQUITY INSTRUMENTS

On 19 December 2022, the Target Company entered into the perpetual debt investment contract with Bridge Trust Co., Ltd. (a subsidiary of SPIC). The Target Group has received RMB100,000,000 perpetual debts with an initial interest rate ranging from 3.18% to 6% per annum.

During the year ended 31 December 2022 and three months ended 31 March 2023, the profit attributable to holders of other equity instruments, based on the applicable interest rate, was RMB514,000 and RMB795,000 respectively.

28. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE TARGET COMPANY

	As at 31 December			As at 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property, plant and equipment	680	1,943	3,834	3,611
Investments in subsidiaries	195,309	520,940	686,902	687,825
Interest in a joint venture	—	—	213,224	216,949
	195,989	522,883	903,960	908,385
Current assets				
Inventories	—	19	—	—
Prepayments, deposits and other receivables	14,305	2,121	4,283	4,960
Amounts due from subsidiaries	33,804	171,362	633,114	623,283
Cash and cash equivalents	1,817	29,456	48,365	16,435
	49,926	202,958	685,762	644,678
Total assets	245,915	725,841	1,589,722	1,553,063
EQUITY				
Paid-in capital	35,500	434,910	895,124	895,124
Other equity instruments	—	—	100,514	101,309
Reserves *(note)*	208,812	207,205	34,449	23,733
Total equity	244,312	642,115	1,030,087	1,020,166
LIABILITIES				
Current liabilities				
Other payables and accrued charges	1,603	12,345	23,919	27,327
Amounts due to subsidiaries	—	71,381	275,716	275,570
Borrowings from related parties	—	—	260,000	230,000
Total liabilities	1,603	83,726	559,635	532,897
Total equity and liabilities	245,915	725,841	1,589,722	1,553,063
Net current assets	48,323	119,232	126,127	111,781
Total assets less current liabilities	244,312	642,115	1,030,087	1,020,166

Note:

Movements in the Target Company's reserves

	Capital reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*
At 14 April 2020 (date of incorporation)	—	—	—
Loss and total comprehensive expense for the period	—	(7,985)	(7,985)
Capital re-organisation on subsidiaries	216,797	—	216,797
At 31 December 2020 and 1 January 2021	216,797	(7,985)	208,812
Profit and total comprehensive income for the year	—	28	28
Dividends recognised as distribution	—	(1,635)	(1,635)
At 31 December 2021 and 1 January 2022	216,797	(9,592)	207,205
Loss and total comprehensive expense for the year	—	(25,779)	(25,779)
Capital re-organisation on subsidiaries	(131,667)	—	(131,667)
Profit attributable to holders of other equity instruments	—	(514)	(514)
Dividends recognised as distribution	—	(14,796)	(14,796)
At 31 December 2022 and 1 January 2023	85,130	(50,681)	34,449
Loss and total comprehensive expense for the period	—	(9,921)	(9,921)
Profit attributable to holders of other equity instruments	—	(795)	(795)
At 31 March 2023	85,130	(61,397)	23,733
At 1 January 2022 (audited)	216,797	(9,592)	207,205
Loss and total comprehensive expense for the period	—	(8,790)	(8,790)
Others	(2,180)	—	(2,180)
At 31 March 2022 (unaudited)	214,617	(18,382)	196,235

29. BANK BORROWINGS

Bank borrowings are analysed as follows:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Long-term bank borrowings, secured *(Note (a))*	13,520	615,112	1,224,774	1,772,934
Long-term bank borrowings, unsecured	49,386	78,108	22,689	32,042
	62,906	693,220	1,247,463	1,804,976
Less: Current portion of long-term borrowings				
— secured bank borrowings	520	37,475	98,197	85,342
— unsecured bank borrowings	49,386	1,408	2,606	3,645
	49,906	38,883	100,803	88,987
	13,000	654,337	1,146,660	1,715,989
Current				
Current portion of long-term borrowings	49,906	38,883	100,803	88,987
Total bank borrowings	62,906	693,220	1,247,463	1,804,976

Notes:

(a) The carrying amounts of the Target Group's bank borrowings are denominated in RMB.

(b) The repayment terms of the long-term bank borrowings are analysed as follows

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	49,906	38,883	100,803	88,987
Between one and two years	1,520	110,091	126,341	154,644
Between two and five years	4,800	183,898	413,960	556,499
Over five years	6,680	360,348	606,359	1,004,846
	62,906	693,220	1,247,463	1,804,976

(c) The effective interest rates per annum of the Target Group's bank borrowings are as follows:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Long-term bank borrowings (including current portion)	4.48%	4.73%	4.23%	4.34%

As at 31 December 2020, 2021 and 2022 and 31 March 2023, all bank borrowings of the Target Group are in floating rates.

(d) Secured long-term bank borrowings are secured by accounts receivable with carrying amounts of approximately RMB13,520,000, RMB615,112,000, RMB1,224,774,000 and RMB1,772,934,000 as at 31 December 2020, 2021 and 2022 and 31 March 2023 (Note 21(d)).

(e) As at 31 December 2020, 2021 and 2022 and 31 March 2023, the Target Group had available unutilised banking facilities amounting to approximately RMBnil, RMB394,693,000, RMB1,252,237,000 and RMB1,381,758,000 respectively.

(f) The fair values of long-term bank borrowings at floating interest rates approximate their carrying amounts.

30. OTHER BORROWINGS

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Long-term other borrowings from third parties *(Note (b))*	278,281	949,318	847,089	706,692
Less: Current portion of long-term borrowings from third parties	842	43,618	119,375	110,654
	277,439	905,700	727,714	596,038
Current				
Current portion of long-term borrowings from third parties	842	43,618	119,375	110,654
Total other borrowings	278,281	949,318	847,089	706,692

Notes:

(a) The carrying amounts of the Target Group's other borrowings are denominated in RMB.

(b) As at 31 December 2020, 2021 and 2022 and 31 March 2023, the balance are secured, interest bearing at floating rate ranging from 4.60% to 4.65%, 4.07% to 5.60%, 4.07% to 4.8%, and 4.07% to 4.80% per annum, respectively.

(c) Other borrowings are secured by property, plant and equipment and accounts receivable with carrying amounts of approximately RMB278,281,000, RMB949,318,000, RMB847,089,000 and RMB706,692,000 as at 31 December 2020, 2021 and 2022 and 31 March 2023 (Note 14(b) and 21(d)).

31. BORROWINGS FROM RELATED PARTIES

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Long-term borrowings from SPIC Financial *(Note (b))*	121,200	40,500	56,500	48,460
Long-term borrowings from other related parties *(Note (c))*	133,001	112,481	346,275	—
	254,201	152,981	402,775	48,460
Less: Current portion of long-term borrowings				
— from SPIC Financial	88,000	—	20,000	20,000
— from other related parties	—	28,038	24,023	—
	88,000	28,038	44,023	20,000
	166,201	124,943	358,752	28,460
Current				
Short-term borrowings from SPIC Financial	40,000	—	260,000	230,000
Current portion of long-term borrowings from SPIC Financial	88,000	—	20,000	20,000
Current portion of long-term borrowings from other related parties	—	28,038	24,023	—
	128,000	28,038	304,023	250,000
Total borrowings	294,201	152,981	662,775	278,460

Notes:

(a) The carrying amounts of the Target Group's borrowings from related parties are denominated in RMB.

(b) As at 31 December 2020, 2021 and 2022 and 31 March 2023, the borrowings from SPIC Financial are unsecured, interest bearing at floating rate ranging from 4.28% to 5%, 4% to 5.5%, 3.45% to 5.5% and 3.45% to 5.5% per annum, respectively.

The repayment terms of these borrowings are analysed as follows:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	128,000	28,038	304,023	250,000
Between one and two years	13,200	20,000	16,000	20,960
Between two and five years	20,000	16,000	13,000	—
Over five years	133,001	88,943	329,752	7,500
	294,201	152,981	662,775	278,460

(c) As at 31 December 2020, 2021 and 2022 and 31 March 2023, the borrowings from other related parties are secured, interest bearing at floating rate from 4.40% to 4.65%, 4.40% to 4.65%, 5% and nil per annum, respectively.

(d) Long-term borrowings from other related parties are secured by property, plant and equipment and accounts receivable with carrying amounts of approximately RMB133,001,000, RMB112,481,000, RMB346,275,000 and RMBnil as at 31 December 2020, 2021 and 2022 and 31 March 2023 (Note 14(b) and 21(d)).

(e) As at 31 December 2020, 2021 and 2022 and 31 March 2023, the Target Group available unutilised facilities from SPIC Financial amounting to approximately RMBnil, RMB195,500,000, RMB350,500,000 and RMB350,500,000, respectively.

32. LEASE LIABILITIES

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities payable:				
Within one year	—	—	37,892	19,543
Less: Amounts payable within 12 months shown under current liabilities	—	—	—	—
Amounts payable after 12 months shown under non-current liabilities	—	—	37,892	19,543

The lease liabilities are repayable on demand.

33. DEFERRED TAXES LIABILITIES

Deferred income taxes are calculated in respect of temporary differences under the liability method using the tax rates enacted or substantively enacted by the end of each financial reporting period during the Relevant Periods.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority. The following amounts, determined after appropriate offsetting, are shown in the combined statements of financial position:

	As at 31 December			As at 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred income tax liabilities	—	—	(12,177)	(12,177)

Notes:

(a) The net movements in the deferred income tax liabilities during the year/period, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Right-of-use assets/ lease liabilities	Total
	RMB'000	*RMB'000*
At 1 January 2020, 31 December 2020, 31 December 2021 and 1 January 2022	—	—
Charged to profit or loss *(Note 11)*	(12,177)	(12,177)
At 31 December 2022 and 31 March 2023	(12,177)	(12,177)

(b) Deferred tax assets are recognised for tax losses carry forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2020, 2021 and 2022 and 31 March 2023, the Target Group had unrecognised tax losses to be carried forward against future taxable profits amounting to RMB86,892,000, RMB124,768,000, RMB179,668,000 and RMB192,324,000 respectively, which will expire within five years.

(c) As at 31 December 2020, 2021 and 2022 and 31 March 2023, the Target Group has deductible temporary differences of RMBnil, RMBnil, RMB55,738,000 and RMB87,664,000. No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

34. OTHER PAYABLES AND ACCRUED CHARGES

	As at 31 December			As at 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Salaries and staff welfare payable	—	431	3,933	9,412
Value added tax payable	305	329	15,951	16,211
Other taxes payable	467	1,748	2,231	1,196
Other payables and accrued operating expenses	56,834	107,836	143,192	145,767
Dividend payable	—	45	—	—
Interest payable	180	8	297	258
Service fee payable	340	2,064	1,857	3,034
	58,126	112,461	167,461	175,878

35. NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS

(a) Reconciliation of profit before taxation to cash (used in)/generated from operating activities

	Year ended 31 December			Three months 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before taxation	8,880	37,272	60,532	17,156	8,250
Adjustments for:					
Share the result of an associate	—	—	37	—	20
Share the result of a joint venture	—	—	(13,224)	404	(3,725)
Finance income	(2,477)	(1,804)	(241)	(45)	(80)
Finance costs	22,944	68,115	85,562	19,170	23,180
Depreciation of property, plant and equipment *(Note 14)*	23,041	72,201	123,738	27,661	38,846
Depreciation of right-of-use Assets *(Note 15)*	179	588	4,977	1,244	2,822
Amortisation of intangible Assets *(Note 17)*	—	—	—	—	836
Impairment loss of property, plant and equipment *(Note 14)*	—	—	—	—	31,926
Gain on recognition of negative Goodwill	(5,142)	(24,978)	—	—	—
Operating cash flows before working capital changes	47,425	151,394	261,381	65,590	102,075
(Increase)/decrease in Inventories	—	(24)	(253)	24	(818)
Increase in accounts receivable	(38,677)	(53,701)	(79,297)	(47,111)	(71,876)
Decrease/(increase)in prepayments, deposits and other receivables	54,244	(9,351)	130,309	(40,445)	(22,426)
(Increase)/decrease in amounts due from related parties	(55,096)	51,880	(18)	2,923	(156)
Increase/(decrease) in other payables and accrued charges	16,787	(17,384)	(3,234)	24,429	8,417
Increase/(decrease) in amounts due to related parties	—	645	(6)	—	4,709
(Decrease)/increase in deferred income	(18)	—	4,000	—	761
Cash generated from operations	24,665	123,459	312,882	5,410	20,686
Interest paid	(22,936)	(68,115)	(85,547)	(19,170)	(23,180)
Profit tax paid	(434)	(655)	(3,318)	(1,789)	(1,588)
Net cash generated from/(used in) operating activities	1,295	54,689	224,017	(15,549)	(4,082)

(b) Analysis of changes in financing activities during the year/period

	Bank borrowings and other borrowings	Borrowings from related parties	Leases liabilities
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2020	295,084	—	—
Drawdown of bank borrowings	283,028	—	—
Repayment of bank borrowings	(507,822)	—	—
Drawdown of other borrowings	118,435	—	—
Repayment of other borrowings	(147,003)	—	—
Drawdown of borrowings from related parties	—	294,201	—
Repayment of borrowings from related parties	—	—	—
Acquisitions of subsidiaries *(Note 38)*	299,465	—	—
At 31 December 2020 and 1 January 2021	341,187	294,201	—
Drawdown of bank borrowings	683,537	—	—
Repayment of bank borrowings	(53,223)	—	—
Drawdown of other borrowings	794,743	—	—
Repayment of other borrowings	(851,338)	—	—
Drawdown of borrowings from related parties	—	20,500	—
Repayment of borrowings from related parties	—	(161,720)	—
Acquisitions of subsidiaries *(Note 38)*	727,632	—	—
At 31 December 2021 and 1 January 2022	1,642,538	152,981	—
Drawdown of bank borrowings	664,202	—	—
Repayment of bank borrowings	(219,959)	—	—
Drawdown of other borrowings	75,757	—	—
Repayment of other borrowings	(1,070,213)	—	—
Drawdown of borrowings from related parties	—	1,007,811	—
Repayment of borrowings from related parties	—	(498,017)	—
Addition of lease liabilities	—	—	58,717
Payments for lease liabilities	—	—	(20,825)
Acquisitions of subsidiaries *(Note 38)*	1,002,227	—	—
At 31 December 2022 and 1 January 2023	2,094,552	662,775	37,892
Drawdown of bank borrowings	577,202	—	—
Repayment of bank borrowings	(19,689)	—	—
Drawdown of other borrowings	—	—	—
Repayment of other borrowings	(140,397)	—	—
Drawdown of borrowings from related parties	—	—	—
Repayment of borrowings from related parties	—	(384,315)	—
Payments for lease liabilities	—	—	(18,349)
At 31 March 2023	2,511,668	278,460	19,543

36. COMMITMENTS

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted but not provided for in respect of property, plant and equipment	8,499	684,004	437,437	342,796

37. FINANCIAL INSTRUMENTS

37.1 Categories of financial instruments

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at amortised cost	338,983	430,708	700,718	741,419
Financial liabilities				
Financial liabilities at amortised cost	828,125	2,117,250	3,267,463	3,309,661

37.2 Financial risk management objectives and policies

The Target Group's activities expose it to a variety of financial risks: interest rate risks, credit risk and liquidity risk. The Target Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Group's financial performance.

(a) Interest rate risks

The Target Group's income and operating cash flows are substantially independent of changes in market interest rates. The Target Group's interest-bearing assets mainly include amounts due from related parties and cash at banks and deposits at SPIC Financial, details of which have been disclosed in Note 23 and 25. The Target Group's exposure to changes in interest rates is mainly attributable to its borrowings and lease liabilities, details of which have been disclosed in Notes 29 to 32. Borrowings carried at floating rates expose the Target Group to cash flow interest rate risk whereas borrowings and lease liabilities carried at fixed rates expose the Target Group to fair value interest rate risk, details of which have been disclosed in Notes 29 to 32. The Target Group has not used any specific interest rate swap contracts to hedge its exposure to interest rate risk.

The Target Group's cash flow interest rate risk is mainly concentrated on the fluctuation of People's Bank of China interest rate arising from the Target Group's RMB denominated floating rate bank borrowings.

As at 31 December 2020, 2021 and 2022 and 31 March 2023, if the interest rates on bank and other borrowings and borrowings from related parties had been 50 basis points higher/lower than the prevailing interest rates, with all other variables held constant, post-tax profit for the year/period (net of interest capitalised) would have been RMB2,383,000, RMB6,733,000, RMB10,340,000, and RMB10,463,000 for the years 31 December 2020, 2021 and 2022 and three months ended 31 March 2023 lower/higher mainly as a result of higher/lower interest expense on floating rate bank borrowings, other borrowings and borrowings from related parties.

As at 31 December 2020, 2021 and 2022 and 31 March 2023, if the interest rates on cash at banks and deposits at SPIC Financial had been 50 basis points higher/lower than the prevailing interest rates, with all other variables held constant, post-tax profit for the year would have been RMB234,000, RMB272,000, RMB578,000, and RMB418,000 for the years 31 December 2020, 2021 and 2022 and three months 31 March 2023 higher/lower mainly as a result of higher/lower interest income on floating rate cash at banks and deposits at SPIC Financial.

Total interest income from financial assets that are measured at amortised cost is as follows:

	Year ended 31 December			Three months 31 March	
	2020	2021	2022	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest income:					
Cash and cash equivalents	249	233	218	21	76
Amounts due from related parties	2,228	1,571	23	24	4
Total interest income	2,477	1,804	241	45	80

Interest expense on financial liabilities not measured at FVTPL:

	Year ended 31 December			Three months 31 March	
	2020	2021	2022	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Interest expense on financial liabilities at amortised cost	22,944	68,115	85,562	19,170	23,180

(b) Credit risk and impairment test

The Target Group's credit risk primarily arises from accounts receivable (Note 21), deposits and other receivables (Note 22), restricted deposits (Note 24) and cash and cash equivalents (Note 25). The Target Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Accounts receivable arising from contracts with customers

The Target Group is exposed to significant concentration of credit risk in terms of electricity sales as a majority of the Target Group's sales of electricity were made to regional and provincial power grid companies. The Target Group normally grants credit terms ranged from 30 to 90 days to these power grid companies except for the clean energy power price premium. The collection of such clean energy power price premium is subject to the allocation of funds by relevant government authorities to local grid companies, which therefore takes a relatively longer time for settlement. The Target Group only accepts bills issued or guaranteed by reputable PRC banks if accounts receivables are settled by bills and therefore the management of the Target Group considers the credit risk arising from the endorsed or discounted bills is insignificant. The Target Group normally does not require collaterals from trade debtors. In addition, the Target Group performs impairment assessment under ECL model upon application of HKFRS 9 on accounts receivable individually. Ageing analysis of the Target Group's accounts receivable is disclosed in Note 21 and management does not expect any losses from non-performance by these counterparties.

Deposits and other receivables and amounts due from related parties

The counterparties of the Target Group's deposits, other receivables and amounts due from related parties are mainly large state-owned enterprises with good credit quality and subsidiaries of SPIC. Under ECL model upon application of HKFRS 9, management makes periodic collective assessment as well as individual assessment on the recoverability of all loans and receivables, based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any disputes with the relevant debtors. The counterparties of the Target Group's deposits and other receivables, amounts due from related parties are mainly large state-owned enterprises with good credit quality and subsidiaries of SPIC. Under ECL model upon application of HKFRS 9, management makes periodic collective assessment as well as individual assessment on the recoverability of all receivables, based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any disputes with the relevant debtors. The Target Group assessed the ECL for the receivables are insignificant and thus no loss allowance is recognised.

Restricted deposits and cash and cash equivalents

Substantially all of the Target Group's cash and deposits are held in major financial institutions and SPIC Financial, which management believes are of high credit quality. Therefore, the Target Group performs impairment assessment under 12m ECL model upon application of HKFRS 9 on restricted deposits and cash and cash equivalents on collective basis. Management does not expect any losses from non-performance by these counterparties.

The tables below detail the credit risk exposures of the Target Group's financial assets, including accounts receivable, deposits and other receivables, amounts due from related parties, restricted deposits and cash and cash equivalents, which are subject to ECL assessment:

					Gross carrying amount			
	Notes	External credit rating	Internal credit rating	12m ECL or lifetime ECL	As at 31 December			As at 31 March
					2020	2021	2022	2023
					RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at amortised cost:								
Restricted deposits	*24*	A1	*(Note (i))*	12m ECL	4,000	—	—	—
Cash and cash equivalents	*25*	A1	*(Note (i))*	12m ECL	62,506	72,622	154,096	111,350
Deposits and other receivables	*22*	N/A	*(Note (iii))*	12m ECL	31,141	51,502	67,721	79,136
Accounts receivable	*21*	A1	*(Note (iv))*	Lifetime ECL (not credit impaired)	186,135	302,895	469,637	546,438
Notes receivable	*21*	A1	*(Note (iv))*	12m ECL	—	368	5,925	1,000
Amounts due from related parties	*23*	N/A	*(Note (ii))*	12m ECL	55,201	3,321	3,339	3,495

Notes:

(i) Restricted deposits and cash and cash equivalents:

At the end of the reporting period, the Directors have performed impairment assessment under 12m ECL model for restricted deposits and cash and cash equivalents, and concluded that there has been no significant increase in credit risk since initial recognition. Since the counterparties are in major financial institutions with high credit ratings assigned by international credit-rating agencies, the probability of defaults of the counterparties are insignificant and accordingly, no allowance for credit losses is provided for these financial assets.

(ii) Amounts due from related parties:

For the purposes of internal credit risk management, the Target Group uses past due information to assess whether credit risk has increased significantly since initial recognition. The management assessed no past due situation based on historical payment, therefore concluded that these receivables have low credit risk and remote possibility of default.

	Past due	Not past due/No fixed repayment terms	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2020	—	55,201	55,201
At 31 December 2021	—	3,321	3,321
At 31 December 2022	—	3,339	3,339
At 31 March 2023	—	3,495	3,495

For all amounts due from related parties, the Target Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition or the financial instrument is not determined to have low credit risk at the reporting date, the Target Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition. The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue costs or effort.

(iii) Deposits and other receivables:

For the purposes of internal credit risk management, the Target Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

The Target Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Deposits and other receivables
A	The counterparties can honor the terms of the contracts. There is no reason to doubt their ability to fulfill the payment on a timely basis.	12m ECL
B	The counterparties frequently repay after due dates but usually settle after due date.	12m ECL
C	The counterparties cannot repay in full and there has been a significant increase in credit risk since initial recognition.	Lifetime ECL (not credit-impaired)
D	There is evidence indicating the asset is credit-impaired.	Lifetime ECL (credit-impaired)

	Past due	Not past due/No fixed repayment terms	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2020	—	31,141	31,141
At 31 December 2021	—	51,502	51,502
At 31 December 2022	—	67,721	67,721
At 31 March 2023	—	79,136	79,136

(iv) Accounts receivable and notes receivable:

As a majority of the Target Group's sales of electricity were made to regional and provincial power grid company, the Target Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL individually for accounts receivable and notes receivable. At the end of the reporting period, the Directors have performed impairment assessment for accounts receivable and notes receivable based on external credit rating and corresponding default rate issued by international credit-rating agencies, and concluded that the credit losses of the accounts receivable and notes receivable as at 31 December 2020, 2021 and 2022 and 31 March 2023 was insignificant and therefore no allowance is provided for accounts receivable and notes receivable.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of credit facilities.

The Target Group's primary cash requirements have been for construction of power plants, additions of and upgrades on property, plant and equipment, payment on related debts and payment for purchases and operating expenses. The Target Group finances its working capital requirements through a combination of internal resources, borrowings from related parties, and short-term and long-term bank and other borrowings and perpetual securities.

The table below analyses the Target Group's financial liabilities into relevant maturity Target Group based on the remaining period at the end of reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash outflows by maturity and its carrying amounts.

	On demand or within one year	Between one and two years	Between two and five years	Over five years	Total contractual undiscounted cash outflows	Total Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2020						
Other payables and accrued charges	57,354	—	—	—	57,354	57,354
Construction costs payable	135,377	—	—	—	135,377	135,377
Amounts due to related parties	6	—	—	—	6	6
Bank borrowings	52,272	4,188	1,990	7,439	65,889	62,906
Other borrowings	880	64,393	196,650	28,950	290,873	278,281
Borrowings from related parties	134,016	13,820	20,940	139,252	308,028	294,201
	379,905	82,401	219,580	175,641	857,527	828,125
At 31 December 2021						
Other payables and accrued charges	110,384	—	—	—	110,384	110,384
Construction costs payable	210,696	—	—	—	210,696	210,696
Amounts due to related parties	651	—	—	—	651	651
Bank borrowings	40,722	115,298	192,596	377,392	726,008	693,220
Other borrowings	45,799	184,507	453,978	312,500	996,784	949,318
Borrowings from related parties	29,426	20,990	16,792	93,346	160,554	152,981
	437,678	320,795	663,366	783,238	2,205,077	2,117,250
At 31 December 2022						
Other payables and accrued charges	149,279	—	—	—	149,279	149,279
Construction costs payable	322,320	—	—	—	322,320	322,320
Amounts due to related parties	645	—	—	—	645	645
Bank borrowings	104,730	131,262	430,084	629,977	1,296,053	1,247,463
Other borrowings	124,789	635,418	92,393	32,903	885,503	847,089
Borrowings from related parties	316,868	16,676	13,549	343,684	690,777	662,775
Lease liabilities	37,892	—	—	—	37,892	37,892
	1,056,523	783,356	536,026	1,006,564	3,382,469	3,267,463
At 31 March 2023						
Other payables and accrued charges	158,471	—	—	—	158,471	158,471
Construction costs payable	336,165	—	—	—	336,165	336,165
Amounts due to related parties	5,354	—	—	—	5,354	5,354
Bank borrowings	92,403	160,582	577,869	1,043,432	1,874,286	1,804,976
Other borrowings	115,562	168,300	424,004	30,169	738,035	706,692
Borrowings from related parties	260,563	21,846	—	7,817	290,226	278,460
Lease liabilities	19,543	—	—	—	19,543	19,543
	988,061	350,728	1,001,873	1,081,418	3,422,080	3,309,661

37.3 Capital risk management

The Target Group's objectives when managing capital are to safeguard the Target Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Target Group manages the capital structure and makes adjustments to it in light of changes in economic condition. In order to maintain or adjust the capital structure, the Target Group may adjust the dividend payments to shareholders, return capital to shareholders, issue new shares, and sell assets to reduce debt or to obtain bank and other borrowings.

The Target Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debts (including current and non-current borrowings as well as lease liabilities as shown in the Combined statements of financial position) less cash and cash equivalents. Total capital is calculated as total equity, as shown in the Combined statements of financial position, plus net debt.

The table below analyses the Target Group's capital structure.

	As at 31 December			As at 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings *(Note 29)*	62,906	693,220	1,247,463	1,804,976
Other borrowings *(Note 30)*	278,281	949,318	847,089	706,692
Borrowings from related parties *(Note 31)*	294,201	152,981	662,775	278,460
Lease liabilities *(Note 32)*	—	—	37,892	19,543
Less: Cash and cash equivalents *(Note 25)*	(62,506)	(72,622)	(154,096)	(111,350)
Net debt	572,882	1,722,897	2,641,123	2,698,321
Total equity	289,247	761,568	1,653,540	1,657,631
Total capital	862,129	2,484,465	4,294,663	4,355,952
Gearing ratio	66%	69%	61%	62%

37.4 Fair value estimation

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair value as at 31 December 2020, 2021 and 2022 and 31 March 2023.

38. ACQUISITIONS OF SUBSIDIARIES

38.1 Acquisitions of Xunwu Aikang New Energy Technology Co., Ltd. And Chongren Aikang New Energy Technology Co., Ltd.

On 30 April 2020, the Target Group acquired 100% equity interests in Xunwu Aikang New Energy Technology Co., Ltd. (尋烏愛康新能源科技有限公司) ("Xunwu Aikang") and 60% equity interests in Chongren Aikang New Energy Technology Co., Ltd. (崇仁縣愛康新能源科技有限公司) ("Chongren Aikang") from an independent third party in form of paying cash consideration.

	2020
	RMB'000
Consideration transferred	
Cash paid	34,474
Assets and liabilities recognised at the date of acquisition	
Non-current assets	
Property, plant and equipment	175,346
Right-of-use assets	1,273
Current assets	
Cash and cash equivalents	3,279
Accounts receivable	77,140
Prepayments, deposits and other receivables	38,387
Non-current liabilities	
Bank borrowings	(133,000)
Other borrowings	(56,410)
Current liabilities	
Construction costs payable	(34,043)
Other payables and accrued charges	(22,664)
Bank borrowings	(5,000)
Other borrowings	(10,709)
Net identifiable assets acquired	33,599

The accounts receivable was acquired with a fair value and gross contractual amounts of RMB77,140,000 at the date of acquisition.

Non-controlling interests

The non-controlling interests (40%) in Chongren Aikang recognised at the acquisition date was measured by reference to the proportionate share of recognised amounted of net liabilities of Chongren Aikang and amounted to RMB3,680,000.

Negative goodwill arising on acquisition

	2020
	RMB'000
Consideration transferred	34,474
Add: Non-controlling interests	(3,680)
Less: Net identifiable assets acquired	(33,599)
Gain on recognition of negative goodwill *(note 7)*	(2,805)

Net cash outflows arising on acquisition

	2020
	RMB'000
Consideration paid in cash	34,474
Less: Cash and cash equivalents acquired	(3,279)
	31,195

Revenue and profit contribution

During the period from the acquisition date to 31 December 2020, Xunwu Aikang and Chongren Aikang had contributed a total revenue of approximately RMB29,141,000 and net profit of approximately RMB6,200,000.

If the acquisition had occurred on 1 January 2020, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2020 would have been increased by approximately RMB40,672,000 and approximately RMB2,364,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2020 and could not serve as a basis for the forecast of future operation result.

38.2 Acquisition of Guzhen Aikang Photovoltaic New Energy Co., Ltd.

On 30 September 2020, the Target Group acquired 100% equity interests in Guzhen Aikang Photovoltaic New Energy Co., Ltd. (固鎮縣愛康光伏新能源有限公司) ("Guzhen Aikang") from an independent third party in form of paying cash consideration.

	2020
	RMB'000
Consideration transferred	
Cash paid	20,453
Assets and liabilities recognised at the date of acquisition	
Non-current asset	
Property, plant and equipment	106,266
Current asset	
Cash and cash equivalents	1,363
Accounts receivable	15,041
Prepayments, deposits and other receivables	29,557
Non-current liability	
Other borrowings	(40,513)
Current liabilities	
Construction costs payable	(74,084)
Other payables and accrued charges	(2,124)
Other borrowings	(14,421)
Net identifiable assets acquired	21,085

The accounts receivable was acquired with a fair value and gross contractual amounts of RMB15,041,000 at the date of acquisition.

Negative goodwill arising on acquisition

	2020
	RMB'000
Consideration transferred	20,453
Less: Net identifiable assets acquired	(21,085)
Gain on recognition of negative goodwill *(note 7)*	(632)

Net cash outflows arising on acquisition

	2020
	RMB'000
Consideration paid in cash	20,453
Less: Cash and cash equivalents acquired	(1,363)
	19,090

Revenue and profit contribution

During the period from the acquisition date to 31 December 2020, Guzhen Aikang had contributed a total revenue of approximately RMB4,063,000 and net profit of approximately RMB536,000.

If the acquisition had occurred on 1 January 2020, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2020 would have been increased by approximately RMB18,987,000 and approximately RMB740,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2020 and could not serve as a basis for the forecast of future operation result.

38.3 Acquisition of Mingguang Aikang Electric Power Development Co., Ltd.

On 30 September 2020, the Target Group acquired 100% equity interests in Mingguang Aikang Electric Power Development Co., Ltd. (明光愛康電力開發有限公司) ("Mingguang Aikang") from an independent third party in form of paying cash consideration.

	2020
	RMB'000
Consideration transferred	
Cash paid	—
Assets and liabilities recognised at the date of acquisition	
Non-current asset	
Property, plant and equipment	50,028
Current asset	
Cash and cash equivalents	3,006
Accounts receivable	6,559
Prepayments, deposits and other receivables	20,823
Non-current liability	
Other borrowings	(34,582)
Current liabilities	
Construction costs payable	(39,295)
Other payables and accrued charges	(4)
Other borrowings	(4,830)
Net identifiable assets acquired	1,705

The accounts receivable was acquired with a fair value and gross contractual amounts of RMB6,559,000 at the date of acquisition.

Negative goodwill arising on acquisition

	2020
	RMB'000
Consideration transferred	—
Less: Net identifiable assets acquired	(1,705)
Gain on recognition of negative goodwill *(note 7)*	(1,705)

Net cash inflows arising on acquisition

	2020
	RMB'000
Consideration paid in cash	—
Less: Cash and cash equivalents acquired	(3,006)
	(3,006)

Revenue and profit contribution

During the period from the acquisition date to 31 December 2020, Mingguang Aikang had contributed a total revenue of approximately RMB1,956,000 and net profit of approximately RMB457,000.

If the acquisition had occurred on 1 January 2020, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2020 would have been increased by approximately RMB9,094,000 and approximately RMB873,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2020 and could not serve as a basis for the forecast of future operation result.

38.4 Acquisition of Yanjin Kexing New Energy Co., Ltd.

On 31 March 2021, the Target Group acquired 100% equity interests in Yanjin Kexing New Energy Co., Ltd. (延津縣科興新能源有限公司) ("Yanjin Kexing") from independent third parties in form of paying cash consideration.

	2021
	RMB'000
Consideration transferred	
Cash paid	—
Assets and liabilities recognised at the date of acquisition	
Non-current asset	
Property, plant and equipment	332,763
Current assets	
Cash and cash equivalents	7,648
Accounts receivable	27,071
Prepayments, deposits and other receivables	84
Non-current liability	
Other borrowings	(245,922)
Current liabilities	
Construction costs payable	(79,277)
Other payables and accrued charges	(40,152)
Tax payable	(327)
Net identifiable assets acquired	1,888

The accounts receivable was acquired with a fair value and gross contractual amounts of RMB27,071,000 at the date of acquisition.

Negative goodwill arising on acquisition

	2021
	RMB'000
Consideration transferred	—
Less: Net identifiable assets acquired	(1,888)
Gain on recognition of negative goodwill *(note 7)*	(1,888)

Net cash inflows arising on acquisition

	2021
	RMB'000
Consideration paid in cash	—
Less: Cash and cash equivalents acquired	(7,648)
	(7,648)

Revenue and profit contribution

During the period from the acquisition date to 31 December 2021, Yanjin Kexing had contributed a total revenue of approximately RMB44,264,000 and net profit of approximately RMB14,456,000.

If the acquisition had occurred on 1 January 2021, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2021 would have been increased by approximately RMB64,118,000 and approximately RMB25,037,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2021 and could not serve as a basis for the forecast of future operation result.

38.5 Acquisition of Ningxia Xuyang Electric Power Co., Ltd.

On 31 March 2021, the Target Group acquired 100% equity interests in Ningxia Xuyang Electric Power Co., Ltd. (寧夏旭陽電力有限公司) ("Ningxia Xuyang") from an independent third party in form of paying cash consideration.

	2021
	RMB'000
Consideration transferred	
Cash paid	1,000
Assets and liabilities recognised at the date of acquisition	
Non-current asset	
Property, plant and equipment	108,061
Current assets	
Cash and cash equivalents	15
Accounts receivables	5,230
Prepayments, deposits and other receivables	30
Current liabilities	
Construction costs payable	(100,515)
Other payables and accrued charges	(11,821)
Net identifiable assets acquired	1,000

The accounts receivable was acquired with a fair value and gross contractual amounts of RMB5,230,000 at the date of acquisition.

Goodwill arising on acquisition

	2021
	RMB'000
Consideration transferred	1,000
Less: Net identifiable assets acquired	(1,000)
Goodwill arising from acquisition	—

Net cash outflows arising on acquisition

	2021
	RMB'000
Consideration paid in cash	1,000
Less: Cash and cash equivalents acquired	(15)
	985

Revenue and profit contribution

During the period from the acquisition date to 31 December 2021, Ningxia Xuyang had contributed a total revenue of approximately RMBnil and net profit of approximately RMBnil.

If the acquisition had occurred on 1 January 2021, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2021 would have been increased by approximately RMBnil and net profit of approximately RMBnil.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2021 and could not serve as a basis for the forecast of future operation result.

38.6 Acquisition of Huaian Zhongheng New Energy Co., Ltd.

On 31 July 2021, the Target Group acquired 80% equity interests in Huaian Zhongheng New Energy Co., Ltd. (淮安中恒新能源有限公司) ("Huaian Zhongheng") from an independent third party in form of paying cash consideration.

	2021
	RMB'000
Consideration transferred	
Cash paid	82,180
Assets and liabilities recognised at the date of acquisition	
Non-current assets	
Property, plant and equipment	732,003
Right-of-use assets	9,526
Current assets	
Cash and cash equivalents	5,618
Accounts receivable	31,126
Prepayments, deposits and other receivables	57,166
Non-current liability	
Other borrowings	(481,710)
Current liabilities	
Construction costs payable	(172,340)
Other payables and accrued charges	(49,801)
Net identifiable assets acquired	131,588

The accounts receivable was acquired with a fair value and gross contractual amounts of RMB31,126,000 at the date of acquisition.

Non-controlling interests

The non-controlling interests (20%) in Huaian Zhongheng recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Huaian Zhongheng and amounted to RMB26,318,000.

Negative goodwill arising on acquisition

	2021
	RMB'000
Consideration transferred	82,180
Add: Non-controlling interests	26,318
Less: Net identifiable assets acquired	(131,588)
Gain on recognition of negative goodwill *(note 7)*	(23,090)

Net cash outflows arising on acquisition

	2021
	RMB'000
Consideration paid in cash	82,180
Less: Cash and cash equivalents acquired	(5,618)
	76,562

Revenue and profit contribution

During the period from the acquisition date to 31 December 2021, Huaian Zhongheng had contributed a total revenue of approximately RMB36,641,000 and net profit of approximately RMB6,068,000.

If the acquisition had occurred on 1 January 2021, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2021 would have been increased by approximately RMB93,232,000 and net profit of approximately RMB25,605,000.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2021 and could not serve as a basis for the forecast of future operation result.

38.7 Acquisition of Inner Mongolia Fuqiang Wind Power Co., Ltd.

On 31 July 2022, the Target Group acquired 100% equity interests in Inner Mongolia Fuqiang Wind Power Co., Ltd. (內蒙古富強風力發電有限公司) ("Inner Mongolia") from an independent third party in form of paying cash consideration.

	2022
	RMB'000
Consideration transferred	
Cash paid	105,690
Assets and liabilities recognised at the date of acquisition	
Non-current assets	
Property, plant and equipment	193,211
Right-of-use assets	106,185
Current assets	
Cash and cash equivalents	2,732
Accounts receivable	93,002
Prepayments, deposits and other receivables	146,193
Non-current liabilities	
Bank borrowings	(110,000)
Other borrowings	(294,227)
Current liabilities	
Construction costs payable	(3,014)
Other payables and accrued charges	(28,328)
Tax payable	(64)
Net identifiable assets acquired	105,690

The accounts receivable was acquired with a fair value and gross contractual amounts of RMB93,002,000 at the date of acquisition.

Goodwill arising on acquisition

	2022
	RMB'000
Consideration transferred	105,690
Less: Net identifiable assets acquired	(105,690)
Goodwill arising on acquisition	—

Net cash outflows arising on acquisition

	2022
	RMB'000
Consideration paid in cash	105,690
Less: Cash and cash equivalents acquired	(2,732)
	102,958

Revenue and profit contribution

During the period from the acquisition date to 31 December 2022, Inner Mongolia had contributed a total revenue of approximately RMB19,927,000 and net profit of approximately RMB1,290,000.

If the acquisition had occurred on 1 January 2022, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2022 would have been increased by approximately RMB47,314,000 and net profit of approximately RMB5,699,000.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2022 and could not serve as a basis for the forecast of future operation result.

38.8 Acquisition of Ningxia Jiaxu New energy Technology Co., Ltd.

On 31 October 2022, the Target Group acquired 100% equity interests in Ningxia Jiaxu New energy Technology Co., Ltd. (寧夏嘉旭新能源科技有限公司) ("Ningxia Jiaxu") from an independent third party in form of paying cash consideration.

	2022
	RMB'000
Consideration transferred	
Cash paid	—
Assets and liabilities recognised at the date of acquisition	
Non-current asset	
Property, plant and equipment	667,641
Current assets	
Cash and cash equivalents	279
Prepayments, deposits and other receivables	81,117
Non-current liability	
Other borrowings	(598,000)
Current liabilities	
Construction costs payable	(124,076)
Other payables and accrued charges	(26,961)
Net identifiable assets acquired	—

Net cash inflows arising on acquisition

	2022
	RMB'000
Consideration paid in cash	—
Less: Cash and cash equivalents acquired	(279)
	(279)

Revenue and profit contribution

During the period from the acquisition date to 31 December 2022, Ningxia Xuyang had contributed a total revenue of approximately RMBnil and net profit of approximately RMBnil.

If the acquisition had occurred on 1 January 2022, the consolidated revenue and net profit of the Target Group for the year ended 31 December 2022 would have been increased by approximately RMBnil and net profit of approximately RMBnil.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Target Group's revenue and operating results if the acquisition has been completed on 1 January 2022 and could not serve as a basis for the forecast of future operation result.

39. RELATED PARTY TRANSACTIONS

The Target Group is wholly owned subsidiary of SPIC, SPIC is controlled by the PRC government which also owns a significant portion of the productive assets in the PRC. In accordance with HKAS 24 (Revised), government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Target Group. On that basis, related parties include SPIC, its subsidiaries, joint ventures and associates (other than the Target Group), other government-related entities and their subsidiaries, other entities and corporations in which the Target Company is able to control or exercise significant influence and key management personnel of the Target Company and SPIC as well as their close family members.

For the purpose of the related party transactions disclosures, the Directors believe that it is also meaningful to disclose the related party transactions with SPIC companies for the interests of financial statements users. The Directors believe that the information of related party transactions has been adequately disclosed in the Historical Financial Information.

The following is a summary of significant related party transactions which, in the opinion of the Directors, are entered into in the ordinary course of the Target Group's business in addition to the related party information shown elsewhere in these Historical Financial Information.

(a) Transactions with related parties

		Year ended 31 December			Three months ended 31 March	
		2020	**2021**	**2022**	**2022**	**2023**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Income from provision of IT and other services to companies controlled by SPIC		136	493	464	—	—
Interest income from companies controlled by SPIC	*(i)*	2,228	1,571	23	24	4
Interest expense to companies controlled by SPIC	*(ii)*	(12,464)	(3,511)	(18,940)	(1,339)	(2,181)
Labour and services to companies controlled by SPIC		(133)	(1,475)	(1,811)	(1,435)	(298)
Purchases of materials and facilities to companies controlled by SPIC		(224)	(2,453)	(14,348)	(76)	(4,184)

Notes:

(i) For the years ended 31 December 2020, 2021 and 2022 and for the period ended 31 March 2022 and 2023, interest income from companies controlled by SPIC was charged at interest rates from 0.35% to 5%, 0.35% to 1.5%, 0.35% to 1.5%, 0.35% to 1.5% and 0.35% to 1.5% per annum, respectively.

(ii) For the years ended 31 December 2020, 2021 and 2022 and for the period ended 31 March 2022 and 2023, interest expenses to companies controlled by SPIC are charged at interest rates ranged from 4.28% to 5%, 4% to 5.5%, 3.45% to 5.5%, 4% and 5.5% and 3.45% to 5.5% per annum, respectively.

(b) Period-end balances with related parties

Period-end balances with related parties are disclosed in Notes 21, 23, 25,27 and 31.

(c) For the years ended 31 December 2020, 2021 and 2022 and three months ended 31 March 2022 and 2023, the Target Group's significant transactions and balances with entities that were controlled, jointly-controlled or significantly influenced by the PRC government mainly include:

(i) bank deposits in state-owned banks and the related interest income

(ii) bank borrowings from state-owned banks and the related interest expenses

(iii) sales of electricity to provincial power grid companies owned by the PRC government and the related receivables

(iv) service fees to state-owned enterprises

The prices and terms of these transactions are set out in the relevant agreements governing these transactions or as mutually agreed.

(d) Key management personnel compensation

The key management personnel of the Target Company are the directors. Details of remuneration paid to them are set out in Note 12 to the Historical Financial Information.

40. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Deemed disposal in interest in a subsidiary without loss of control

During the year ended 31 December 2022, Fuzhou Minxin Power Investment Energy Co., Ltd (福州市閩新電投能源有限公司) ("Minxin Power Investment Energy"), a wholly owned subsidiary of the Target Company, entered into a capital increase agreement with an independent third party, pursuant to which the Minxin Power Investment Energy investor agreed to contribute RMB300,000,000 to Minxin Power Investment Energy. After that, the Target Group's effective equity interests in Minxin Power Investment Energy were diluted from 100.00% to 58.18%. As a result, the Target Group recognised an increase in equity attributable to owners of the Target Company of approximately RMB28,686,000 and an increase in non-controlling interests of approximately RMB271,314,000.

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Name of subsidiaries	Place of establishment and operation	Registered/paid up capital	2020 Proportion of ownership interest		As at 31 December 2021 Proportion of ownership interest		2022 Proportion of ownership interest		As at 31 March 2023 Proportion of ownership interest		Principal activities
			Held by the Company	Held by subsidiaries	Held by the Company	Held by subsidiaries	Held by the Company	Held by subsidiaries	Held by the Company	Held by subsidiaries	
Zhangzhou Guodian Investment New Energy Co., Ltd. (漳州國電投新能源有限公司)	The PRC	10,000,000/ 8,486,100	—	100%	—	100%	—	100%	—	100%	Generation and sales of electricity
Zhangpu Guodian Investment Photovoltaic Co., Ltd. (漳浦國電投光伏有限公司)	The PRC	14,000,000/ 14,000,000	—	100%	—	100%	—	100%	—	100%	Generation and sales of electricity
Wuping Puji Solar Technology Development Co., Ltd. (武平普集太陽能科技發展有限公司)	The PRC	14,000,000/ 11,500,000	—	60%	—	60%	—	60%	—	60%	Generation and sales of electricity
Fuqing Guodian Investment Energy Co., Ltd. (福清國電投能源有限公司)	The PRC	20,000,000/ 12,736,800	—	100%	—	100%	—	100%	—	100%	Generation and sales of electricity
Chongren Aikang New Energy Technology Co., Ltd. (崇仁縣愛康新能源科技有限公司)	The PRC	25,102,000/ 19,940,000	—	60%	—	60%	—	60%	—	60%	Generation and sales of electricity
Xunwu Aikang New energy Technology Co., Ltd. (尋烏愛康新能源科技有限公司)	The PRC	65,000,000/ 65,000,000	—	100%	—	100%	—	100%	—	100%	Generation and sales of electricity
Guzhen Aikang Photovoltaic New Energy Co., Ltd. (固鎮縣愛康光伏新能源有限公司)	The PRC	120,000,000/ 120,000,000	—	100%	—	100%	—	100%	—	100%	Generation and sales of electricity
Huaian Zhongheng New Energy Co., Ltd. (淮安中恒新能源有限公司) *(Note (i))*	The PRC	300,000,000/ 170,968,000	—	—	80%	—	—	80%	—	80%	Generation and sales of electricity
Yanjin Kexing New Energy Co., Ltd. (延津縣科興新能源有限公司)	The PRC	76,800,000/ 76,800,000	—	—	—	100%	—	100%	—	100%	Generation and sales of electricity
Mingguang Aikang Electric Power Development Co., Ltd. (明光愛康電力開發有限公司)	The PRC	29,000,000/ 29,000,000	—	100%	—	100%	—	100%	—	100%	Generation and sales of electricity

Name of subsidiaries	Place of establishment and operation	Registered/paid up capital	2020 Proportion of ownership interest		As at 31 December 2021 Proportion of ownership interest		2022 Proportion of ownership interest		As at 31 March 2023 Proportion of ownership interest		Principal activities
			Held by the Company	Held by subsidiaries	Held by the Company	Held by subsidiaries	Held by the Company	Held by subsidiaries	Held by the Company	Held by subsidiaries	
Zhongwei Changyang New Energy Technology Co., Ltd. (中衛市常陽新能源科技有限公司)	The PRC	74,000,000/ 74,000,000	—	—	—	100%	—	100%	—	100%	Generation and sales of electricity
Inner Mongolia Fuqiang Wind Power Co., Ltd. (內蒙古富強風力發電有限公司)	The PRC	85,500,000/ 85,500,000	—	—	—	—	100%	—	100%	—	Generation and sales of electricity
Dancheng Minneng Power Development Co., Ltd. (鄲城縣閩能電力發展有限公司)	The PRC	39,000,000/ 39,000,000	—	100%	—	100%	—	100%	—	100%	Generation and sales of electricity
State Power Investment Taiqian Comprehensive Smart Energy Development Co., Ltd. (國電投台前縣綜合智慧能源發展有限公司)	The PRC	104,000,000/ 85,710,000	—	51%	—	51%	—	51%	—	51%	Generation and sales of electricity
Ningxia Jiaxu New Energy Technology Co., Ltd. (寧夏嘉旭新能源科技有限公司)	The PRC	160,000,000/ 153,600,000	—	—	—	—	100%	—	100%	—	Generation and sales of electricity

Note:

(i) During the year ended 31 December 2021, 80% of the interest of this company was directly held by the Target Company. From the year ended 31 December 2022 onwards, 80% of the interest of this company was held indirectly by the Target Company through a wholly owned subsidiary.

Material non-controlling interests

The table below shows details of non wholly-owned subsidiaries of the Target Company that have material non-controlling interests:

Name of subsidiaries	Place of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests				Total comprehensive income allocated to non-controlling interests				Accumulated non-controlling interests			
		As at 31 December			As at 31 March	Year ended 31 December			Three months ended 31 March	As at 31 December			As at 31 March
		2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
		%	%	%	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
福州市閩新電投能源有限公司 and its subsidiaries (collectively known as "Minxin Power Investment Energy Group")	PRC	—	—	41.82	41.82	—	—	32,847	10,143	—	—	289,682	299,825
Subsidiaries with individually immaterial non-controlling interests										63,427	104,860	114,302	113,564
										63,427	104,860	403,984	413,389

The non-controlling interests in respect of the rest of entities with non-controlling interests were individually not material. Set out below are the summarised financial information in respect of each of the Target Group's subsidiaries that has material non-controlling

(1) Minxin Power Investment Energy Group

Summarised consolidated statement of financial position

	Minxin Power Investment Energy Group			
	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	—	328,062	1,323,372	1,304,568
Current assets	—	37,019	582,690	610,410
Non-current liabilities	—	(249,890)	(625,910)	(641,991)
Current liabilities	—	(68,433)	(541,110)	(506,795)
Total equity	—	46,758	739,042	766,192
Non-controlling interests within Minxin Power Investment Energy Group	—	—	(46,355)	(49,250)
Equity attributable to equity holders of Minxin Power Investment Energy Group	—	46,758	692,687	716,942
Non-controlling interests of Minxin Power Investment Energy Group (at 41.82%)	N/A	N/A	289,682	299,825

Summarised consolidated statement of profit or loss and other comprehensive income

	Minxin Power Investment Energy Group			
	Year ended 31 December			Three months ended 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	—	44,264	229,900	63,632
Profit and total comprehensive income for the year	—	14,456	85,700	27,150
Profit and total comprehensive income attributable to the non-controlling interests of Minxin Power Investment Energy Group's subsidiaries	—	—	(7,157)	(2,895)
Profit and total comprehensive income attributable to the equity holders of Minxin Power Investment Energy Group	—	14,456	78,543	24,255
Profit and total comprehensive income attributable to the non-controlling interests of Minxin Power Investment Energy Group (at 41.82%)	N/A	N/A	32,847	10,143

Summarised consolidated statement of cash flows

	Minxin Power Investment Energy Group			
	Year ended 31 December			Three months ended 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net cash inflow from operating activities	—	46,753	161,056	40,846
Net cash outflow from investing activities	—	(104,904)	(1,372,465)	(58,939)
Net cash inflow from financing activities	—	58,848	1,246,909	14,665
Net increase/(decrease) in cash and cash equivalents	—	697	35,500	(3,428)
Cash and cash equivalents at 1 January	—	—	697	36,197
Cash and cash equivalents at 31 December	—	697	36,197	32,769

The financial information presented above is before inter-company eliminations.

42. SUBSEQUENT EVENTS

No significant event requiring disclosure has been taken place subsequent to 31 March 2023.

43. SUBSEQUENT FINANCIAL STATEMENTS

No audited combined financial statements have been prepared by the Target Group in respect of any period subsequent to 31 March 2023. No dividend or distribution has been declared or made by the Target Group in respect of any period subsequent to 31 March 2023.

ACCOUNTANTS' REPORT ON SHANXI COMPANY

The following is the text of reports received from Grant Thornton Hong Kong Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF SPIC SHANXI POWER CO., LTD. AND ITS SUBSIDIARIES TO THE DIRECTORS OF CHINA POWER INTERNATIONAL DEVELOPMENT LIMITED

Introduction

We report on the historical financial information of SPIC Shanxi Power Co., Ltd.* (國家電投集團山西電力有限公司) (the "Target Company") and its subsidiaries (together, the "Target Group") set out on pages IID-3 to IID-52, which comprises the consolidated statements of financial position of the Target Group as at 31 December 2020, 2021 and 2022 and 31 March 2023, the statements of financial position of the Target Company as at 31 December 2020, 2021 and 2022 and 31 March 2023, and the consolidated income statements, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2023 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages IID-3 to IID-52 forms an integral part of this report, which has been prepared for inclusion in the circular of China Power International Development Limited (the "Company") dated 18 August 2023 (the "Circular") in connection with the proposed acquisition of the entire equity interests in the Target Company by the Company.

Directors' Responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors 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 this Circular in which the Historical Financial Information of the Target Group is included, and such information is prepared based on the 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 ("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.

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 Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 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, as well as evaluating the overall presentation of the Historical Financial Information.

* *For identification purposes only*

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 Target Group's and Target Company's financial position as at 31 December 2020, 2021 and 2022 and 31 March 2023, and of the Target Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding historical financial information of the Target Group which comprises the consolidated income statements, the consolidated statement of changes in equity and the consolidated cash flow statement for the three months ended 31 March 2022 and other explanatory information (together the "Stub Period Corresponding Historical Financial Information"). The directors of the Target Company are responsible for the preparation of the Stub Period Corresponding Historical Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Historical 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 enquiries, 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 Stub Period Corresponding Historical Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "LISTING RULES")

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page IID-3 have been made.

Dividends

We refer to note 14 to the Historical Financial Information which states that dividends have been declared by the Target Company in respect of the Relevant Periods.

Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

18 August 2023

Chiu Wing Ning
Practising Certificate No.: P04920

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Grant Thornton Hong Kong Limited in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") ("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.

(A) Consolidated Income Statements

		Year ended 31 December			Three months ended 31 March	
	Notes	**2020**	**2021**	**2022**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue	*4*	68,344	120,798	185,038	23,926	147,683
Other income	*5*	8,468	13,346	43,443	3,314	12,421
Depreciation		(32,292)	(53,657)	(75,284)	(13,223)	(49,958)
Staff costs	*11*	(9,800)	(16,586)	(24,832)	(2,770)	(10,244)
Repair and maintenance costs		(5,754)	(12,860)	(24,452)	(2,046)	(9,478)
Other gains and (losses), net	*6*	—	3,840	9,647	—	7
Other operating expenses	*7*	(1,403)	(6,495)	(16,072)	(2,096)	(5,265)
Operating profit		27,563	48,386	97,488	7,105	85,166
Finance income	*8*	183	4,322	5,291	127	329
Finance costs	*9*	(24,572)	(41,673)	(69,215)	(8,107)	(27,577)
Share of results of associates		—	1,102	338	(1,774)	1,477
Profit/(loss) before income tax	*10*	3,174	12,137	33,902	(2,649)	59,395
Income tax credit/(expense)	*13*	606	(1,825)	(13,201)	(606)	(9,728)
Profit/(loss) for the year/period		3,780	10,312	20,701	(3,255)	49,667
Attributable to:						
— Equity holders of the Target Company		3,780	10,312	17,206	(3,255)	46,365
— Non-controlling interests		—	—	3,495	—	3,302
		3,780	10,312	20,701	(3,255)	49,667

(B) Consolidated Statements of Financial Position

	Notes	As at 31 December 2020 RMB'000	As at 31 December 2021 RMB'000	As at 31 December 2022 RMB'000	As at 31 March 2023 RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	515,656	846,208	3,738,389	3,853,314
Right-of-use assets	16	17,270	34,499	83,093	82,174
Interests in associates	17	—	34,962	85,320	86,797
Financial assets measured at amortised cost	18	—	—	10,000	10,000
Accounts receivables	20	46,399	161,932	318,842	346,639
Deferred tax assets	29	1,128	5,772	6,626	7,513
		580,453	1,083,373	4,242,270	4,386,437
Current assets					
Inventories	19	10	588	1,476	1,139
Accounts receivables	20	3,461	12,712	334,714	388,426
Prepayments, deposits and other receivables	21	104,875	149,412	216,296	237,901
Restricted deposits	22	—	100	1,155	1,140
Cash and cash equivalents	22	259,747	108,601	453,061	455,767
		368,093	271,413	1,006,702	1,084,373
Total assets		948,546	1,354,786	5,248,972	5,470,810
EQUITY					
Equity attributable to equity holders of the Target Company					
Paid-in capital	23	195,900	195,900	458,252	458,252
Other equity instruments	24	—	—	100,000	200,000
Reserves		8,817	19,090	27,295	75,947
		204,717	214,990	585,547	734,199
Non-controlling interests		—	—	499,362	502,664
Total equity		204,717	214,990	1,084,909	1,236,863
LIABILITIES					
Non-current liabilities					
Bank borrowings	25	451,390	404,965	2,519,991	2,935,345
Other borrowings	26	200,000	450,507	269,651	487,951
Lease liabilities	27	8,486	26,053	46,786	46,453
Other non-current liabilities	28	—	71,350	68,106	68,725
Deferred tax liabilities	29	—	2,953	95,133	93,695
		659,876	955,828	2,999,667	3,632,169
Current liabilities					
Accounts and bills payables	30	54,859	90,333	175,419	205,192
Other payables and accrued charges	31	10,157	31,912	314,607	200,446
Bank borrowings	25	18,700	37,380	95,563	168,019
Other borrowings	26	—	21,557	551,813	8,857
Lease liabilities	27	—	291	4,728	1,241
Tax payable		237	2,495	22,266	18,023
		83,953	183,968	1,164,396	601,778
Total liabilities		743,829	1,139,796	4,164,063	4,233,947
Total equity and liabilities		948,546	1,354,786	5,248,972	5,470,810
Net current assets/(liabilities)		284,140	87,445	(157,694)	482,595
Total assets less current liabilities		864,593	1,170,818	4,084,576	4,869,032

(C) Consolidated Statements of Changes in Equity

	Attributable to equity holders of the Target Company							
	Paid-in capital *(note 23(a))* *RMB'000*	Other equity instruments* *RMB'000*	Safety production reserve* *(note 23(b))* *RMB'000*	Statutory reserve* *(note 23(c))* *RMB'000*	Retained earnings* *RMB'000*	Sub-total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2020	195,900	—	—	67	4,700	200,667	—	200,667
Profit and total comprehensive income for the year	—	—	—	—	3,780	3,780	—	3,780
Transfer to statutory reserve	—	—	—	5	(5)	—	—	—
Safety production reserve	—	—	270	—	—	270	—	270
At 31 December 2020 and 1 January 2021	195,900	—	270	72	8,475	204,717	—	204,717
Profit and total comprehensive income for the year	—	—	—	—	10,312	10,312	—	10,312
Transfer to statutory reserve	—	—	—	28	(28)	—	—	—
Safety production reserve	—	—	(2)	—	—	(2)	—	(2)
Dividend declared *(note 14)*	—	—	—	—	(37)	(37)	—	(37)
At 31 December 2021 and 1 January 2022	195,900	—	268	100	18,722	214,990	—	214,990
Profit and total comprehensive income for the year	—	—	—	—	17,206	17,206	3,495	20,701
Issuance of paid-in capital *(note 23)*	262,352	—	—	—	—	262,352	—	262,352
Issuance of perpetual debts *(note 24)*	—	100,000	—	—	—	100,000	—	100,000
Capital injections from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	495,867	495,867
Transfer to statutory reserve	—	—	—	4,780	(4,780)	—	—	—
Safety production reserve	—	—	52	—	—	52	—	52
Dividend declared *(note 14)*	—	—	—	—	(9,053)	(9,053)	—	(9,053)
At 31 December 2022 and 1 January 2023	458,252	100,000	320	4,880	22,095	585,547	499,362	1,084,909
Profit and total comprehensive income for the period	—	—	—	—	46,365	46,365	3,302	49,667
Issuance of perpetual debts *(note 24)*	—	100,000	—	—	—	100,000	—	100,000
Safety production reserve	—	—	2,287	—	—	2,287	—	2,287
At 31 March 2023	458,252	200,000	2,607	4,880	68,460	734,199	502,664	1,236,863
(Unaudited)								
At 31 December 2021 and 1 January 2022	195,900	—	268	100	18,722	214,990	—	214,990
Loss and total comprehensive expense for the period	—	—	—	—	(3,255)	(3,255)	—	(3,255)
Capital injection	—	—	—	—	—	—	2,133	2,133
Safety production reserve	—	—	(268)	—	—	(268)	—	(268)
At 31 March 2022	195,900	—	—	100	15,467	211,467	2,133	213,600

* These reserve accounts comprise the Target Group's reserves in the statement of financial position.

(D) Consolidated Statements of Cash Flows

	Year ended 31 December			Three months ended 31 March	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Cash flows from operating activities					
Profit/(loss) before income tax	3,174	12,137	33,902	(2,649)	59,395
Adjustments for:					
Depreciation of property, plant and equipment	30,791	51,911	72,119	12,951	49,039
Depreciation of right of use assets	1,502	1,746	3,166	3,147	919
Finance income	(183)	(4,322)	(5,291)	(127)	(329)
Finance costs	24,572	41,673	69,215	8,107	27,577
Safety production reserve	270	(2)	52	(268)	2,287
Share of results of associates	—	(1,102)	(338)	1,774	(1,477)
Operating profit before working capital changes	60,126	102,041	172,825	22,935	137,411
(Increase)/Decrease in inventories	—	(578)	(888)	1	337
(Increase)/Decrease in accounts receivables	(24,373)	(54,953)	170,334	(39,184)	(81,509)
(Increase)/Decrease in prepayments, deposits and other receivables	(27,023)	52,075	14,763	11,584	(21,605)
(Decrease)/Increase in accounts and bills payables	(12,109)	(21,463)	39,126	(4,703)	29,773
(Decrease)/Increase in other payables and accrued charges	(7,087)	(279,551)	(260,152)	192,258	(113,542)
Cash generated (used in)/from operations	(10,466)	(202,429)	136,008	182,891	(49,135)
Tax (paid)/refund	(335)	556	4,667	(2,117)	(16,296)
Net cash (used in)/from operating activities	(10,801)	(201,873)	140,675	180,774	(65,431)
Cash flows from investing activities					
Interest received	183	4,322	5,291	127	329
Payment for property, plant and equipment	(565)	(74,667)	(637,708)	(8,161)	(157,919)
Acquisition of subsidiaries, net of cash acquired	—	(46,460)	(658,460)	—	—
Investments in associates	—	(33,860)	(87,180)	—	—
Payment for financial assets measured at amortised costs	—	—	(10,000)	—	—
Capital injections	65,900	—	262,352	—	—
(Increase)/Decrease in restricted deposits	—	(100)	(1,055)	100	15
Net cash from/(used in) investing activities	65,518	(150,765)	(1,126,760)	(7,934)	(157,575)

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Cash flows from financing activities					
Drawdown of bank borrowings	—	148,955	511,353	100,063	583,373
Drawdown of other borrowings	200,000	272,064	370,957	28,497	227,157
Issuance of perpetual debts	—	—	100,000	—	100,000
Capital contribution from non-controlling interests	—	—	495,867	2,133	—
Interests paid	(24,572)	(41,673)	(77,120)	(8,107)	(33,622)
Repayment of bank borrowings	(28,700)	(176,700)	(37,380)	—	(95,563)
Repayment of other borrowings	—	—	(21,557)	(288,113)	(551,813)
Payment for lease liabilities	(366)	(1,117)	(2,522)	(7,094)	(3,820)
Dividend paid	—	(37)	(9,053)	—	—
Net cash from/(used in) financing activities	146,362	201,492	1,330,545	(172,621)	225,712
Net increase/(decrease) in cash and cash equivalents	201,079	(151,146)	344,460	219	2,706
Cash and cash equivalent at beginning of the year/period	58,688	259,747	108,601	108,601	453,061
Cash and cash equivalent at end of year/period	259,767	108,601	453,061	108,820	455,767

(E) Statements of Financial Position of the Target Company

	Notes	As at 31 December 2020 RMB'000	As at 31 December 2021 RMB'000	As at 31 December 2022 RMB'000	As at 31 March 2023 RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment		16,397	28,673	21,112	21,094
Interests in subsidiaries		128,000	218,162	773,382	852,560
Financial assets measured at amortised cost		—	—	1,133,190	906,450
Accounts receivables		—	1,312	—	—
		144,397	248,147	1,927,684	1,780,104
Current assets					
Inventories		10	10	10	10
Accounts receivables		5,055	6,317	1,939	2,390
Prepayments, deposits and other receivables		33,706	291,146	128,957	206,373
Cash and cash equivalents		229,297	13,987	40,652	127,242
		268,068	311,460	171,558	336,015
Total assets		412,465	559,607	2,099,242	2,116,119
EQUITY					
Equity attributable to equity holders of the Target Company					
Paid-in capital	*23*	195,900	195,900	458,252	458,252
Other equity instruments	*24*	—	—	100,000	200,000
Reserves	*38*	731	979	39,723	41,818
Total equity		196,631	196,879	597,975	700,070
LIABILITIES					
Non-current liabilities					
Other borrowings		200,000	100,224	—	297,600
Other non-current liabilities		—	166,332	—	—
		200,000	266,556	—	297,600
Current liabilities					
Accounts and bills payables		—	—	204	242
Other payables and accrued charges		15,727	73,984	1,121,494	1,039,910
Other borrowings		—	21,557	373,813	76,580
Tax payable		107	631	5,756	1,717
		15,834	96,172	1,501,267	1,118,449
Total liabilities		215,834	362,728	1,501,267	1,416,049
Total equity and liabilities		412,465	559,607	2,099,242	2,116,119
Net current assets/(liabilities)		252,234	215,288	(1,329,709)	(782,434)
Total assets less current liabilities		396,631	463,435	597,975	997,670

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

1. GENERAL INFORMATION

SPIC Shanxi Power Company Limited (formerly known as SPIC Shanxi Clean Energy Co., Ltd., the "Target Company") was incorporated in the People's Republic of China (the "PRC") on 31 July 2017. The address of its registered office is Room 2113, 21st Floor, Building 14, Pingyang Jingyuan, No. 65 Pingyang Road, Xiaodian District, Taiyuan City, Shanxi Province, PRC.

The Target Company and its subsidiaries (together referred to as the "Target Group") are principally engaged in generation and sales of electricity in the People's Republic of China (the "PRC"), including investment, development, operation and management of photovoltaic power and wind power plants. Its businesses are located in various major power grid regions of the PRC.

In the opinion of the directors of the Target Company, the immediate holding company and ultimate holding company of the Target Company is State Power Investment Corporation Limited (國家電力投資集團有限公司) ("SPIC"), companies incorporated in the PRC with limited liability, respectively.

The Historical Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand (RMB'000), which is also the functional currency of the Target Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The Historical Financial Information set out in this report has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the accounting principles generally accepted in Hong Kong and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Stub Period Corresponding Historical Financial Information has been prepared in accordance with the same basis of preparation adopted in respect of the Historical Financial Information.

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Periods, the Target Group has consistently applied all HKFRSs which are effective during the Relevant Periods, except for any new standards or interpretations that are not yet effective during the Relevant Periods. The significant accounting policies that have been used in the preparation of the Historical Financial Information have been consistently applied throughout the Relevant Periods. The adoption of new or amended HKFRSs that are issued but not yet effective and their impact on Historical Financial Information, if any, are disclosed below.

The Historical Financial Information has been prepared on the historical cost basis. The measurement bases are fully described in the accounting policies below.

The preparation of the Historical Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in note 3 below.

Issued but not yet effective HKFRSs

The Target Group has not early adopted the following new and amended HKFRSs which have been issued but are not yet effective for the Relevant Periods.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1, 3]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]

1 Effective for annual periods beginning on or after 1 January 2024

2 No mandatory effective date yet determined but available for adoption

3 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 "Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause" was revised to align the corresponding wording with no change in conclusion

The directors of the Target Group anticipate that all of the pronouncements will be adopted in the Target Group's accounting policy for the first period beginning after the effective date of the pronouncement, and these are not expected to have a material impact on the Target Group's financial statements.

2.2 Basis of consolidation

(a) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Target Group has control. The Target Group controls an entity when the Target Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Target Group. They are deconsolidated from the date that control ceases.

Business combinations

The Target Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Target Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at acquisition date, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

The Target Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. All other components of non-controlling interests are measured at their fair values at acquisition date, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss or other comprehensive income, as appropriate.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value at acquisition date of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Target Group's accounting policies.

Non-controlling interests in subsidiaries are presented separately from the Target Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

(b) Associates

Associates are entities over which the Target Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Target Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss.

The Target Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Target Group's share of losses in an associate equals or exceeds its interest in the associate, the Target Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Target Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Target Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated income statement. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Profits and losses resulting from upstream and downstream transactions between the Target Group and its associates are recognised in the Target Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

Gains or losses on dilution of equity interests in associates are recognised in the consolidated income statement.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive Directors and certain senior managements who make strategic decisions.

2.4 Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at cost less subsequent accumulated depreciation and subsequent impairment losses. Cost includes any costs 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 and, for qualifying assets, borrowing costs capitalised in accordance with the Target Group's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement during the period in which they are incurred.

Depreciation of property, plant and equipment (other than construction in progress) is calculated using the straight-line method to allocate their costs less accumulated impairment losses over their estimated useful lives to their residual values.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.7). Such impairment losses are recognised in the consolidated income statement.

Gains or losses on disposals are determined by comparing the net sales proceeds with the carrying amount of the relevant assets and are recognised in the consolidated income statement.

2.5 Construction in progress

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, the costs of plant and machinery, direct labour costs and overheads and, for qualifying assets, borrowing costs capitalised in accordance with the Target Group's accounting policy. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for the intended use. When the assets concerned are brought into use, the costs are transferred to the appropriate categories of property, plant and equipment and depreciated in accordance with the policy as stated in note 2.4 above.

2.6 Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Target Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Target Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Target Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Target Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Target Group as a lessee

Short-term leases and leases of low-value assets

The Target Group applies the short-term lease recognition exemption to leases of offices and equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Target Group; and
- an estimate of costs to be incurred by the Target Group in dismantling and removing an underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Target Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Target Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

The Target Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Target Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Target Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Target Group under residual value guarantees;
- the exercise price of a purchase option if the Target Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Target Group exercising an option to terminate the lease.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Target Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Target Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Target Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Target Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Target Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional leases or non-lease components, the Target Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2.7 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amounts of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Target Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

In addition, the Target Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual CGU, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of an asset's 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 (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Target Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the Target Group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the Target Group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the Target Group of CGUs. An impairment loss is recognised immediately in profit or loss.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.8 Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial assets is held within a business model whose objective is to collect contractual cash flows; and
- the contractual term give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Target Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Target Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Target Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(a) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(b) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI are recognised in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowance are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(c) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve, and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Target Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in "other gains and losses, net" in the consolidated income statement.

Impairment of financial assets

The Target Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including accounts receivable, deposits and other receivables, restricted deposits and cash and cash equivalents) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ("12m") ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Target Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Group always recognises lifetime ECL for accounts receivable other than accounts receivable with significant financing components which is included in non-current portion of accounts receivables. The ECL on these assets are assessed individually.

For accounts receivable with significant financing component and all other instruments, the Target Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition or the financial instrument is not determined to have low credit risk at the reporting date, the Target Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instruments external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Target Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Target Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Target Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Target Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Group, in full (without taking into account any collaterals held by the Target Group).

Irrespective of the above, the Target Group considers that default has occurred when a financial asset is more than 90 days past due (except for clean energy power price premium) unless the Target Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off policy

The Target Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Target Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally the ECL is the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and the cash flows that the Target Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e., the Target Group's other receivables are assessed as a separate group. Amounts due from related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The Target Grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for debt instruments that are measured at FVTOCI, the Target Group recognises an impairment loss or reversal in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of accounts receivable where the corresponding adjustment is recognised through a loss allowance account. For debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amounts of these debt instruments. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

Derecognition of financial assets

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Target Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained earnings.

2.9 Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Perpetual securities

Perpetual securities are classified as equity if they are non-redeemable, or redeemable only at the issuer's option, and any interest and distributions are discretionary. Interest and distributions on perpetual securities classified as equity are recognised as distributions within equity.

The perpetual notes and other perpetual instruments issued by the Target Company are recognised as "Other equity instruments".

Financial liabilities

All financial liabilities including bank borrowings, other borrowings, lease liabilities, other payables and accrued charges, accounts and bills payables, and other non-current liabilities are subsequently measured at amortised cost using the effective interest method.

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Target Group or the counterparty.

2.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and with other financial institutions and other short-term highly liquid investments with original maturities of three months or less. Restricted deposits are separately disclosed from cash and cash equivalents.

2.11 Inventories

Inventories comprise consumable supplies and spare parts held for consumption and usage and are stated at the lower of cost and net realisable value after provision for obsolete items, and are expensed to repairs and maintenance expense when used/consumed, or capitalised to property, plant and equipment when installed, as appropriate using weighted average method. Cost comprises purchase price and other costs incurred in bringing the inventories to their present location and condition and excludes borrowing costs.

2.12 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Target Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as these assets are substantially ready for their intended use or sale.

Any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.13 Current and deferred income tax

The tax expense for the year/period comprises current and deferred income tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the places where the Target Company and its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

In assessing any uncertainty over income tax treatments, the Target Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profits or losses. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Target Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Target Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Target Group the ability to control the reversal of the temporary difference that deferred income tax liability is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there are sufficient taxable profits available against which the temporary difference can be utilised.

For the purposes of measuring deferred tax for leasing transactions in which the Target Group recognises the right-of-use assets and the related lease liabilities, the Target Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Target Group applies HKAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities results in net deductible temporary differences.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable rights to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied to the same taxable entity by the same taxation authority.

2.14 Employee benefits

(a) Pension obligations

The Target Group contributes on a monthly basis to various defined contribution plans organised by the relevant municipal and provincial governments in the PRC based on certain percentage of the relevant employees' monthly salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Target Group has no further constructive obligation for any post-retirement benefits beyond the contributions made.

Contributions to these plans are expensed as incurred.

All contributions to pension plans are fully and immediately vested and the Target Group had no unvested benefits available to reduce its future contributions.

(b) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Target Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2.15 Provisions

Provisions (including provisions for inundation compensation) are recognised when the Target Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligations using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed.

2.16 Government grants

Grants and subsidies from the government are recognised at their fair values for monetary asset where there is a reasonable assurance that the grant or subsidy will be received and the Target Group will comply with all attached conditions.

Government grants and subsidies relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants and subsidies relating to property, plant and equipment and other environmental improvement projects are included in non-current liabilities as deferred income and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets and projects.

Non-monetary assets transferred from the government are recognised at nominal amount.

2.17 Revenue from contracts with customers

The Target Group recognises revenue from sales of electricity to regional and provincial power grid companies, provision of power generation, subcontracting services and sales of energy storage equipment.

The Target Group recognises revenue when (or as) a performance obligation is satisfied, i.e., when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and services (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Target Group's performance as the Target Group performs;
- the Target Group's performance creates and enhances an asset that the customer controls as the Target Group performs; or
- the Target Group's performance does not create an asset with alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Existence of significant financing component

In determining the transaction price, the Target Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Target Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Target Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For contracts where the Target Group transferred the associated goods or services before payments from customers in which the Target Group adjusts for the promised amount of consideration for significant financing components, the Target Group applies a discount rate that would be reflected in a separate financing transaction between the Target Group and the customer at contract inception. The Target Group recognises interest income during the period between the payment from customers and the transfer of the associated goods or services.

Further details of revenue and income recognition policies are as follows:

(i) Sales of electricity to regional and provincial power grid companies, and provision of power generation

Revenue is recognised upon transmission of electricity to the power grid when the control of the electricity is transferred at the same time.

(ii) Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Target Group and the amount of the dividend can be measured reliably.

(iii) Interest income

Interest income is recognised over time using the effective interest method.

2.18 Related parties

For the purposes of these financial statements, a party is considered to be related to the Target Group if:

(a) the party, is a person or a close member of that person's family and if that person,

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or of a parent of the Target Group.

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Target Group are members of the same group.

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) the entity and the Target Group 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 the Target Group or an entity related to the Target Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the parent of the Target Group.

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.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Target Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of non-financial assets

The Target Group's property, plant and equipment and right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Target Group also re-measures the assets and disposal groups classified as held for sale annually to see if impairment provision is needed. The recoverable amounts of property, plant and equipment and right-of-use assets have been determined based on higher of value in use calculations, which is measured at the net present value of future cash flows which are estimated based upon the continued use of the asset in the business, and fair value less costs of disposal. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment and fair value assessment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Target Group estimates the recoverable amount of the CGU or group of CGUs to which the asset belongs. Changing the assumptions selected by management in assessing impairment, including the future sales volume, expected tariff rates, fuel costs (if applicable), staff costs, the discount rates and growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment assessment and as a result affect the Target Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated income statements.

For the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2023, management has performed impairment assessments based on value in use calculation by measuring the recoverable amount of certain property, plant and equipment, included in "Photovoltaic power electricity" segment, and "Wind power electricity" segment.

As at 31 December 2020, the carrying amounts of property, plant and equipment and right-of-use assets were RMB515,656,000 and RMB17,270,000 respectively, of which no impairment were recognised for the year then ended.

As at 31 December 2021, the carrying amounts of property, plant and equipment and right-of-use assets were RMB846,208,000 and RMB34,499,000 respectively, of which no impairment were recognised for the year then ended.

As at 31 December 2022, the carrying amounts of property, plant and equipment and right-of-use assets were RMB3,738,389,000 and RMB83,093,000 respectively, of which no impairment were recognised for the year then ended.

As at 31 March 2023, the carrying amounts of property, plant and equipment and right-of-use assets were RMB3,853,314,000 and RMB82,174,000 respectively, of which no impairment were recognised for the period then ended.

(b) Impairment of accounts receivables

The Target Group makes provision for impairment of accounts receivables based on assumptions about risk of default and ECL rate. The Target Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Target Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Note 35.3 provides the basis of the calculation of the loss allowance.

(c) Useful lives, residual values and depreciation charges of property, plant and equipment

The Target Group's management determines the estimated useful lives, residual values and related depreciation charges for the Target Group's property, plant and equipment, other than construction in progress. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. It could change significantly as a result of technological advancement and innovations in the power industry. Management will adjust the depreciation charge where useful lives or residual values vary with previously estimated, or it will write-off or write down technically obsolete. Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation charges in the future periods. As at 31 December 2020, 2021 and 2022 and 31 March 2023, the carrying amount of property, plant and equipment, other than construction in progress, were RMB515,656,000, RMB830,997,000, RMB3,085,605,000 and RMB3,083,373,000 respectively.

(d) Current and deferred income tax expenses

The Target Group is subject to income taxes in various locations within PRC. Judgement is required in determining the provision for income taxes in each of these locations. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation amount in the period in which such estimate is changed.

4. REVENUE AND SEGMENT INFORMATION

The chief operating decision maker has been identified as the executive Directors and certain senior management (collectively referred to as the ''CODM'') who make strategic decisions. The CODM reviews the internal reporting of the Target Company and its subsidiaries in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM assesses the performance of the operating segments based on a measure of profit/loss before taxation. Other information provided to the CODM is measured in a manner consistent with that in the consolidated financial statements.

Segment assets, deferred income tax assets and corporate assets, which are managed on a central basis.

Segment liabilities exclude deferred tax liabilities, tax payable and corporate liabilities, which are managed on a central basis.

	Year ended 31 December 2020			
	Photovoltaic power electricity	**Wind power electricity**	**Unallocated**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue				
Sales of electricity	68,344	—	—	68,344
Segment results	27,563	—	—	27,563
Operating profit	27,563	—	—	27,563
Finance income	183	—	—	183
Finance costs	(24,572)	—	—	(24,572)
Profit before income tax	3,174	—	—	3,174
Income tax credit	606	—	—	606
Profit for the year	3,780	—	—	3,780
Other segment information				
Amounts included in the measure of segment profit or loss or segment assets:				
Capital expenditure — Property, plant and equipment, right-of-use assets and prepayments for construction of power plants	19,337	—	—	19,337
Depreciation of property, plant and equipment	30,790	—	—	30,790
Depreciation of right-of-use assets	1,502	—	—	1,502

	As at 31 December 2020			
	Photovoltaic power electricity	**Wind power electricity**	**Unallocated**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets				
Other segment assets	947,418	—	—	947,418
Deferred tax assets	1,128	—	—	1,128
Total assets per consolidated statements of financial position	948,546	—	—	948,546
Segment liabilities				
Other segment liabilities	73,502	—	—	73,502
Borrowings	670,090	—	—	670,090
Tax payable	237	—	—	237
Total liabilities per consolidated statements of financial position	743,829	—	—	743,829

	Year ended 31 December 2021			
	Photovoltaic power electricity	**Wind power electricity**	**Unallocated**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue				
Sales of electricity	120,798	—	—	120,798
Segment results	48,386	—	—	48,386
Operating profit	48,386	—	—	48,386
Finance income	4,322	—	—	4,322
Finance costs	(41,673)	—	—	(41,673)
Share of results of associates	1,102	—	—	1,102
Profit before income tax	12,137	—	—	12,137
Income tax expense	(1,825)	—	—	(1,825)
Profit for the year	10,312	—	—	10,312
Other segment information				
Amounts included in the measure of segment profit or loss or segment assets:				
Capital expenditure — Property, plant and equipment and right-of-use assets	42,856	1,759	3,913	48,528
Depreciation of property, plant and equipment	51,911	—	—	51,911
Depreciation of right-of-use assets	1,746	—	—	1,746

	As at 31 December 2021			
	Photovoltaic power electricity	**Wind power electricity**	**Unallocated**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets				
Other segment assets	1,314,052	—	—	1,314,052
Interests in associates	34,962	—	—	34,962
Deferred tax assets	5,772	—	—	5,772
Total assets per consolidated statements of financial position	1,354,786	—	—	1,354,786
Segment liabilities				
Other segment liabilities	219,939	—	—	219,939
Borrowings	914,409	—	—	914,409
Deferred tax liabilities	2,953	—	—	2,953
Tax payable	2,495	—	—	2,495
Total liabilities per consolidated statements of financial position	1,139,796	—	—	1,139,796

	Year ended 31 December 2022			
	Photovoltaic power electricity	Wind power electricity	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue				
Sales of electricity	118,793	66,245	—	185,038
Segment results	40,133	37,793	19,562	97,488
Operating profit	40,133	37,793	19,562	97,488
Finance income	5,176	59	56	5,291
Finance costs	(59,084)	(9,671)	(460)	(69,215)
Share of results of associates	338	—	—	338
(Loss)/Profit before income tax	(13,437)	28,181	19,158	33,902
Income tax (expense)/credit	(6,953)	907	(7,155)	(13,201)
(Loss)/Profit for the year	(20,390)	29,088	12,003	20,701
Other segment information				
Amounts included in the measure of segment profit or loss or segment assets:				
Capital expenditure — Property, and equipment and right-of-use assets	607,739	2,031	63,541	673,311
Depreciation of property, plant and equipment	51,804	20,250	64	72,118
Depreciation of right-of-use assets	3,166	—	—	3,166

	As at 31 December 2022			
	Photovoltaic power electricity	Wind power electricity	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets				
Other segment assets	1,992,002	3,039,552	—	5,031,554
Interests in associates	—	85,320	—	85,320
Deferred tax assets	6,626	—	—	6,626
Other unallocated assets	—	—	125,472	125,472
Total assets per consolidated statements of financial position	1,998,628	3,124,872	125,472	5,248,972
Segment liabilities				
Other segment liabilities	311,591	111,371	—	422,962
Borrowings	1,448,284	1,968,716	20,018	3,437,018
Deferred tax liabilities	2,812	92,321	—	95,133
Tax payable	8,106	4,081	10,079	22,266
Other unallocated liabilities	—	—	186,684	186,684
Total liabilities per consolidated statements of financial position	1,770,793	2,176,489	216,781	4,164,063

	Three months ended 31 March 2023			
	Photovoltaic power electricity	Wind power electricity	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue				
Sales of electricity	26,898	120,785	—	147,683
Segment results	(517)	79,604	6,079	85,166
Operating (loss)/profit	(517)	79,604	6,079	85,166
Finance income	174	143	12	329
Finance costs	(9,293)	(18,223)	(61)	(27,577)
Share of results of associates	1,477	—	—	1,477
(Loss)/Profit before income tax	(8,159)	61,524	6,030	59,395
Income tax credit/(expense)	1,862	(8,101)	(3,489)	(9,728)
(Loss)/Profit for the period	(6,297)	53,423	2,541	49,667
Other segment information				
Amounts included in the measure of segment profit or loss or segment assets:				
Capital expenditure — Property, and equipment and right-of-use assets	143,632	676	19,656	163,964
Depreciation of property, plant and equipment	13,224	35,779	36	49,039
Depreciation of right-of-use assets	919	—	—	919

	As at 31 March 2023			
	Photovoltaic power electricity	Wind power electricity	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets				
Other segment assets	2,314,409	2,908,306	—	5,222,715
Interests in associates	—	86,797	—	86,797
Deferred tax assets	7,513	—	—	7,513
Other unallocated assets	—	—	153,785	153,785
Total assets per consolidated statements of financial position	2,321,922	2,995,103	153,785	5,470,810
Segment liabilities				
Other segment liabilities	298,278	112,441	—	410,719
Borrowings	1,508,643	2,043,481	48,048	3,600,172
Deferred tax liabilities	2,776	90,919	—	93,695
Tax payable	4,312	9,607	4,104	18,023
Other unallocated liabilities	—	—	111,338	111,338
Total liabilities per consolidated statements of financial position	1,814,009	2,256,448	163,490	4,233,947

	Three months ended 31 March 2022			
	Photovoltaic power electricity	Wind power electricity	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue				
Sales of electricity	23,926	—	—	23,926
Segment results	7,105	—	—	7,105
Operating profit	7,105	—	—	7,105
Finance income	127	—	—	127
Finance costs	(8,107)	—	—	(8,107)
Share of results of associates	(1,774)	—	—	(1,774)
Loss before income tax	(2,649)	—	—	(2,649)
Income tax expense	(606)	—	—	(606)
Loss for the period	(3,255)	—	—	(3,255)
Other segment information				
Amounts included in the measure of segment profit or loss or segment assets:				
Capital expenditure — Property, plant and equipment and right-of-use assets	5,426	—	—	5,426
Depreciation of property, plant and equipment	12,951	—	—	12,951
Depreciation of right-of-use assets	420	—	—	420

All revenue from external customers is generated from the PRC.

As at 31 December 2020, 2021 and 2022 and 31 March 2023, the Target Group's assets, liabilities and capital expenditure were located or utilised in the PRC.

The Target Group's major customers are regional and provincial power grid companies. For the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023, the Target Group's external revenue amounting to RMB67,540,000, RMB119,814,000, RMB183,941,000, RMB23,739,000 and RMB147,425,000 was generated from one major customer, which accounted for around 99% or more of the Target Group's external revenue on photovoltaic power electricity and wind power electricity.

5. OTHER INCOME

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Incentive scheme	10	71	100	—	50
Wavier of other payables	—	2,300	—	—	—
Electricity sales services fee income	—	—	27,325	241	9,513
Operation and maintenance income	5,660	7,428	12,752	2,211	2,834
Provision of fuel pipe income	2,797	2,985	3,254	848	—
Others	1	562	12	14	24
	8,468	13,346	43,443	3,314	12,421

6. OTHER GAINS AND LOSSES, NET

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Income relates to the debt securities investment	—	—	9,647	—	7
Bad debt recovered	—	3,840	—	—	—
	—	3,840	9,647	—	7

7. OTHER OPERATING EXPENSES

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Short-term lease expenses	330	1,217	2,607	309	279
Administrative and selling related expenses	935	4,848	9,760	1,755	4,009
Taxes and surcharges	69	90	2,175	29	866
Compensation payment	—	—	650	—	—
Donation	—	—	100	—	—
Others	69	340	780	3	111
	1,403	6,495	16,072	2,096	5,265

8. FINANCE INCOME

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Interest income from bank deposits	174	215	185	39	191
Interest income from related parties	9	3,663	5,106	88	138
Interest income from discounting effect on clean energy power price premium	—	444	—	—	—
	183	4,322	5,291	127	329

9. FINANCE COSTS

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest expenses on:					
— bank and other borrowings	23,786	22,093	55,659	5,960	28,669
— borrowings from related parties	401	8,358	13,041	1,062	3,795
— lease liabilities	385	11,222	8,420	1,085	1,158
	24,572	41,673	77,120	8,107	33,622
Less: amounts capitalised on qualifying assets *(note)*	—	—	(7,905)	—	(6,045)
	24,572	41,673	69,215	8,107	27,577

Note: The borrowing costs have been capitalised at a rate range from 3.05% to 3.55% per annum for the year ended 31 December 2022 and the three months ended 31 March 2023.

10. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) for the year/period is arrived at after charging/(crediting):

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Auditor's remuneration	151	229	428	—	—
Depreciation:					
— Property, plant and equipment	30,791	51,911	72,118	12,563	49,039
— Right-of-use assets	1,502	1,746	3,166	420	919

11. STAFF COSTS

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Wages, salaries and bonuses	7,133	9,923	15,878	2,019	8,032
Staff welfare	2,159	4,332	6,196	551	1,605
Pension costs — defined contribution plans	508	2,331	2,758	200	607
	9,800	16,586	24,832	2,770	10,244

12. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

12.1 Directors' emoluments

No emolument was paid or payable to the directors of the Target Group during the Relevant Periods.

During the Relevant Periods, there was no amount paid or payable by the Target Group to the directors as an inducement to join or upon joining the Target Group as compensation for loss of office. There was no arrangement under which any director or five highest paid individuals waived or agreed to waive any remuneration during the Relevant Periods.

12.2 Five highest paid individuals

The five highest paid individuals in the Target Group during the Relevant Periods did not include any director. The emoluments of these five highest individuals for the Relevant Periods are set out below:

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, wages and bonus	2,249	3,003	2,913	1,038	1,308
Retirement benefit scheme contributions	—	—	—	—	—
	2,249	3,003	2,913	1,038	1,308

Their emoluments were within the band of Nil to HK$1,000,000 (equivalent to Nil to RMB888,000).

13. INCOME TAX (CREDIT)/EXPENSE

The Target Group's operations in the PRC are subject to the corporate income tax law of the PRC (the "PRC Corporate Income Tax"). The standard PRC Corporate Income Tax rate is 25% on the estimated assessable profits for the year/period under the law of the PRC on Enterprise Income Tax (the "EIT Law") and implementation regulations of the EIT Law except that certain subsidiaries were either exempted from PRC Corporate Income Tax or entitled to the preferential tax rate of 12.5%.

The Target Group engaged in photovoltaic power and wind power projects, under the EIT Law and its relevant regulations, is entitled tax holidays of first 3-year full exemption followed by 3-year 50% exemption.

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
PRC current income tax					
— charge for the year/period	—	2,273	14,109	332	11,512
Deferred income tax					
— credit for the year/period	(606)	(448)	(908)	—	(1,784)
	(606)	1,825	13,201	606	9,728

Reconciliation between income tax (credit)/expense and accounting profit/(loss) at applicable tax rate are as follows:

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit/(loss) before income tax	3,174	12,137	33,902	(2,649)	59,395
Less: Share of result of associates	—	(1,102)	(338)	1,774	(1,477)
	3,174	11,035	33,564	(875)	57,918
Calculated at the PRC statutory tax rate of 25%	793	2,758	8,391	(219)	14,480
Effect on tax concession	(1,741)	(6,257)	(2,927)	(605)	(6,740)
Expenses not deductible for taxation purpose	58	2,248	940	1,430	537
Income tax adjustment from prior year/period	—	17	4,549	2,923	(2,945)
Impact of tax rate changes on deferred income at the beginning of the year/period	—	166	—	—	—
Deductible temporary differences with no deferred income tax assets	284	(30)	(29)	—	4,396
Utilisation of tax losses previously not recognised	—	2,923	(2,923)	(2,923)	—
Others	—	—	5,200	—	—
Income tax (credit)/expense	(606)	1,825	13,201	606	9,728

14. DIVIDENDS

The Target Company declared and paid dividends of RMB37,000 and RMB9,053,000 during the years ended 31 December 2021 and 2022 respectively. No dividends have been paid, declared or proposed during the year ended 31 December 2020 and the three months ended 31 March 2023.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Power generators and equipment	Transportation facilities	Furniture, fixtures and office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost						
At 1 January 2020	22,557	549,261	470	159	—	572,447
Additions	—	10	292	263	—	565
At 31 December 2020 and 1 January 2021	22,557	549,271	762	422	—	573,012
Additions	—	—	271	14,071	15,211	29,553
Acquisition of subsidiaries	—	309,084	—	71,752	—	380,836
Written-off	(1,143)	(26,783)	—	—	—	(27,926)
At 31 December 2021 and 1 January 2022	21,414	831,572	1,033	86,245	15,211	955,475
Additions	—	2,158	2,781	2,111	637,573	644,623
Acquisition of subsidiaries	31,180	2,286,761	388	1,351	—	2,319,680
Written-off	—	—	—	(6)	—	(6)
At 31 December 2022 and 1 January 2023	52,594	3,120,491	4,202	89,701	652,784	3,919,772
Additions	—	612	64	206	163,082	163,964
Transfer between categories	—	45,925	—	—	(45,925)	—
At 31 March 2023	52,594	3,167,028	4,266	89,907	769,941	4,083,736
Accumulated depreciation						
At 1 January 2020	918	25,536	101	11	—	26,566
Depreciation charge	1,098	29,606	76	10	—	30,790
At 31 December 2020 and 1 January 2021	2,016	55,142	177	21	—	57,356
Depreciation charge	1,021	44,448	146	6,296	—	51,911
At 31 December 2021 and 1 January 2022	3,037	99,590	323	6,317	—	109,267
Depreciation charge	1,318	64,548	285	5,968	—	72,119
Written-off	—	—	—	(3)	—	(3)
At 31 December 2022 and 1 January 2023	4,355	164,138	608	12,282	—	181,383
Depreciation charge	793	46,418	179	1,649	—	49,039
At 31 March 2023	5,148	210,556	787	13,931	—	230,422
Net book value						
At 31 December 2020	20,541	494,129	585	401	—	515,656
At 31 December 2021	18,377	731,982	710	79,928	15,211	846,208
At 31 December 2022	48,239	2,956,353	3,594	77,419	652,784	3,738,389
At 31 March 2023	47,446	2,956,472	3,479	75,976	769,941	3,853,314

Notes:

(a) Depreciation of property, plant and equipment (other than construction in progress) is calculated using the straight-line method to allocate their costs less accumulated impairment losses over their estimated useful lives to their residual values, as follows:

Buildings	20–25 years
Power generators and equipment	8–20 years
Transportation facilities	6 years
Furniture, fixtures and office equipment	5 years

(b) As at 31 December 2020, 2021 and 2022 and 31 March 2023, certain property, plant and equipment of the Target Group with a net book value of approximately nil, nil, RMB1,345,195,000 and RMB1,323,286,000 were pledged as security for certain bank borrowings (note 25).

16. RIGHT-OF-USE ASSETS

This note provides information for leases where the Target Group is a lessee.

The Target Group's right-of-use assets arise from land use rights for photovoltaic and wind power plant projects with typically lease term of 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

The movements of right-of-use assets are analysed as follows:

	Buildings	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At 1 January 2020	—	—	—
Additions	—	18,772	18,772
At 31 December 2020 and 1 January 2021	—	18,772	18,772
Additions	—	18,975	18,975
At 31 December 2021 and 1 January 2022	—	37,747	37,747
Additions	1,326	27,362	28,688
Acquisition of subsidiaries	—	23,072	23,072
At 31 December 2022, 1 January 2023 and 31 March 2023	1,326	88,181	89,507
Accumulated depreciation			
At 1 January 2020	—	—	—
Depreciation charge	—	1,502	1,502
At 31 December 2020 and 1 January 2021	—	1,502	1,502
Depreciation charge	—	1,746	1,746
At 31 December 2021 and 1 January 2022	—	3,248	3,248
Depreciation charge	331	2,835	3,166
At 31 December 2022 and 1 January 2023	331	6,083	6,414
Depreciation charge	111	808	919
At 31 March 2023	442	6,891	7,333
Net book value			
At 31 December 2020	—	17,270	17,270
At 31 December 2021	—	34,499	34,499
At 31 December 2022	995	82,098	83,093
At 31 March 2023	884	81,290	82,174

Note:

For both years, the Target Group leases buildings and leasehold land for its operations. Lease contracts are entered into for fixed term of 2 to 20 years, but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Target Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Target Group regularly entered into short-term leases for equipment. As at 31 December 2020, 2021 and 2022 and 31 March 2023, the portfolio of short-term leases was similar to the portfolio of short-term leases to which the short-term lease expense was recognised and as disclosed in note 7.

The total cash outflow for leases is disclosed in note 27.

As at 31 December 2020, 2021 and 2022 and 31 March 2023, certain right-of-use assets of the Target Group with a net book value of approximately nil, nil, RMB7,977,000 and RMB7,918,000 were pledged as security for certain bank borrowings (note 25).

Extension options

The Target Group has extension options in a number of leases for leasehold land. The majority of extension options held are exercisable only by the Target Group and not by the respective lessors.

The Target Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. Based on the assessment, the extension option of leasehold land lease was reasonably certain to be exercised so that the extension period was included in lease period.

In addition, the Target Group reassesses whether it is reasonably certain to exercise an extension option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2023, there is no such triggering event.

17. INTERESTS IN ASSOCIATES

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost of investment in associates	—	33,860	84,982	84,982
Share of undistributed post-acquisition reserves	—	1,102	338	1,815
	—	34,962	85,320	86,797

The followings are the details of the associates:

Name of companies	Place of establishment and operation	Registered/paid-in capital	Proportion of ownership held by subsidiaries — As at 31 December 2020	2021	2022	As at 31 March 2023	Type of legal entity	Principal activities
Shanxi Power Investment Jianneng Technology Co., Ltd.# (山西電投建能科技有限公司) ("Power Investment Jianneng")	PRC	RMB50,000,000	—	—	20%	20%	Limited liability company	Generation and sales of electricity
Shanxi Diantou Clean Energy Technology Co., Ltd.# (山西電投清潔能源科技有限公司) ("Diantou Clean Energy")	PRC	RMB169,300,000	—	20%	— *(note 37.4)*	—	Limited liability company	Generation and sales of electricity

\# The English translation of the name of the company established in the PRC is for reference only. The official name of this company is in Chinese.

(i) Power Investment Jianneng

Summarised consolidated statements of financial position

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	—	—	964,897	948,716
Current assets	—	—	266,623	214,745
Non-current liabilities	—	—	(640,983)	(636,584)
Current liabilities	—	—	(163,939)	(92,890)
	—	—	426,598	433,987

Summarised consolidated income statements

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue	—	—	39,659	—	33,207
Profit for the year/period	—	—	33,207	—	7,389

Reconciliation of summarised unaudited financial information

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Opening net assets	—	—	—	426,598
Net assets of Power Investment Jianneng	—	—	424,910	—
Profit for the year/period	—	—	1,688	7,389
Closing net assets	—	—	426,598	433,987
Interest in associates (at 20%)				
— At carrying amount	—	—	85,320	86,797

(ii) Diantou Clean Energy

Summarised consolidated statements of financial position

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	—	817,625	782,904	—
Current assets	—	152,788	217,234	—
Non-current liabilities	—	(630,037)	(745,026)	—
Current liabilities	—	(165,565)	(87,950)	—
	—	174,811	167,162	—

Summarised consolidated income statements

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Revenue	—	38,161	80,017	14,940	—
Profit/(loss) for the year/period	—	5,512	(3,649)	(8,874)	—

Reconciliation of summarised unaudited financial information

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Opening net assets	—	—	174,812	—
Net assets of Diantou Clean Energy	—	169,300	—	
Profit/(loss) for the year/period	—	5,512	(7,649)	—
Closing net assets	—	174,812	167,163	—
Interest in associates (at 20%)				
— At carrying amount	—	34,962	—	—

During the year ended 31 December 2022, the Target Group acquired additional interests in Diantou Clean Energy from an independent shareholder. Upon completion of the acquisition, Diantou Clean Energy became subsidiary of the Target Group with remeasurement gain on the interests in associates of RMB2,198,000 and transferred to subsidiary in amount of RMB37,160,000 *(note 37.4)*.

18. FINANCIAL ASSETS MEASURED AT AMORTISED COST

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted debt securities in the PRC	—	—	10,000	10,000

Note: Unlisted debt securities mainly represent investment in unlisted debt issued by private entities established in the PRC. The investment in debt instruments is not held for trading. Instead, it is held for medium to long-term strategic purposes.

19. INVENTORIES

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Consumables	10	588	1,476	1,139

20. ACCOUNTS RECEIVABLES

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accounts receivable from regional and provincial power grid companies *(note (b)*	49,860	174,644	653,556	735,065
Analysed for reporting purpose as:				
— Non-current *(note (b)*	46,399	161,932	318,842	346,639
— Current	3,461	12,712	334,714	388,426
	49,860	174,644	653,556	735,065

Notes:

(a) To measure the ECL of accounts receivable, accounts receivables have been assessed individually upon the application of HKFRS 9. The loss allowance of the accounts receivable as at 31 December 2020, 2021 and 2022 and 31 March 2023 was insignificant.

(b) The ageing analysis of the accounts receivables based on invoice date is as follows:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unbilled	46,399	161,932	318,842	346,639
1 to 3 months	3,461	12,712	334,714	388,203
3 to 6 months	—	—	—	223
	49,860	174,644	653,556	735,065

The accounts receivable that are neither past due nor impaired have been assessed by reference to the historical information about counterparty default rates. The existing counterparties did not have significant default in the past.

As at 31 December 2020, 2021 and 2022 and 31 March 2023, accounts receivable from regional and provincial power grid companies include clean energy power price premium receivable of RMB46,399,000, RMB161,932,000, RMB318,842,000 and RMB346,639,000, which is unbilled and is stated after discounting.

The clean energy power price premium, which is a component of the government-approved on-grid tariff for wind and photovoltaic power generation, is recognised as revenue from sales of electricity in the consolidated income statements of the Target Group for its wind and photovoltaic power projects.

The financial resource for the clean energy power price premium is the national renewable energy fund that accumulated through a special levy on the consumption of electricity. Pursuant to Caijian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) jointly issued by the Ministry of Finance (the "MOF"), the National Development and Reform Commission (the "NDRC") and the National Energy Administration (the "NEA") in March 2012, the standardised application and approval procedures on a project by project basis for the settlement of the tariff premium came into force since 2012, and such applications are accepted and approved batch by batch jointly by the MOF, the NDRC and the NEA at intervals in form of announcing renewable energy subsidy catalogues (the "Subsidy Catalogue").

In February 2020, the MOF, the NDRC and the NEA jointly issued new guidelines and notices, i.e., Caijian [2020] No. 4 Guidelines on the Stable Development of Non-Water Renewable Energy Generation (關於促進非水可再生能源發電健康發展的若干意見) and Caijian [2020] No. 5 Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加資金管理辦法) (collectively referred to as the "New Guidelines"). Pursuant to the New Guidelines, the quota of new subsidies are decided based on the scale of subsidy funds, there will not be any new Subsidy Catalogue to be published for tariff premium and as an alternative, power grid companies will publish lists of renewable energy projects qualified for tariff premium (the "Subsidy List") periodically after the renewable energy generators have gone through certain approval and information publicity process.

Based on the above New Guidelines and their past experience, the Directors estimate that there are no foreseeable obstacles that would lead to the application not being approved before entering into either the Subsidy Catalogue or the Subsidy List. It is expected that the Target Group's wind and photovoltaic power projects will be listed as qualified projects for tariff premium after 31 December 2023 and the corresponding premium receivables are estimated to be recovered after twelve months from the reporting date. Therefore, the Directors consider the renewable energy electricity sales contract for projects before entering into the Subsidy Catalogue or the Subsidy List contains a significant financing component. For the years ended 31 December 2020, 2021, 2022 and the three months ended 31 March 2023, the respective clean energy power price premiums were adjusted for this financing component based on an effective interest rate of 4.01%, 4.01%, 3.81%, 3.81% per annum respectively.

(c) As at 31 December 2020, 2021 and 2022 and 31 March 2023, certain of the bank borrowings and lease liabilities (notes 25 and 27) were secured by the rights on certain accounts receivable. The accounts receivable pledged under these debts as at 31 December 2020, 2021 and 2022 and 31 March 2023 amounted to approximately RMB49,317,000, RMB73,983,000, RMB497,556,000 and RMB553,269,000 respectively.

(d) Apart from certain clean energy power price premium receivables of RMB46,399,000, RMB161,932,000, RMB318,842,000 and RMB346,639,000 as at 31 December 2020, 2021 and 2022 and 31 March 2023 respectively which are stated after discounting, the fair values of the remaining accounts receivables approximate their carrying amounts as the impact of discounting is not significant. All accounts receivables are denominated in RMB.

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Prepayments, deposits and other receivables mainly represent current portion of deductible value-added tax, deposits and other receivables.

	As at 31 December			As at 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments	26,600	16,384	21,859	37,719
Deposits	15,500	16,875	23,385	23,620
Other receivables	8,267	44,908	57,870	49,707
Deductible value-added tax	54,508	71,245	113,182	126,855
	104,875	149,412	216,296	237,901

22. RESTRICTED DEPOSITS AND CASH AND CASH EQUIVALENTS

	As at 31 December			As at 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Restricted deposits *(note (a)*	—	100	1,155	1,140
Cash at banks and in hand *(note (b)*	259,747	108,601	453,061	455,767
Denominated in:				
RMB	259,747	108,701	454,216	456,907

Notes:

(a) As at 31 December 2020, 2021 and 2022 and 31 March 2023, the restricted deposits of the Target Group are interest bearing from 0.25% to 0.3% per annum.

(b) The Target Group's cash at banks are interest bearing from 0.25% to 0.385% per annum.

23. SHAREHOLDERS' EQUITY

(a) Paid-in capital

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of year/period	195,900	195,900	195,900	458,252
Capital injection	—	—	262,352	—
At the ended of year/period	195,900	195,900	458,252	458,252

(b) Safety production reserve

Pursuant to Caizi [2012] No. 16, the "Administrative Measures for the Collection and Utilisation of Enterprise Work Safety Funds" jointly published by the Ministry of Finance and the Ministry of Emergency Management on 14 February 2012, the Target Group provided for safety production expenses which were recognised in consolidated statement of profit or loss and included in reserve during the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023.

(c) Statutory reserve

In accordance with the relevant laws and regulations for the Target Group, it is required to transfer at least 10% of its annual net profit determined in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of PRC, after offsetting any prior years' losses, to the statutory reserve. When the balance of such a reserve reaches 50% of the registered capital of the respective company, any further appropriation is at the discretion of shareholders. The statutory reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing share holding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the reserve after such an issue is not less than 25% of registered capital. The statutory reserve is non-distributable.

24. OTHER EQUITY INSTRUMENTS

On 28 October 2022, the Target Company entered into the perpetual debt investment contracts with Bridge Trust Co., Ltd ("Bridge Trust", a subsidiary of SPIC). The Target Group has received RMB100,000,000 perpetual debts with an initial interest rate of 3.18% per annum and an initial base term 5 years.

On 29 March 2023, the Target Company entered into another perpetual debt investment contracts with Bridge Trust. The Target Group has received RMB100,000,000 perpetual debts with an initial interest rate of 3.53% per annum and an initial base term of 5 years.

25. BANK BORROWINGS

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Secured long-term bank borrowings	470,090	442,345	2,555,120	3,103,364
Less: Current portion of long-term bank borrowings	(18,700)	(37,380)	(35,129)	(168,019)
	451,390	404,965	2,519,991	2,935,345
Current				
Secured short-term bank borrowings	—	—	60,434	—
Current portion of long-term bank borrowings	18,700	37,380	35,129	168,019
	18,700	37,380	95,563	168,019
	470,090	442,345	2,615,554	3,103,364

Notes:

(a) As at 31 December 2020, 2021 and 2022 and 31 March 2023, the carrying amounts of the Target Group's bank borrowings are denominated in RMB.

(b) The repayment terms of the long-term bank borrowings are analysed as follows:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	18,700	37,380	35,129	168,019
Between one and two years	37,380	28,559	351,047	320,197
Between two and five years	112,140	11,916	789,186	965,881
Over five years	301,870	364,490	1,379,758	1,649,267
	470,090	442,345	2,555,120	3,103,364

(c) The effective interest rates per annum of the Target Group's bank borrowings are as follows:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
Short-term bank borrowings	—	—	3.6%	—
Long-term bank borrowings (including current portion)	4%	4%	3%	3%

As at 31 December 2020, 2021 and 2022 and 31 March 2023, all of the bank borrowings of the Target Group are in floating rates.

(d) As at 31 December 2020, 2021 and 2022 and 31 March 2023, the bank borrowings of the Target Group are secured as follows:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Secured by certain property, plant and equipment *(note 15)*	—	—	1,345,195	1,323,286
Secured by certain right-of-use assets *(note 16)*	—	—	7,977	7,918
Secured against the rights on certain accounts receivable *(note 20)*	49,317	73,983	497,556	553,269
	49,317	73,983	1,850,728	1,884,473

(e) As at 31 December 2020, 2021 and 2022 and 31 March 2023, the Target Group had available unutilised banking facilities amounting to RMB39,910,000, RMB68,290,000, RMB3,714,082,000 and RMB5,811,326,000 respectively.

(f) The fair values of short-term bank borrowings approximate their carrying amounts as the impact of discounting is not significant.

The fair values of long-term bank borrowings at floating interest rates approximate their carrying amounts.

26. OTHER BORROWINGS

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Long-term other borrowings from third parties	—	187,889	186,460	412,857
Long-term other borrowings from related parties	200,000	284,175	184,084	83,951
	200,000	472,064	370,544	496,808
Less:				
Current portion of long-term other borrowings from third parties	—	—	(100,893)	(8,857)
Current portion of long-term other borrowings from related parties	—	(21,557)	—	—
	200,000	450,507	269,651	487,951
Current				
Short-term other borrowings from third parties	—	—	300,680	—
Short-term other borrowings from related parties	—	—	150,240	—
Current portion of long-term other borrowings from third parties	—	21,557	100,893	8,857
	—	21,557	551,813	8,857
	200,000	472,064	821,464	496,808

As at 31 December 2020, 2021 and 2022 and 31 March 2023, the balance is unsecured, interest bearing from 0.69% to 3.5% per annum. The fair values of the long-term other borrowings from third parties approximate their carrying amounts as the impact of discounting is not significant.

27. LEASE LIABILITIES

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total minimum lease payments:				
Due within one year	—	580	5,766	1,897
Due in the second to fifth years	—	6,189	15,141	19,521
Due after the fifth year	12,444	30,431	45,114	40,337
Future finance changes on lease liabilities	(3,958)	(10,856)	(14,507)	(14,061)
Present value of lease liabilities	8,486	26,344	51,514	47,694
Present value of minimum lease payments:				
Due within one year	—	291	4,728	1,241
Due in the second to fifth years	—	5,108	12,545	15,562
Due after the fifth year	8,486	20,945	34,241	30,891
Less: Portion due within one year included under current liabilities	—	(291)	(4,728)	(1,241)
Portion due after one year included under non-current liabilities	8,486	26,053	46,786	46,453

During the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2023, the total cash outflows for the leases are RMB1,081,000, RMB13,556,000, RMB13,549,000 and RMB5,257,000 respectively.

28. OTHER NON-CURRENT LIABILITIES

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Provisions for poverty alleviation	—	71,350	68,106	68,725

During the year ended 31 December 2021, two of the subsidiaries of the Target Group entered into an agreement in respect of provision for poverty alleviation fund with the local poverty office, respectively. According to the agreement, the subsidiary have to provide poverty alleviation fund to the defined poverty households for twenty years.

29. DEFERRED TAX ASSETS/(LIABILITIES)

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	1,128	5,772	6,626	7,513
Deferred tax liabilities	—	(2,953)	(95,133)	(93,695)

The movement during the years in the deferred tax liabilities/(assets) is as follows:

Deferred tax liabilities

	Depreciation	Fair value adjustments arising from acquisition of subsidiaries	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2020, 31 December 2020 and 1 January 2021	—	—	—
Acquisition of subsidiaries	—	122	122
Recognised in profit or loss	2,838	(7)	2,831
At 31 December 2021 and 1 January 2022	2,838	115	2,953
Acquisition of subsidiaries	—	93,229	93,229
Recognised in profit or loss	(134)	(915)	(1,049)
At 31 December 2022 and 1 January 2023	2,704	92,429	95,133
Recognised in profit or loss	(34)	(1,404)	(1,438)
At 31 March 2023	2,670	91,025	93,695

Deferred tax assets

	Depreciation	Fair value adjustments arising from acquisition of subsidiaries	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2020	—	—	—
Recognised in profit or loss	—	1,128	1,128
At 31 December 2020 and 1 January 2021	—	1,128	1,128
Acquisition of subsidiaries	—	1,936	1,936
Recognised in profit or loss	2,506	202	2,708
At 31 December 2021 and 1 January 2022	2,506	3,266	5,772
Recognised in profit or loss	(60)	914	854
At 31 December 2022 and 1 January 2023	2,446	4,180	6,626
Recognised in profit or loss	(24)	911	887
At 31 March 2023	2,422	5,091	7,513

30. ACCOUNTS AND BILL PAYABLES

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Account payables	54,859	90,333	175,419	176,600
Bill payables	—	—	—	28,592
Total	54,859	90,333	175,419	205,192

Notes:

(a) The normal credit period for accounts payable generally ranges from 60 to 180 days. The ageing analysis of the accounts payable based on invoice date is as follows:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
1 to 6 months	896	10,994	93,347	69,349
7 to 12 months	12,858	1,159	203	85
Over 1 year	41,105	78,180	81,869	107,166
Total	54,859	90,333	175,419	176,600

(b) As at 31 March 2023, bills payable are bills of exchange with maturity period ranged from 1 to 2 months.

(c) The fair values of accounts and bills payables approximate their carrying amounts as the impact of discounting is not significant. All accounts and bills payables are denominated in RMB.

31. OTHER PAYABLES AND ACCRUED CHARGES

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Salaries and staff welfare payable	367	469	2,580	6,767
Consideration payable for acquisition of subsidiaries	—	5,320	165,780	96,589
Construction cost payable	—	1,247	69,162	81,567
Other taxes payable	—	4,273	—	1,918
Other payables and accrued operating expenses	9,790	17,544	73,901	10,325
Current portion of provisions for poverty alleviation *(note 28)*	—	3,059	3,184	3,280
Total	10,157	31,912	314,607	200,446

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Bank borrowings	Other borrowings	Lease liabilities
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2020	498,790	—	7,350
Cash flows			
— Drawdown of borrowings	—	200,000	—
— Repayment of borrowings	(28,700)	—	—
— Payments for lease liabilities	—	—	(366)
— Interest paid	—	—	(385)
Non-cash changes			
— Finance costs	—	—	385
— Entering into new leases	—	—	1,502
As at 31 December 2020 and 1 January 2021	470,090	200,000	8,486
Cash flows			
— Drawdown of borrowings	148,955	272,064	—
— Repayment of borrowings	(176,700)	—	—
— Payments for lease liabilities	—	—	(1,117)
— Interest paid	—	—	(11,222)
Non-cash changes			
— Finance costs	—	—	11,222
— Entering into new leases	—	—	18,975
As at 31 December 2021 and 1 January 2022	442,345	472,064	26,344
Cash flows			
— Drawdown of borrowings	511,353	370,957	—
— Repayment of borrowings	(37,380)	(21,557)	—
— Payments for lease liabilities	—	—	(2,522)
— Acquisitions of subsidiaries	1,699,236	—	—
— Interest paid	—	—	(8,420)
Non-cash changes			
— Finance costs	—	—	8,420
— Entering into new leases	—	—	27,692
As at 31 December 2022 and 1 January 2023	2,615,554	821,464	51,514
Cash flows			
— Drawdown of borrowings	583,373	227,157	—
— Repayment of borrowings	(95,563)	(551,813)	—
— Payments for lease liabilities	—	—	(3,820)
— Interest paid	—	—	(1,158)
Non-cash changes			
— Finance costs	—	—	1,158
As at 31 March 2023	3,103,364	496,808	47,694

	Bank borrowings RMB'000	Other borrowings RMB'000	Lease liabilities RMB'000
(Unaudited)			
As at 31 December 2021 and 1 January 2022	442,345	472,064	26,344
Cash flows			
— Drawdown of borrowings	100,063	28,497	—
— Repayment of borrowings	—	(288,113)	—
— Payments for lease liabilities	—	—	(7,094)
— Interest paid	—	—	(1,085)
Non-cash changes			
— Finance costs	—	—	1,085
As at 31 March 2022	542,408	212,448	19,250

33. COMMITMENTS

	As at 31 December 2020 RMB'000	2021 RMB'000	2022 RMB'000	As at 31 March 2023 RMB'000
Contracted but not provided for in respect of				
— property, plant and equipment	—	—	1,958,751	1,958,751

34. MATERIAL RELATED PARTY TRANSACTIONS

(a) Names and relationships with related parties

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control.

The following companies are related parties of the Target Group that had material balances and/or material transactions with the Target Group during the Relevant Periods.

Name of related parties	Relationship with the Target Group
SPIC	Ultimate holding company
Datang Quanzhou New Energy Co., Ltd.# (大唐全州新能源有限公司) ("Datang Quanzhou")	Subsidiary of an associate
Datang Yongzhou New Energy Co., Ltd.# (大唐永州新能源有限公司) ("Datang Yongzhou")	Subsidiary of an associate
SPIC Digital Technology Co., Ltd.# (國家電投集團數字科技有限公司) ("SPIC Digital Technology")	Subsidiary of SPIC
SPIC Finance Co., Ltd.# (國家電投集團財務有限公司) ("SPIC Finance")	Subsidiary of SPIC
Power Investment Jianneng	Subsidiary of SPIC
State Power Investment Corporation Pingding Dongfang New Energy Power Generation Co., Ltd.# (國家電投集團平定東方新能源發電有限公司)	Subsidiary of SPIC
State Power Investment Corporation Yuxian Dongfang New Energy Power Generation Co., Ltd.# (國家電投集團盂縣東方新能源發電有限公司)	Subsidiary of SPIC
State Power Investment Corporation Heshun Dongfang New Energy Power Generation Co., Ltd.# (國家電投集團和順東方新能源發電有限公司)	Subsidiary of SPIC
SPIC Fanzhi Jinfeng New Energy Power Generation Co., Ltd.# (國家電投集團繁峙金豐新能源發電有限公司)	Subsidiary of SPIC
Shanghai Energy Technology Development Co., Ltd.# (上海能源科技發展有限公司)	Subsidiary of SPIC
State Power Investment (Suzhou) Shared Services Co., Ltd.# (國電投(蘇州)共用服務有限公司)	Subsidiary of SPIC
State Power Investment Corporation Mengdong Energy Co., Ltd.# (國家電投集團蒙東能源有限公司)	Subsidiary of SPIC
State Power Investment Group Aluminum Power Investment Co., Ltd.# (國家電投集團鋁電投資有限公司)	Subsidiary of SPIC
State Power Investment Nanyang Thermal Power Co., Ltd.# (國電投南陽熱力有限責任公司)	Subsidiary of SPIC
Bridge Trust	Subsidiary of SPIC

The English translation of the name of the company established in the PRC is for reference only. The official name of this company is in Chinese.

(b) Significant related parties transactions

In addition to those disclosed elsewhere in the Historical Financial Information, the following is a summary of the significant transactions carried out between the Target Group and its related parties in the ordinary course of business during the Relevant Periods.

	Year ended 31 December			Three months ended 31 March	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Ultimate holding company					
Administration staff cost re-charge	2,797	2,985	3,254	848	—
Subsidiaries of an associate					
Sales of electricity	—	—	9,500	—	2,860
Interest expenses paid	—	—	1,002	—	337
Interest income received	—	—	4,349	—	66
Companies controlled by SPIC					
Administration staff cost re-charge	—	948	—	—	—
Interest expense paid	401	8,358	12,039	1,062	3,458
Interest income received	9	176	757	88	72

(c) Cash and cash equivalents balances placed with related company

	As at 31 December			As at 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
SPIC Finance	249,010	107,735	185,966	353,888

(d) Balances with related parties

	As at 31 December			As at 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from related parties				
Other receivables				
— an associate *(note)*	—	—	13,902	13,968
— subsidiaries of an associate *(note)*	—	—	375	3,407
— companies controlled by SPIC	—	—	400	750
	—	—	14,677	18,125
Amounts due to related parties				
Trade payables				
— ultimate holding company	—	175	184	184
— companies controlled by SPIC	13,666	20,270	19,135	272
	13,666	20,445	19,319	456
Other payables				
— ultimate holding company *(note)*	5,111	5,416	2,300	796
— a subsidiary of an associate *(note)*	—	—	61,002	—
— companies controlled by SPIC *(note)*	—	764	764	843
	5,111	6,180	64,066	1,639
Other borrowings				
SPIC Finance	200,000	100,224	100,133	—
Bridge Trust	—	183,951	83,951	83,951
	200,000	284,175	184,084	83,951

Note: The amounts due are non-trade nature, unsecured, interest-free, repayable on demand and denominated in RMB.

(e) Financial assistance provided by a related party

As disclosed in note 24, the Target Company entered into the perpetual debt investment contracts with Bridge Trust. For the year ended 31 December 2022 and the three months ended 31 March 2023, the Target Group received RMB100,000,000 perpetual debts, respectively.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Target Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Target Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Group's financial performance.

35.1 Categories of financial assets and liabilities

The carrying amounts presented in the statements of financial position relate to the following categories of financial assets and financial liabilities:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at amortised cost				
— Accounts receivables	49,860	174,644	653,556	735,065
— Deposits and other receivables	78,275	133,028	194,437	200,182
— Restricted deposits	—	100	1,155	1,140
— Cash and cash equivalents	259,747	108,601	453,061	455,767
— Unlisted debt securities	—	—	10,000	10,000
	387,882	416,373	1,312,209	1,402,154
Financial liabilities				
Financial liabilities at amortised cost				
— Accounts and bills payables	54,859	90,333	175,419	205,192
— Other payables	9,790	28,384	308,843	190,399
— Lease liabilities	8,486	26,344	51,514	47,694
— Bank borrowings	470,090	442,345	2,615,554	3,103,364
— Other borrowings	200,000	472,064	821,464	496,808
	743,225	1,059,470	3,972,794	4,043,457

35.2 Interest rate risk

The Target Group is exposed to interest rate risk through the impact of rates changes on interest-bearing borrowings which bear floating interest rates.

The Target Group monitors closely its interest rate exposure by maintaining an appropriate mix of fixed and floating rate borrowings and considers hedging significant interest rate exposure should the need arise. The position is regularly monitored and evaluated by reference of anticipated changes in market interest rate.

Based on the balance of its interest-bearing borrowings as at 31 December 2020, 2021 and 2022 and 31 March 2023, it is estimated that should there be a general increase/decrease of 50 basis points in lending rates of the People's Bank of China with all other variables being held constant, this would have the effect of decreasing/ increasing on profit for the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2023, and retained earnings as at 31 December 2020, 2021 and 2022 and 31 March 2023 by approximately RMB2,513,000, RMB3,429,000, RMB10,971,000 and RMB13,501,000 respectively.

The changes in interests rates do not affect the Target Group's other components of equity. The above sensitivity analysis is prepared based on the assumption that the borrowings as at 31 December 2020, 2021 and 2022 and 31 March 2023 existed throughout the respective reporting periods.

35.3 Credit risk

Credit risk arises if a customer or other counterparty fails to meet its contractual obligations. The credit risk of the Target Group mainly arises from accounts receivables, deposits and other receivables, restricted deposits and cash and cash equivalents.

Impairment of financial assets

The Target Group has five types of assets that are subject to the ECL model:

- Accounts receivables
- Deposits and other receivables
- Restricted deposits

- Unlisted debt securities
- Cash and cash equivalents

(i) Accounts receivables

The Target Group is exposed to significant concentration of credit risk in terms of electricity sales as a majority of the Target Group's sales of electricity were made to regional and provincial power grid companies. The Target Group normally grants credit terms ranged from 15 to 90 days to these power grid companies except for the clean energy power price premium. The collection of such clean energy power price premium is subject to the allocation of funds by relevant government authorities to local grid companies, which therefore takes a relatively long time for settlement. The Target Group normally does not require collaterals from trade debtors. In addition, the Target Group performs impairment assessment under ECL model upon application of HKFRS 9 on accounts receivable individually. Ageing analysis of the Target Group's accounts receivable is disclosed in note 20 and management does not expect any losses from non-performance by these counterparties.

(ii) Deposits and other receivables

The counterparties of the Target Group's deposits and other receivables are mainly large state-owned enterprises with good credit quality and subsidiaries of SPIC. Under ECL model upon application of HKFRS 9, management makes periodic collective assessment as well as individual assessment on the recoverability of all loans and receivables, based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any disputes with the relevant debtors. The Target Group's historical experience in collection of loans and receivables falls within the recorded allowances and the management are of the opinion that adequate provision for uncollectible receivables has been made.

(iii) Unlisted debt securities, restricted deposits and cash and cash equivalents

At the end of each reporting period, the management have performed impairment assessment under 12-month ECL model for unlisted debt securities, restricted deposits and cash and cash equivalents, and concluded that there has been no significant increase in credit risk since initial recognition. Since the counterparties are reputable banks, major financial institutions and SPIC Financial with management believes are of high credit quality, the probability of defaults of the counterparties are insignificant and accordingly, no allowance for credit losses is provided for these financial assets.

35.4 Liquidity risk

Cash flow forecasts are prepared by the Target Group's management. The Target Group's management monitors rolling forecasts on the liquidity requirements to ensure the Target Group maintains sufficient liquidity reserve to support sustainability and growth of the Target Group's business. Currently, the Target Group finances its working capital requirements through funds generated from operations and obtaining other borrowings.

The Target Company's management monitors rolling forecasts of the Target Group's liquidity reserve on the basis of expected cash flows. The Target Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

The table below analyses the Target Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Effective interest rate	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total undiscounted cash flows	Total carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2020							
Accounts and bills payables	—	13,754	41,105	—	—	54,859	54,859
Other payables	—	9,790	—	—	—	9,790	9,790
Lease liabilities	4.5%	—	—	—	12,444	12,444	8,486
Bank borrowings	4.0%	18,700	37,380	112,140	301,870	470,090	470,090
Other borrowings	4.8%	—	—	200,000	—	200,000	200,000
		42,244	78,485	312,140	314,314	747,183	743,225
At 31 December 2021							
Accounts and bills payables	—	12,153	78,180	—	—	90,333	90,333
Other payables	—	28,384	—	—	—	28,384	28,384
Lease liabilities	4.5%	580	4,450	1,739	30,431	37,200	26,344
Bank borrowings	4.0%	37,380	28,559	11,916	364,490	442,345	442,345
Other borrowings	4.0%–4.8%	21,557	266,556	183,951	—	472,064	472,064
		100,054	377,745	197,606	394,921	1,070,326	1,059,470
At 31 December 2022							
Accounts and bills payables	—	93,550	81,869	—	—	175,419	175,419
Other payables	—	308,843	—	—	—	308,843	308,843
Lease liabilities	4.5%	5,766	1,910	13,232	45,114	66,022	51,514
Bank borrowings	3.0%–3.6%	95,563	351,047	789,186	1,379,758	2,615,554	2,615,554
Other borrowings	3.18%–4.0%	551,813	183,191	86,460	—	821,464	821,464
		1,055,535	618,017	888,878	1,424,872	3,987,302	3,972,794
At 31 March 2023							
Accounts and bills payables	—	98,026	107,166	—	—	205,192	205,192
Other payables	—	190,399	—	—	—	190,399	190,399
Lease liabilities	4.5%	1,897	10,803	8,718	40,337	61,755	47,694
Bank borrowings	3.0%	168,019	320,197	965,881	1,649,267	3,103,364	3,103,364
Other borrowings	3.18%–4.54%	8,857	76,011	101,940	310,000	496,808	496,808
		467,198	514,177	1,076,539	1,999,604	4,057,518	4,043,457

All other current financial instruments are carried at amounts not materially different from their fair values as at 31 December 2020, 2021 and 2022 and 31 March 2023.

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Name of subsidiaries	Place of establishment and operation	Registered/paid up capital	As at 31 December 2020 Proportion of ownership interest		As at 31 December 2021 Proportion of ownership interest		As at 31 December 2022 Proportion of ownership interest		As at 31 March 2023 Proportion of ownership interest		Type of legal entity	Principal activities
			Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries	Held by the Target Company	Held by subsidiaries		
SPIC Shouyang Clean Energy Co., Ltd. (國家電投集團壽陽清潔能源有限公司)	The PRC	RMB128,000,000	—	100%	—	100%	—	100%	—	—	Limited liability company	Generation and sale of electricity
Datong Yunzhou Longji Lvneng Clean Energy Co., Ltd. ("Yunzhou Clean Energy") *(note 37.1)* (大同市雲州區隆基綠能清潔能源有限公司)	The PRC	RMB39,400,000	—	—	100%	—	100%	—	100%	—	Limited liability company	Generation and sale of electricity
Guangling Longxing Lvneng Clean Energy Co., Ltd. ("Guangling Clean Energy") *(note 37.2)* (廣靈縣隆興綠能清潔能源有限公司)	The PRC	RMB27,160,000	—	—	100%	—	100%	—	100%	—	Limited liability company	Generation and sale of electricity
Diantou (Yuanping) Renewable Energy Co., Ltd (電投(原平)可再生能源有限公司)	The PRC	RMB15,700,000	100%	—	100%	—	100%	—	100%	—	Limited liability company	Provision of biological gas
Power Investment Xiangyuan Clean Energy Co., Ltd. (電投襄垣清潔能源有限公司)	The PRC	RMB100,000,000	100%	—	100%	—	100%	—	100%	—	Limited liability company	Generation and sale of electricity
Power Investment Nanzhao County Clean Energy Co., Ltd. (電投南召縣清潔能源有限責任公司)	The PRC	RMB45,000,000	100%	—	100%	—	100%	—	100%	—	Limited liability company	Generation and sale of electricity
Power Investment Yongji New Energy Co., Ltd. (電投永濟新能源有限公司)	The PRC	RMB36,000,000	100%	—	100%	—	100%	—	100%	—	Limited liability company	Generation and sale of electricity
State Power Investment Shanxi Energy Service Co., Ltd. (國電投山西能源服務有限公司)	The PRC	RMB210,000,000	100%	—	100%	—	100%	—	100%	—	Limited liability company	Provision of energy services
Diantou Changzi Clean Energy Co., Ltd (電投長子清潔能源有限公司)	The PRC	RMB20,000,000	100%	—	100%	—	100%	—	100%	—	Limited liability company	Generation and sale of electricity
Power Investment Zhongyu (Huairen) Clean Energy Co., Ltd. (電投中宇(懷仁)清潔能源有限公司)	The PRC	RMB30,999,900	60%	—	60%	—	60%	—	60%	—	Limited liability company	Generation and sale of electricity

Name of subsidiaries	Place of establishment and operation	Registered/paid up capital	As at 31 December 2020 Proportion of ownership interest Held by the Target Company	2020 Held by subsidiaries	2021 Proportion of ownership interest Held by the Target Company	2021 Held by subsidiaries	2022 Proportion of ownership interest Held by the Target Company	2022 Held by subsidiaries	As at 31 March 2023 Proportion of ownership interest Held by the Target Company	2023 Held by subsidiaries	Type of legal entity	Principal activities
Power Investment Zhongyu (Youyu) Clean Energy Co., Ltd. (電投中宇(右玉)清潔能源有限公司)	The PRC	RMB30,999,900	60%	—	60%	—	60%	—	60%	—	Limited liability company	Generation and sale of electricity
Diantou Clean Energy *(note 37.4)* (山西電投清潔能源科技有限公司)	The PRC	RMB223,602,651	—	—	— *(note iii)*	—	100%	—	100%	—	Limited liability company	Investment management
Pianguan Intelligent Energy Wind Power Co., Ltd. (偏關智慧能源風力發電有限公司)	The PRC	RMB190,000,000	—	100%	—	100%	—	100%	—	100%	Limited liability company	Generation and sale of electricity
Shanxi Power Investment Bairui New Energy Co., Ltd. (山西電投百瑞新能源有限公司)	The PRC	RMB5,000,000	—	100%	—	100%	—	100%	—	100%	Limited liability company	Investment management
Shanxi Yulong Group Youyu Niuxinbao Wind Power Co., Ltd ("Youyu Niuxinbao") *(note 37.3)* (山西玉龍集團右玉牛心堡風力發電有限公司)	The PRC	RMB375,920,000	—	—	—	100%	—	100%	—	100%	Limited liability company	Generation and sale of electricity
Shandong Power Investment Dongbin Clean Energy Co., Ltd. (山東電投東濱清潔能源有限公司)	The PRC	RMB30,000,000	100%	—	100%	—	100%	—	100%	—	Limited liability company	Generation and sale of electricity

Notes:

(i) The English names of the subsidiaries represent the best effort by the management of the Target Group to translate their Chinese names, as these subsidiaries do not have official English names.

(ii) The above table lists the subsidiaries of the Target Company which, in the opinion of the management of the Target Group, principally affected the results or assets of the Target Group. To give details of other subsidiaries would, in the opinion of the management of the Target Group, result in particulars excessive length.

(iii) Diantou Clean Energy was an associate of the Target Group which accounted for using the equity method during the year ended 31 December 2021 (Note 17). On 25 November 2022, the Target Group acquired the remaining interests in Diantou Clean Energy, accordingly Diantou Clean Energy was classified as a subsidiary as at 31 December 2022. Details of the acquisition are set out in note 37.4.

37. ACQUISITION OF SUBSIDIARIES

37.1 Acquisition of Yunzhou Clean Energy

On 1 January 2021, the Target Group acquired entire equity interest in Yunzhou Clean Energy from independent third party in form of paying cash consideration. Yunzhou Clean Energy mainly engaged in generation and sale of electricity. Acquisition related cost is insignificant.

Consideration

	RMB'000
Total consideration — Cash	37,200

Assets acquired and liabilities recognised at the date of acquisition

	Fair value of net identifiable assets and liabilities acquired *RMB'000*
Property, plant and equipment	229,589
Accounts receivables	34,704
Prepayments, deposits and other receivables	50,418
Deferred tax assets	283
Cash and cash equivalents	890
Accounts and bills payables	(30,181)
Other payables and accrued charges	(248,381)
Deferred tax liabilities	(122)
Total identifiable net assets at fair value	37,200

Net cash outflow on acquisition of Yunzhou Clean Energy

	2021 *RMB'000*
Consideration paid in cash	33,480
Less: Cash and cash equivalent acquired	(890)
Net outflow of cash and cash equivalents included in the cash flows from investing activities	32,590

Impact of acquisition on the results of the Target Group

The revenue and profit included in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021 since the acquisition date contributed by Yunzhou Clean Energy were RMB28,059,000 and RMB7,050,000, respectively.

37.2 Acquisition of Guangling Clean Energy

On 1 January 2021, the Target Group acquired entire equity interest in Guangling Clean Energy from independent third party in form of paying cash consideration. Guangling Clean Energy mainly engaged in generation and sale of electricity. Acquisition related cost is insignificant.

Consideration

	RMB'000
Total consideration — Cash	16,000

Assets acquired and liabilities recognised at the date of acquisition

	Fair value of net identifiable assets and liabilities acquired
	RMB'000
Property, plant and equipment	151,247
Accounts receivables	35,127
Prepayments, deposits and other receivables	46,194
Deferred tax assets	1,653
Cash and cash equivalents	530
Accounts and bills payables	(26,756)
Other payables and accrued charges	(191,995)
Total identifiable net assets at fair value	16,000

Net cash outflow on acquisition of Guangling Clean Energy

	2021
	RMB'000
Consideration paid in cash	14,400
Less: Cash and cash equivalent acquired	(530)
Net outflow of cash and cash equivalents included in the cash flows from investing activities	13,870

Impact of acquisition on the results of the Target Group

The revenue and profit included in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021 since the acquisition date contributed by Guangling Clean Energy were RMB36,109,000 and RMB9,109,000, respectively.

37.3 Acquisition of Youyu Niuxinbao

On 26 October 2022, the Target Group acquired entire equity interest in Youyu Niuxinbao from independent third party in form of paying cash consideration. Youyu Niuxinbao mainly engaged in generation and sale of electricity. Acquisition related cost is insignificant.

Consideration

	RMB'000
Total consideration — Cash	761,600

Assets acquired and liabilities recognised at the date of acquisition

	Fair value of net identifiable assets and liabilities acquired
	RMB'000
Property, plant and equipment	1,527,000
Right-of-use assets	8,013
Accounts receivables	540,832
Prepayments, deposits and other receivables	3,561
Deferred tax assets	—
Cash and cash equivalents	68,713
Accounts and bills payables	(39,760)
Other payables and accrued charges	(305,533)
Bank and other borrowings	(954,210)
Deferred tax liabilities	(87,016)
Total identifiable net assets at fair value	761,600

Net cash outflow on acquisition of Youyu Niuxinbao

	2022
	RMB'000
Consideration paid in cash	609,280
Less: Cash and cash equivalent acquired	(68,713)
Net outflow of cash and cash equivalents included in the cash flows from investing activities	540,567

Impact of acquisition on the results of the Target Group

The revenue and profit included in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022 since the acquisition date contributed by Youyu Niuxinbao were RMB55,434,000 and RMB27,487,000, respectively.

If the acquisition had occurred on 1 January 2022, the Target Group's revenue and profit for the year ended 31 December 2022 would have been RMB390,432,000 and RMB78,425,000, respectively. These pro forma information are for illustrative purposes only and are not necessarily an indication of revenue and results of operations of the Target Group that actually would have been achieved had the acquisition been completed on 26 October 2022, nor are they intended to be a projection of future results.

37.4 Acquisition of Diantou Clean Energy

On 25 November 2022, the Target Group acquired 80% equity interest in Diantou Clean Energy (classified as an associate before the acquisition) from independent third party in form of paying cash consideration. Diantou Clean Energy mainly engaged in investment management. Acquisition related cost is insignificant.

Consideration

	RMB'000
Cash	148,640
The fair value of the equity held before the acquisition date	37,160
Total consideration	185,800

Assets acquired and liabilities recognised at the date of acquisition

	Fair value of net identifiable assets and liabilities acquired
	RMB'000
Property, plant and equipment	792,680
Right-of-use assets	15,059
Accounts receivables	108,414
Prepayments, deposits and other receivables	78,089
Cash and cash equivalents	30,747
Accounts and bills payables	(6,200)
Other payables and accrued charges	(81,750)
Bank and other borrowings	(745,026)
Deferred tax liabilities	(6,213)
Total identifiable net assets at fair value	185,800

Net cash outflow on acquisition of Diantou Clean Energy

	2022
	RMB'000
Consideration paid in cash	148,640
Less: Cash and cash equivalent acquired	(30,747)
Net outflow of cash and cash equivalents included in the cash flows from investing activities	117,893

Impact of acquisition on the results of the Target Group

The revenue and profit included in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022 since the acquisition date contributed by Diantou Clean Energy were RMB11,153,000 and RMB2,977,000, respectively.

If the acquisition had occurred on 1 January 2022, the Target Group's revenue and profit for the year ended 31 December 2022 would have been RMB265,055,000 and RMB17,052,000, respectively. These pro forma information are for illustrative purposes only and are not necessarily an indication of revenue and results of operations of the Target Group that actually would have been achieved had the acquisition been completed on 25 November 2022, nor are they intended to be a projection of future results.

Accordingly, the Target Group remeasured its previously held equity interest in Diantou Clean Energy at its acquisition date fair value and recognised the resulting gain of RMB2,198,000 in the profit or loss in accordance with HKFRS 3 (Revised) "Business Combinations". The fair value of this previously held equity interest is then added to the sum of the consideration transferred in a business combination.

Upon the completion of the acquisition, the Target Group becomes a holding company of Diantou Clean Energy.

38. STATEMENTS OF RESERVES OF THE TARGET COMPANY

	Safety production reserve	Statutory reserve	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2020	—	67	603	670
Profit and total comprehensive income for the year	—	—	55	55
Transfer to statutory reserve	—	5	(5)	—
Safety production reserve	6	—	—	6
At 31 December 2020 and 1 January 2021	6	72	653	731
Profit and total comprehensive income for the year	—	—	282	282
Transfer to statutory reserve	—	28	(28)	—
Safety production reserve	3	—	—	3
Dividend declared *(note 14)*	—	—	(37)	(37)
At 31 December 2021 and 1 January 2022	9	100	870	979
Profit and total comprehensive income for the year	—	—	47,798	47,798
Transfer to statutory reserve	—	4,780	(4,780)	—
Safety production reserve	(1)	—	—	(1)
Dividend declared *(note 14)*	—	—	(9,053)	(9,053)
At 31 December 2022 and 1 January 2023	8	4,880	34,835	39,723
Profit and total comprehensive income for the period	—	—	2,076	2,076
Safety production reserve	19	—	—	19
At 31 March 2023	27	4,880	36,911	41,818

39. CAPITAL MANAGEMENT

The Target Group's capital management objectives are to ensure the Target Group's ability to continue as a going concern and to provide an adequate return to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long term.

The Target Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. As part of this review, the directors of the Target Group consider cost of capital. The Target Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

40. EVENT AFTER THE REPORTING PERIODS

On 30 June 2023, the Target Company declared dividend of approximately RMB26,661,000.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Group in respect of any period subsequent to 31 March 2023 and up to the date of this report.

ACCOUNTANTS' REPORT ON JIEYANG COMPANY

The following is the text of reports received from Baker Tilly Hong Kong Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

bakertilly
天職國際

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF JIEYANG QIANZHAN WIND POWER CO., LTD.
TO THE DIRECTORS OF CHINA POWER INTERNATIONAL DEVELOPMENT LIMITED

Introduction

We report on the historical financial information of Jieyang Qianzhan Wind Power Co., Ltd.* (揭陽前詹風電有限公司) (the "Target Company") set out on pages IIE-3 to IIE-41, which comprises the statements of financial position as at 31 December 2020, 2021 and 2022 and 31 March 2023, and 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 2020, 2021 and 2022 and the three months ended 31 March 2023 (the "Relevant Periods") and a summary of material accounting policy information and other explanatory information (the "Historical Financial Information"). The Historical Financial Information set out on pages IIE-3 to IIE-41 forms an integral part of this report, which has been prepared for inclusion in the circular of China Power International Development Limited (the "Company") dated 18 August 2023 (the "Circular") in connection with the proposed acquisition of 100% of equity interests of the Target Company by the Company.

Directors' responsibility for the Historical Financial Information

The directors of Target Company (the "Directors") are responsible for the 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, and for such internal control as the Directors 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 this Circular in which the Historical Financial Information of the Target Company 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.

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 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, 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 the Target Company as at as at 31 December 2020, 2021 and 2022 and 31 March 2023 and of the financial performance and cash flows of the Target Company for the Relevant Periods in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Company which comprises the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the three months ended 31 March 2022 and other explanatory information (the "Stub Period Comparative Financial Information"). The Directors are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub 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 Stub 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 and presentation 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 IIE-3 have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which contains information about the dividends declared by the Target Company for the Relevant Periods.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 18 August 2023
Wan Wing Ping
Practising certificate number P07471

HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Company for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with accounting policies which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA ("Underlying Financial Statements") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Renminbi ("RMB") which is also the functional currency of the Target Company and all values are rounded to the nearest thousands (RMB'000), except when otherwise indicated.

I. HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Three months ended 31 March	
		2020	**2021**	**2022**	**2022**	**2023**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)	
Revenue	*4*	—	124,335	848,743	287,153	262,575
Depreciation		—	—	(314,307)	(72,876)	(78,607)
Staff costs	*5*	—	(267)	(16,327)	(1,454)	(6,210)
Repairs and maintenance		—	—	(52)	—	(627)
Subcontracting costs		—	—	(1,771)	—	(865)
Consumables		—	—	(933)	—	(169)
Other gains and losses, net	*6*	—	—	178	21	9
Other operating expenses	*7*	—	(3,951)	(66,325)	(2,024)	(15,658)
Operating profit	*8*	—	120,117	449,206	210,820	160,448
Finance income	*9*	—	—	7,378	54	21,963
Finance costs	*9*	—	(3,269)	(164,227)	(39,678)	(52,248)
Profit before taxation		—	116,848	292,357	171,196	130,163
Income tax expense	*10*	—	—	(17)	—	—
Profit and total comprehensive income for the year/period		—	116,848	292,340	171,196	130,163

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As 31 March
		2020	2021	2022	2023
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS					
Non-current assets					
Property, plant and equipment	*14*	3,073,247	7,065,622	6,049,290	5,972,065
Right-of-use assets	*15*	84,860	81,998	79,137	78,421
Payment for construction of power plants	*16*	—	—	11	—
Prepayments, deposits and other receivables	*18*	100,819	389,909	394,682	379,875
		3,258,926	7,537,529	6,523,120	6,430,361
Current assets					
Accounts receivable	*17*	—	113,458	519,598	636,885
Prepayments, deposits and other receivables	*18*	1,012	19,919	128,504	105,310
Loan to a fellow subsidiary	*19*	—	—	100,000	100,000
Amounts due from fellow subsidiaries	*20*	99	332	1,045,978	582,919
Cash and cash equivalents	*21*	15,587	31,680	35,757	106,682
		16,698	165,389	1,829,837	1,531,796
Total assets		3,275,624	7,702,918	8,352,957	7,962,157
EQUITY	*22*				
Paid-in capital		386,000	1,227,385	1,401,537	1,401,537
Reserves		—	116,848	409,188	59,351
Total equity		386,000	1,344,233	1,810,725	1,460,888
LIABILITIES					
Non-current liabilities					
Bank borrowings	*23*	1,072,693	2,914,234	4,120,591	4,240,591
Other borrowings	*24*	1,128,020	876,518	—	—
Borrowings from a related party	*25*	100,000	—	230,000	230,000
Lease liabilities	*26*	62,173	60,750	59,264	59,264
		2,362,886	3,851,502	4,409,855	4,529,855
Current liabilities					
Construction costs payable	*27*	201,353	1,809,449	1,356,567	1,317,731
Other payables and accrued charges	*28*	93,300	8,568	8,726	488,000
Bank borrowings	*23*	—	124,554	765,581	164,197
Other borrowings	*24*	185,720	263,188	—	—
Borrowings from a related party	*25*	45,000	300,000	—	—
Lease liabilities	*26*	1,365	1,424	1,486	1,486
Tax payable		—	—	17	—
		526,738	2,507,183	2,132,377	1,971,414
Total liabilities		2,889,624	6,358,685	6,542,232	6,501,269
Total equity and liabilities		3,275,624	7,702,918	8,352,957	7,962,157
Net current liabilities		(510,040)	(2,341,794)	(302,540)	(439,618)
Total assets less current liabilities		2,748,886	5,195,735	6,220,580	5,990,743

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital *(Note 22(a))* *RMB'000*	Other reserve *(Note 22(b))* *RMB'000*	Statutory reserve *(Note 22(c))* *RMB'000*	Retained earnings *RMB'000*	Total equity *RMB'000*
At 1 January 2020	216,000	—	—	—	216,000
Profit and total comprehensive income for the year	—	—	—	—	—
Capital injection	170,000	—	—	—	170,000
At 31 December 2020 and 1 January 2021	386,000	—	—	—	386,000
Profit and total comprehensive income for the year	—	—	—	116,848	116,848
Transfer to statutory reserve	—	—	11,685	(11,685)	—
Capital injection	841,385	—	—	—	841,385
At 31 December 2021 and 1 January 2022	1,227,385	—	11,685	105,163	1,344,233
Profit and total comprehensive income for the year	—	—	—	292,340	292,340
Transfer to statutory reserve	—	—	29,229	(29,229)	—
Capital injection	174,152	—	—	—	174,152
Others	—	50	—	(50)	—
At 31 December 2022 and 1 January 2023	1,401,537	50	40,914	368,224	1,810,725
Profit and total comprehensive income for the period	—	—	—	130,163	130,163
Transfer to statutory reserve	—	—	12,776	(12,776)	—
Dividends recognised as distribution *(Note 13)*	—	—	—	(480,000)	(480,000)
Others	—	2,400	—	(2,400)	—
At 31 March 2023	1,401,537	2,450	53,690	3,211	1,460,888
At 1 January 2022 (audited)	1,227,385	—	11,685	105,163	1,344,233
Profit and total comprehensive income for the period	—	—	—	171,196	171,196
Transfer to statutory reserve	—	—	17,119	(17,119)	—
At 31 March 2022 (unaudited)	1,227,385	—	28,804	259,240	1,515,429

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF CASH FLOWS

		Year ended 31 December			Three months ended 31 March	
		2020	2021	2022	2022	2023
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Cash flows from operating activities						
Net cash (used in)/generated from operating activities	*29(a)*	(61,047)	(523,382)	57,851	(58,579)	109,191
Cash flows from investing activities						
Payments for property, plant and equipment and prepayments for construction of power plants		(1,985,891)	(2,244,843)	(907,384)	(204,584)	(39,491)
Payments for right-of-use assets		(1)	—	—	—	—
Proceeds from disposal of property, plant and equipment		—	—	1,686	—	—
Advance to fellow subsidiaries		—	—	(85,000)	—	—
Repayment from fellow subsidiaries		—	—	226,272	—	481,384
Loan to a fellow subsidiary		—	—	(100,000)	—	—
Interest received		—	—	2,951	54	1,225
Net cash (used in)/generated from investing activities		(1,985,892)	(2,244,843)	(861,475)	(204,530)	443,118
Cash flows from financing activities						
Net proceeds from capital injection		170,000	841,385	174,152	—	—
Drawdown of bank borrowings	*29(b)*	1,072,793	3,389,473	1,972,138	1,067,145	120,000
Drawdown of borrowings from a related party	*29(b)*	165,000	200,000	230,000	120,000	—
Drawdown of other borrowings	*29(b)*	1,050,553	1,057,037	—	—	—
Repayment of bank borrowings	*29(b)*	(100)	(1,423,378)	(124,754)	(14,347)	(601,384)
Repayment of borrowings from a related party	*29(b)*	(290,000)	(45,000)	(300,000)	(200,000)	—
Repayment of other borrowings	*29(b)*	(107,081)	(1,231,071)	(1,139,706)	(703,544)	—
Payments for lease liabilities	*29(b)*	(4,129)	(4,128)	(4,129)	—	—
Net cash generated from/(used in) financing activities		2,057,036	2,784,318	807,701	269,254	(481,384)
Net increase in cash and cash equivalents		10,097	16,093	4,077	6,145	70,925
Cash and cash equivalents at beginning of the year/period		5,490	15,587	31,680	31,680	35,757
Cash and cash equivalents at end of the year/period	*21*	15,587	31,680	35,757	37,825	106,682

The accompanying notes form part of the Historical Financial Information.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

1. GENERAL INFORMATION

The Target Company was incorporated in the People's Republic of China (the "PRC") as a limited liability company on 21 March 2019. Its registered office is located at Room 101, Office Building between Goushu Village and Chiao Village, Qianzhan Town, Huilai County, Guangdong Province, the PRC.

The Target Company is principally engaged in generation and sales of electricity in the PRC.

The Target Company is controlled by State Power Investment Group Guangdong Electric Power Corporation Limited (國家電投集團廣東電力有限公司) ("SPIC Guangdong"), the subsidiary of State Power Investment Corporation Limited (國家電力投資集團有限公司) ("SPIC"), a wholly state-owned enterprise established in the PRC. The Directors regard SPIC Guangdong and SPIC as the immediate and ultimate holding company of the Target Company.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied throughout the Relevant Periods.

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Stub Period Comparative Historical Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

The Historical Financial Information has been prepared under the historical cost convention. The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

As at 31 December 2020, 2021 and 2022 and 31 March 2023, the Target Company's current liabilities exceeded their current assets by RMB510,040,000, RMB2,341,794,000, RMB302,540,000 and RMB439,618,000 respectively. Taking into account the banking facilities available to the Target Company, the Directors have, at the time of approving the Historical Financial Information, a reasonable expectation that the Target Company has adequate resources to meet its liabilities as and when they fall due and to continue in operational existence for the foreseeable future. Thus the Target Company continues to adopt the going concern basis of accounting in preparing its Historical Financial Information.

2.2 Changes in accounting policies and disclosures

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Periods, the Target Company has consistently adopted the HKFRSs issued by the HKICPA which are effective for the Target Company's financial period beginning on 1 January 2023.

2.3 Issued but not yet effective HKFRSs

The HKICPA has issued a number of new and revised HKFRSs. The Target Company has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (the "2020 Amendments")[2, 3]
Amendments to HKAS 1	Non-current Liabilities with Covenants (the "2022 Amendments")[2]

1 No mandatory effective date yet determined but available for adoption

2 Effective for annual periods beginning on or January 1, 2024

3 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 "Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause" was revised to align the corresponding wording with no change in conclusion

The Directors anticipate that the application of all new and amendments to HKFRSs will have no material impact on the Historical Financial Information in the foreseeable future.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the Historical Financial Information of the Target Company are measured using the currency of the primary economic environment in which the Target Company operates (the "functional currency"). The principal activities of the Target Company are mainly transacted in RMB and accordingly the Historical Financial Information are presented in RMB, which is the Target Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of profit or loss and other comprehensive income.

Exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statements of profit or loss and other comprehensive income within "finance costs". All other exchange gains and losses are presented in the statements of profit or loss and other comprehensive income within "other gains and losses, net".

2.5 Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at cost less subsequent accumulated depreciation and subsequent impairment losses. Cost includes any costs 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 and, for qualifying assets, borrowing costs capitalised in accordance with the Target Company's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statements of profit or loss and other comprehensive income during the period in which they are incurred.

Depreciation of property, plant and equipment (other than construction in progress) is calculated using the straight-line method to allocate their costs less accumulated impairment losses over their estimated useful lives to their residual values.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8). such impairment losses are recognised in the statements of profit or loss and other comprehensive income.

Gains or losses on disposals are determined by comparing the net sales proceeds with the carrying amount of the relevant assets and are recognised in the statements of profit or loss and other comprehensive income.

2.6 Construction in progress and prepayments for construction of power plants

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, the costs of plant and machinery, direct labour costs and overheads and, for qualifying assets, borrowing costs capitalised in accordance with the Target Company's accounting policy. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for the intended use. When the assets concerned are brought into use, the costs are transferred to the appropriate categories of property, plant and equipment and depreciated in accordance with the policy as stated in Note 2.5 above.

Prepayments for construction of power plants represent advance payments made to contractors in connection with the construction of the Target Company's power plants including payments for equipment and machineries pending delivery to the relevant power plants for installation. Such prepayments are stated at cost less accumulated impairment losses, if any.

2.7 Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Target Company assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Target Company as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Target Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Target Company reasonably expects that the effects on the Historical Financial Information would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Target Company applies the short-term lease recognition exemption to leases of offices and equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Target Company; and
- an estimate of costs to be incurred by the Target Company in dismantling and removing an underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Target Company is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Target Company obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

The Target Company presents right-of-use assets as a separate line item on the statements of financial position.

Lease liabilities

At the commencement date of a lease, the Target Company recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Target Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Target Company under residual value guarantees;
- the exercise price of a purchase option if the Target Company is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Target Company exercising an option to terminate the lease.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Target Company remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment; and
- the lease payments change due to changes in market rental rates following a market rent review/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Target Company presents lease liabilities as a separate line item on the statements of financial position.

Lease modifications

The Target Company accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Target Company remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Target Company accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional leases or non-lease components, the Target Company allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2.8 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amounts of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Target Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

In addition, the Target Company assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual CGU, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest Target Company of CGU for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of an asset's 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 (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Target Company compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.9 Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial assets is held within a business model whose objective is to collect contractual cash flows; and
- the contractual term give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Target Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Target Company manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Target Company may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Impairment of financial assets

The Target Company performs impairment assessment under expected credit loss ("ECL") model on financial assets (including accounts receivable, note receivables, other receivables, deposits, amounts due from related parties, debt instruments at FVTOCI and cash and cash equivalents) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ("12m") ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Target Company'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.

The Target Company always recognises lifetime ECL for accounts receivable other than accounts receivable with significant financing components which is included in other non-current assets. The ECL on these assets are assessed individually.

For accounts receivable with significant financing component and all other instruments, the Target Company measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition or the financial instrument is not determined to have low credit risk at the reporting date, the Target Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instruments external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Company presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Target Company assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Target Company considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Target Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Target Company considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Company, in full (without taking into account any collaterals held by the Target Company).

Irrespective of the above, the Target Company considers that default has occurred when a financial asset is more than 90 days past due (except for clean energy power price premium) unless the Target Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off policy

The Target Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Target Company's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally the ECL is the difference between all contractual cash flows that are due to the Target Company in accordance with the contract and the cash flows that the Target Company expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Target Company's other receivables are assessed as a separate group. Amounts due from related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for debt instruments that are measured at FVTOCI, the Target Company recognises an impairment loss or reversal in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of accounts receivable where the corresponding adjustment is recognised through a loss allowance account. For debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amounts of these debt instruments. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

Derecognition of financial assets

The Target Company 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 the Target Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Target Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

2.10 Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

All financial liabilities including bank borrowings, borrowings from a related party, other borrowings, lease liabilities, construction costs payable and other payables and accrued charge are subsequently measured at amortised cost using the effective interest method.

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Target Company or the counterparty.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and with other financial institutions and other short-term highly liquid investments with original maturities of three months or less. Restricted deposits are separately disclosed from cash and cash equivalents.

2.12 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statements of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Target Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as these assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.13 Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognised in the statements of profit or loss and other comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the places where the Target Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

In assessing any uncertainty over income tax treatments, the Target Company considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profits or losses. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

For the purposes of measuring deferred tax for leasing transactions in which the Target Company recognises the right-of-use assets and the related lease liabilities, the Target Company first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities. For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Target Company applies HKAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities results in net deductible temporary differences.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable rights to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied to the same taxable entity by the same taxation authority.

2.14 Employee benefit

(a) Pension obligations

A defined contribution plan is a pension plan under which the Target Company pays fixed contributions into a separate entity. The Target Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For employees in the Mainland China, the Target Company contributes on a monthly basis to various defined contribution plans organised by the relevant municipal and provincial governments in the PRC based on certain percentage of the relevant employees' monthly salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Target Company has no further constructive obligation for any post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

All contributions to pension plans are fully and immediately vested and the Target Company had no unvested benefits available to reduce its future contributions.

(b) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Target Company has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2.15 Provisions

Provisions (including provisions for inundation compensation) are recognised when the Target Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligations using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed.

2.16 Government grants

Grants and subsidies from the government are recognised at their fair values for monetary asset where there is a reasonable assurance that the grant or subsidy will be received and the Target Company will comply with all attached conditions.

Government grants and subsidies relating to costs are deferred and recognised in the statements of profit or loss and other comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants and subsidies relating to property, plant and equipment and other environmental improvement projects are included in non-current liabilities as deferred income and are credited to the statements of profit or loss and other comprehensive income on a straight-line basis over the expected lives of the related assets and projects.

Non-monetary assets transferred from the government are recognised at nominal amount.

2.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Directors and certain senior management that make strategic decisions.

2.18 Revenue from contracts with customers

The Target Company recognises revenue from sales of electricity to regional and provincial power grid companies and provision of power generation. The revenue is recognised at a point in time generally when the power is transmitted to the power grid.

The Target Company recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and services (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met

- the customer simultaneously receives and consumes the benefits provided by the Target Company's performance as the Target Company performs;
- the Target Company's performance creates and enhances an asset that the customer controls as the Target Company performs; or
- the Target Company's performance does not create an asset with alternative use to the Target Company and the Target Company has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Existence of significant financing component

In determining the transaction price, the Target Company adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Target Company with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Target Company applies the practical expedient of not adjusting the transaction price for any significant financing component.

For contracts where the Target Company transferred the associated goods or services before payments from customers in which the Target Company adjusts for the promised amount of consideration for significant financing components, the Target Company applies a discount rate that would be reflected in a separate financing transaction between the Target Company and the customer at contract inception, The Target Company recognises interest income during the period between the payment from customers and the transfer of the associated goods or services.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Target Company determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Target Company is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Target Company is an agent).

The Target Company is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Target Company is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Target Company does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Target Company acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Sales of electricity to regional and provincial power grid companies, and provision of power generation

Revenue is recognised upon transmission of electricity to the power grid when the control of the electricity is transferred at the same time.

2.19 Dividend distribution

Dividend distribution to the Target Company's equity holders is recognised as a liability in the period in which the dividends are approved by the Target Company's shareholders or Directors as appropriate.

2.20 Related parties

A party is considered to be related to the Target Company if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Target Company;
- (ii) has a significant influence over the Target Company; or
- (iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company.

or

- (i) the entity and the Target Company are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Target Company 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 the Target Company or an entity related to the Target Company; (If the Target Company is itself a plan) and the sponsoring employers of the post-employment benefit plan;
- (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); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company or to the parent of the Target Company.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements used in preparing the Historical Financial Information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Target Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below

(i) Current income tax expenses

The Target Company is subject to income taxes in various locations within PRC. Judgement is required in determining the provision for income taxes in each of these locations. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the period in which such determination is made.

(ii) Useful lives, residual values and depreciation charges of property, plant and equipment

The Target Company's management determines the estimated useful lives, residual values and related depreciation charges for the Target Company's property, plant and equipment, other than construction in progress. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. It could change significantly as a result of technological advancement and innovations in the power industry. Management will adjust the depreciation charge where useful lives or residual values vary with previously estimated, or it will write-off or write down technically obsolete. Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation charges in the future periods. As at 31 December 2020, 2021 and 2022 and 31 March 2023, the carrying amount of property, plant and equipment, other than construction in progress, were approximately RMB76,175,000, RMB5,922,020,000, RMB6,047,308,000 and RMB5,969,658,000 respectively.

(iii) Allowance for ECLs on accounts and other receivables and deposits

The allowance for ECLs on the accounts and other receivables and deposits are estimated based on assumptions about the risk of default and credit risk of respective receivables. The loss allowance amount is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss of the respective receivables. Such assessment involves high degree of estimation and uncertainty. When the actual future cash flows are less or more than expected, a material ECLs or material reversal of ECLs may arise, accordingly.

ECL are measured as an allowance equal to 12-month ECL or lifetime ECL for respective receivables. An asset will use lifetime ECL when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Target Company takes into account quantitative and qualitative reasonable and supportable forward looking information including available debtors' historical data and existing and forecast market conditions.

4. REVENUE AND SEGMENT INFORMATION

A. Revenue

Revenue, representing the amounts received and receivable for electricity sold in the normal course of business net of sales related taxes, recognised during the year/period is as follows:

	Year ended 31 December			Three months ended 31 March	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Sales of electricity to a regional and provincial power grid company *(Note)*	—	124,335	848,743	287,153	262,575
Timing of revenue recognition:					
At a point in time	—	124,335	848,743	287,153	262,575

Note: Pursuant to the power purchase agreements entered into between the Target Company and the respective regional and provincial power grid company, the Target Company's sales of electricity were made to the power grid company at the tariff rates agreed with the respective regional and provincial power grid company as approved by the relevant government authorities in the PRC, and some of these tariff rates followed the market-oriented price mechanism.

All revenue from external customers is generated from the PRC.

B. Segment information

For the years ended 31 December 2020, 2021 and 2022 and three months ended 31 March 2022 and 2023, the Target Company's operation was solely derived from sales of electricity in the PRC. For the purpose of resources allocation and performance assessment, the chief operating decision maker ("CODM") (i.e. Directors) reviewed the overall results and financial position of the Target Company as a whole prepared based on same accounting policies set out in Note 2. Accordingly, the Target Company have only one single operating and reportable segment and no further analysis of this single segment is presented.

Geographical information

No geographical segment information is presented as the Target Company's revenue are all derived from the PRC and the Target Company's property, plant and equipment are all located in the PRC by physical location of assets.

Information about major customers

The Target Company's major customer is a regional and provincial power grid company. For the years ended 31 December 2020, 2021 and 2022 and three months ended 31 March 2022 and 2023, the Target Company's external revenue amounted to approximately Nil, RMB124,335,000, RMB848,743,000, RMB287,153,000 and RMB262,575,000, respectively, were generated from one major customer, which accounted for 100% of the Target Company's external revenue.

5. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 December			Three months ended 31 March	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Wages, salaries and bonuses	7,921	10,226	13,496	1,815	4,822
Staff welfare	792	1,001	1,349	45	175
Pension costs — defined contribution plans	1,525	2,801	4,105	653	1,213
	10,238	14,028	18,950	2,513	6,210
Less: amounts capitalised to property, plant and equipment	(10,238)	(13,761)	(2,623)	(1,059)	—
	—	267	16,327	1,454	6,210

6. OTHER GAINS AND LOSSES, NET

	Year ended 31 December			Three months ended 31 March	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Government grants	—	—	55	2	9
Gain on disposal of property, plant and equipment, net	—	—	123	19	—
	—	—	178	21	9

7. OTHER OPERATING EXPENSES

	Year ended 31 December			Three months ended 31 March	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Insurance	—	—	21,995	—	7,170
Short-term lease expenses	—	—	892	181	181
Legal and professional fees	—	—	23,793	—	6,174
Administrative and selling related expenses	—	3,938	14,270	1,177	1,387
Taxes and surcharges	—	—	2,105	175	520
Others	—	13	3,270	491	226
	—	3,951	66,325	2,024	15,658

8. OPERATING PROFIT

Operating profit is stated after charging the following:

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Depreciation:					
— Property, plant and equipment *(note 14)*	334	3,912	311,517	72,832	77,891
— Right-of-use assets *(note 15)*	2,862	2,862	2,861	115	716
	3,196	6,774	314,378	72,947	78,607
Less: amounts capitalised to property, plant and equipment	(3,196)	(6,774)	(71)	(71)	—
	—	—	314,307	72,876	78,607
Short-term lease expenses					
— Equipment	2,161	5,139	14,294	14,294	—
— Leasehold land	—	365	1,166	362	204
	2,161	5,504	15,460	14,656	204
Less: amounts capitalised to property, plant and equipment	(2,161)	(5,504)	(14,568)	(14,475)	(23)
	—	—	892	181	181

9. FINANCE INCOME AND FINANCE COSTS

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Finance income					
Interest income from bank deposits	—	—	7	3	—
Interest income from related parties	—	—	7,371	51	21,963
	—	—	7,378	54	21,963
Finance costs					
Interest expenses on					
— bank borrowings	22,513	71,398	148,340	31,669	49,086
— other borrowings	38,663	54,803	10,238	10,320	—
— borrowings from a related party	4,105	7,609	9,056	3,251	3,162
— lease liabilities	2,821	2,764	2,705	—	—
	68,102	136,574	170,339	45,240	52,248
Less: amounts capitalised in property, plant and equipment	(68,102)	(133,305)	(6,112)	(5,562)	—
	—	3,269	164,227	39,678	52,248

For the years ended 31 December 2020, 2021 and 2022 and three months ended 31 March 2022 and 2023, the weighted average interest rate on capitalised borrowings is approximately 4.17%, 3.98%, 4.16%, 4.16% and Nil per annum respectively.

10. INCOME TAX EXPENSE

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

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
PRC Enterprise Income Tax ("EIT")					
Charge for the year	—	—	17	—	—

(b) The income tax expense on the Target Company's profit before taxation differs from the theoretical amount that would arise using the income tax rate of the PRC as follows:

	Year ended 31 December			Three months ended 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before taxation	—	116,848	292,357	171,196	130,163
Calculated at the PRC statutory tax rate of 25%	—	29,212	73,089	42,799	32,541
Effect on tax concession	—	(29,212)	(73,072)	(42,799)	(32,541)
Income tax expense	—	—	17	—	—

The provision for PRC current income tax is calculated based on the statutory tax rate of 25% on the estimated assessable profits for the years ended 31 December 2020, 2021 and 2022 and three months ended 31 March 2022 and 2023.

Pursuant to Caishui [2012] No. 10 "Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment", certain wind power projects of the Target Company, which were set up after 1 January 2008, are entitled to a tax holiday of a three-year full exemption, followed by a three-year 50% exemption of enterprise income tax, commencing from their first turnover-making year, the Target Company's offshore wind power project is in compliance with the preferential policy of three-year exemption and three-half reduction of income tax from the year when the first income is obtained. In 2021, the Target Company's offshore wind power project obtained the first income and exempt from corporate income tax for years ended 31 December 2021 to 2023.

(c) No provision for deferred taxation has been made as there were no material temporary difference at the end of the reporting period.

11. DIRECTORS' EMOLUMENTS

Details of directors' remuneration for the years ended 31 December 2020, 2021 and 2022 and three months ended 31 March 2022 and 2023 are as follows:

	Note	Fees	Basic salary, housing allowance, other allowances, bonuses and benefits in kind	Employer's contribution to pension plans	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2020					
Mr. GAO Haixue	*(i)*	—	—	—	—
Mr. GUO Junju	*(v)*	—	—	—	—
Mr. LI Haoshi	*(v)*	—	—	—	—
Mr. LI Tianhua		—	—	—	—
Mr. LIU Ming	*(ii)*	—	334	66	400
Mr. LIU Qiang	*(i)*	—	—	—	—
Mr. QU Ruihang	*(v)*	—	—	—	—
Mr. SHAO Bin	*(v)*	—	422	76	498
Mr. WANG Bin	*(iii)*	—	392	79	471
Mr. WANG Guanghui	*(iii)*	—	424	77	501
Mr. XIAO Yiyu	*(iii)*	—	—	—	—
Mr. XU Chaogang	*(ii)*	—	—	—	—
Mr. YIN Jun	*(v)*	—	—	—	—
Mr. ZHANG Pengju	*(i)*	—	—	—	—
Mr. ZHANG Yi	*(i)*	—	—	—	—
Mr. ZHAO Chunyi	*(v)*	—	—	—	—
Mr. ZHOU Jue	*(v)*	—	—	—	—
		—	1,572	298	1,870

	Note	Fees	Basic salary, housing allowance, other allowances, bonuses and benefits in kind	Employer's contribution to pension plans	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2021					
Mr. GUO Junju	*(v)*	—	—	—	—
Mr. LI Haoshi	*(v)*	—	—	—	—
Mr. LI Tianhua		—	—	—	—
Mr. LIU Ming	*(ii)*	—	866	79	945
Mr. QU Ruihang	*(v)*	—	—	—	—
Mr. SHAO Bin	*(v)*	—	128	—	128
Mr. WANG Bin	*(iii)*	—	155	—	155
Mr. WANG Guanghui	*(iii)*	—	313	53	366
Mr. XIAO Yiyu	*(iii)*	—	—	—	—
Mr. XU Chaogang	*(ii)*	—	—	—	—
Mr. YIN Jun	*(v)*	—	—	—	—
Mr. ZHAO Chunyi	*(v)*	—	—	—	—
Mr. ZHOU Jue	*(v)*	—	—	—	—
		—	1,462	132	1,594

	Note	Fees	Basic salary, housing allowance, other allowances, bonuses and benefits in kind	Employer's contribution to pension plans	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2022					
Mr. CHEN Hongjun	*(iv)*	—	252	71	323
Mr. GUO Junju	*(v)*	—	—	—	—
Mr. LI Haoshi	*(v)*	—	—	—	—
Mr. LI Tianhua		—	—	—	—
Mr. LIU Ming	*(ii)*	—	749	94	843
Mr. QU Ruihang	*(v)*	—	—	—	—
Mr. SHAO Bin	*(v)*	—	—	—	—
Mr. WANG Bin	*(iii)*	—	—	—	—
Mr. WANG Guanghui	*(iii)*	—	—	—	—
Mr. XIAO Yiyu	*(iii)*	—	—	—	—
Mr. XU Chaogang	*(ii)*	—	—	—	—
Mr. YIN Jun	*(v)*	—	—	—	—
Mr. ZHAO Chunyi	*(v)*	—	—	—	—
Mr. ZHOU Jue	*(v)*	—	—	—	—
		—	1,001	165	1,166

	Note	Fees RMB'000	Basic salary, housing allowance, other allowances, bonuses and benefits in kind RMB'000	Employer's contribution to pension plans RMB'000	Total RMB'000
Three months ended 31 March 2022 (unaudited)					
Mr. CHEN Hongjun	*(iv)*	—	—	—	—
Mr. GUO Junju	*(v)*	—	—	—	—
Mr. LI Haoshi	*(v)*	—	—	—	—
Mr. LI Tianhua		—	—	—	—
Mr. LIU Ming	*(ii)*	—	64	22	86
Mr. QU Ruihang	*(v)*	—	—	—	—
Mr. SHAO Bin	*(v)*	—	—	—	—
Mr. WANG Bin	*(iii)*	—	—	—	—
Mr. WANG Guanghui	*(iii)*	—	—	—	—
Mr. XIAO Yiyu	*(iii)*	—	—	—	—
Mr. XU Chaogang	*(ii)*	—	—	—	—
Mr. YIN Jun	*(v)*	—	—	—	—
Mr. ZHAO Chunyi	*(v)*	—	—	—	—
Mr. ZHOU Jue	*(v)*	—	—	—	—
		—	64	22	86

	Note	Fees RMB'000	Basic salary, housing allowance, other allowances, bonuses and benefits in kind RMB'000	Employer's contribution to pension plans RMB'000	Total RMB'000
Three months ended 31 March 2023					
Mr. CHEN Hongjun	*(iv)*	—	62	24	86
Mr. LI Tianhua		—	—	—	—
Mr. LIU Ming	*(ii)*	—	50	25	75
Mr. XU Chaogang	*(ii)*	—	—	—	—
		—	112	49	161

Notes:

(i) Mr. GAO Haixue, Mr. LIU Qiang, Mr. ZHANG Pengju and ZHANG Yi resigned as directors with effect from 9 September 2020.

(ii) Mr. LIU Ming and Mr. XU Chaogang were appointed as directors with effect from 9 September 2020.

(iii) Mr. WANG Bin, Mr. WANG Guanghui and Mr. XIAO Yiyu were appointed as directors with effect from 9 September 2020 and resigned as directors with effect from 5 January 2022.

(iv) Mr. CHEN Hongjun was appointed as an director with effect from 5 January 2022.

(v) Mr. GUO Junju, Mr. LI Haoshi, Mr. QU Ruihang, Mr. SHAO Bin, Mr. YIN Jun, Mr. ZHAO Chunyi and Mr. ZHOU Jue resigned as directors with effect from 5 January 2022.

There was no arrangement under which a director waived or agreed to waive any remuneration for the years ended 31 December 2020, 2021 and 2022 and three months ended 31 March 2022 and 2023.

For the years ended 31 December 2020, 2021 and 2022 and three months ended 31 March 2022 and 2023, no remuneration was paid by the Target Company to any director as an inducement to join or upon joining the Target company or as compensation for loss of office.

12. FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Target Company for the years ended 31 December 2020, 2021 and 2022 and three months ended 31 March 2022 and 2023 included four, one, one, one and two Directors. The emoluments payable to the remaining one, four, four, four and three individuals during for the years ended 31 December 2020, 2021 and 2022 and three months ended 31 March 2022 and 2023 as follows:

	Year ended 31 December			Three months ended 31 March	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Basic salaries, housing allowance, other allowances, bonuses and benefits in kind	396	1,830	1,743	357	1,200
Employer's contribution to pension plans	49	236	303	82	70
	445	2,066	2,046	439	1,270

Their emoluments fell within the following bands:

	Number of individual				
	Year ended 31 December			Three months ended 31 March	
	2020	**2021**	**2022**	**2022** (unaudited)	**2023**
Zero to HK$1,000,000 (Equivalent to RMB876,000)	1	4	4	4	3

13. DIVIDENDS AND EARNINGS PER SHARE

	Year ended 31 December			Three months ended 31 March	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interim dividend recognised as distribution	—	—	—	—	480,000

No earnings per share information are presented as its inclusion, for the purpose of this report, is not meaningful.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Power generators and equipment	Furniture and fixtures, tools and other equipment	Transportation facilities	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost						
At 1 January 2020	—	—	613	679	737,055	738,347
Additions	75,025	—	577	—	2,260,017	2,335,619
At 31 December 2020	75,025	—	1,190	679	2,997,072	3,073,966
Accumulated depreciation						
At 1 January 2020	—	—	342	43	—	385
Depreciation charge for the year	—	—	224	110	—	334
At 31 December 2020	—	—	566	153	—	719
Net book value						
At 31 December 2020	75,025	—	624	526	2,997,072	3,073,247

	Buildings	Power generators and equipment	Furniture and fixtures, tools and other equipment	Transportation facilities	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost						
At 1 January 2021	75,025	—	1,190	679	2,997,072	3,073,966
Additions	—	—	978	39,486	3,955,823	3,996,287
Disposals	—	—	(384)	—	—	(384)
Transfer between categories	99,393	5,709,900	—	—	(5,809,293)	—
At 31 December 2021	174,418	5,709,900	1,784	40,165	1,143,602	7,069,869
Accumulated depreciation						
At 1 January 2021	—	—	566	153	—	719
Depreciation charge for the year	2,079	—	197	1,636	—	3,912
Eliminated on disposals	—	—	(384)	—	—	(384)
At 31 December 2021	2,079	—	379	1,789	—	4,247
Net book value						
At 31 December 2021	172,339	5,709,900	1,405	38,376	1,143,602	7,065,622
Cost						
At 1 January 2022	174,418	5,709,900	1,784	40,165	1,143,602	7,069,869
Additions	2,193	—	2,323	—	456,158	460,674
Disposals	—	—	—	(15,204)	(1,151,514)	(1,166,718)
Transfer between categories	—	446,264	—	—	(446,264)	—
At 31 December 2022	176,611	6,156,164	4,107	24,961	1,982	6,363,825
Accumulated depreciation						
At 1 January 2022	2,079	—	379	1,789	—	4,247
Depreciation charge for the year	5,415	302,833	659	2,610	—	311,517
Eliminated on disposals	—	—	—	(1,229)	—	(1,229)
At 31 December 2022	7,494	302,833	1,038	3,170	—	314,535
Net book value						
At 31 December 2022	169,117	5,853,331	3,069	21,791	1,982	6,049,290
Cost						
At 1 January 2023	176,611	6,156,164	4,107	24,961	1,982	6,363,825
Additions	—	—	241	—	425	666
At 31 March 2023	176,611	6,156,164	4,348	24,961	2,407	6,364,491
Accumulated depreciation						
At 1 January 2023	7,494	302,833	1,038	3,170	—	314,535
Depreciation charge for the period	1,338	75,711	220	622	—	77,891
At 31 March 2023	8,832	378,544	1,258	3,792	—	392,426
Net book value						
At 31 March 2023	167,779	5,777,620	3,090	21,169	2,407	5,972,065

Note:

Depreciation of property, plant and equipment (other than construction in progress) is calculated using the straight-line method to allocate their costs less accumulated impairment losses over their estimated useful lives to their residual values, as follows:

Buildings	30–35 years
Power generators and equipment	7–30 years
Furniture and fixtures, tools and other equipment	5 years
Transportation facilities	6–10 years

During the year ended 31 December 2022, the Target Company has disposed the transportation facilities and construction in progress to its fellow subsidiaries. Sales proceeds from disposal of which is approximately RMB1,165,874,000 and approximately RMB1,164,189,000 has been settled through amounts due from fellow subsidiaries. Gain on disposal of property, plant and equipment resulting from which is approximately RMB123,000.

15. RIGHT-OF-USE ASSETS

	Leasehold lands	Sea use rights	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At 1 January 2020	22,990	—	22,990
Additions	1	64,846	64,847
At 31 December 2020	22,991	64,846	87,837
Accumulated depreciation			
At 1 January 2020	115	—	115
Depreciation charge for the year	460	2,402	2,862
At 31 December 2020	575	2,402	2,977
Net book value			
At 31 December 2020	22,416	62,444	84,860
For the year ended 31 December 2020			
Expenses relating to short-term leases and other leases with lease terms end within 12 months			2,161
Total cash out flow for leases			6,291
Additions to right-of-use assets			64,847

	Leasehold lands	Sea use rights	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At 1 January and 31 December 2021	22,991	64,846	87,837
Accumulated depreciation			
At 1 January 2021	575	2,402	2,977
Depreciation charge for the year	460	2,402	2,862
At 31 December 2021	1,035	4,804	5,839
Net book value			
At 31 December 2021	21,956	60,042	81,998
For the year ended 31 December 2021			
Expenses relating to short-term leases and other leases with lease terms end within 12 months			5,504
Total cash out flow for leases			9,632

	Leasehold lands	Sea use rights	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At 1 January and 31 December 2022	22,991	64,846	87,837
Accumulated depreciation			
At 1 January 2022	1,035	4,804	5,839
Depreciation charge for the year	460	2,401	2,861
At 31 December 2022	1,495	7,205	8,700
Net book value			
At 31 December 2022	21,496	57,641	79,137
For the year ended 31 December 2022			
Expenses relating to short-term leases and other leases with lease terms end within 12 months			15,460
Total cash out flow for leases			19,589

	Leasehold lands	Sea use rights	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At 1 January and 31 March 2023	22,991	64,846	87,837
Accumulated depreciation			
At 1 January 2023	1,495	7,205	8,700
Depreciation charge for the period	115	601	716
At 31 March 2023	1,610	7,806	9,416
Net book value			
At 31 March 2023	21,381	57,040	78,421
For the period ended 31 March 2023			
Expenses relating to short-term leases and other leases with lease terms end within 12 months			204
Total cash out flow for leases			204

Note:

During the years ended 31 December 2020, 2021 and 2022 and three months ended 31 March 2023, the Target Company leases leasehold lands and sea use rights for its operations. Lease contracts are typically made for fixed periods of 27 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Target Company applies the definition of a contract and determines the period for which the contract is enforceable.

The Target Company regularly entered into short-term leases for leasehold land and equipment. As at 31 December 2020, 2021 and 2022 and 31 March 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense was recognised and disclosed in Note 8.

16. PREPAYMENT FOR CONSTRUCTION OF POWER PLANTS

Prepayments for construction of power plants represent advance payments made to contractors in connection with the construction of the Target Company's power plants including payments for equipment and machinery pending delivery to the relevant power plants for installation.

17. ACCOUNTS RECEIVABLE

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accounts receivable from regional and provincial power grid company	—	113,458	519,598	636,885

Notes:

(a) The ECL of accounts receivable has been assessed individually. The loss allowance of the accounts receivable as at 31 December 2020, 2021 and 2022 and 31 March 2023 was considered insignificant please refer to note 31.2(b) for details of credit risk assessment.

(b) The ageing analysis of the accounts receivable based on invoice date is as follows:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unbilled	—	58,215	458,367	581,752
1 to 3 months	—	55,243	61,231	55,133
	—	113,458	519,598	636,885

The accounts receivable that are neither past due nor impaired has been assessed by reference to the historical information about counterparty default rates. The existing counterparty did not have significant default in the past.

As at 31 December 2020, 2021 and 2022 and 31 March 2023, there are no accounts receivable balance are past due as at the reporting date. Those amount have been assessed by reference to the historical information about counterparty default rates. The existing counterparty did not have significant default in the past.

As at 31 December 2020, 2021 and 2022 and 31 March 2023, accounts receivable from regional and provincial power grid company include clean energy power price premium receivable of Nil, RMB58,215,000, RMB458,367,000 and RMB581,752,000 respectively, which is unbilled.

The clean energy power price premium, which is a component of the government-approved on-grid tariff for wind is recognised as revenue from sales of electricity in the statements of profit or loss and other comprehensive income of the Target Company for its wind power project.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December			As at 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments	580	2,202	9,519	3,296
Value added tax receivable	100,819	406,073	513,294	481,509
Deposits paid	432	410	343	343
Others	—	1,143	30	37
	101,831	409,828	523,186	485,185
Less: Non-current portion show under non-current assets	(100,819)	(389,909)	(394,682)	(379,875)
	1,012	19,919	128,504	105,310

19. LOAN TO A FELLOW SUBSIDIARY

The loan receivable from a fellow subsidiary, Jieyang Cihang Wind Power Co., Ltd., is unsecured, interest bearing at fixed rate 3.70% per annum and repayable in May 2023.

20. AMOUNTS DUE FROM FELLOW SUBSIDIARIES

	As at 31 December			As at 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
China Power Investment Qianzhan Gangdian Co., Ltd *(note (i))*	99	98	340	5,145
State Nuclear Electric Power Planning Design & Research Institute Co., Ltd. *(note (i))*	—	234	234	234
State Power Investment Group Xuwen Wind Power Co., Ltd. *(note (i))*	—	—	7,002	7,002
Jieyang Cihang Wind Power Co., Ltd. *(note (ii))*	—	—	274,264	277,762
Jieyang Jinghai Wind Power Co., Ltd. *(note (ii))*	—	—	576,474	101,300
Jieyang Shenquan Wind Power Co., Ltd. *(note (ii))*	—	—	187,664	191,476
	99	332	1,045,978	582,919

Notes:

(i) The amounts due from fellow subsidiaries are unsecured, interest free and repayable on demand.

(ii) The amounts due from fellow subsidiaries are unsecured, interest bearing at fixed rate 3.70% per annum and repayable on demand.

21. CASH AND CASH EQUIVALENTS

	As at 31 December			As at 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at banks and in hand *(note (a))*	189	219	239	237
Deposits at SPIC Financial Company Limited ("SPIC Financial") *(note (b))*	15,398	31,461	35,518	106,445
Cash and cash equivalents	15,587	31,680	35,757	106,682

Notes:

(a) As at 31 December 2020, 2021 and 2022 and 31 March 2023, the Target Company's cash at banks are interest bearing at 0.30%, 0.30%, 0.25% and 0.25% per annum, respectively.

(b) As at 31 December 2020, 2021 and 2022 and 31 March 2023, the Target Company's deposits at SPIC Financial, a related party of the Target Company are interest bearing at 0.35%, 0.35%, 0.35% and 0.35% per annum, respectively.

(c) As at 31 December 2020, 2021 and 2022 and 31 March 2023, the Target Company's cash and cash equivalents are denominated in RMB.

22. PAID-IN CAPITAL AND RESERVES

(a) Paid-in Capital

	As at 31 December			As at 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January	216,000	386,000	1,227,385	1,401,537
Capital injection	170,000	841,385	174,152	—
At 31 December/31 March	386,000	1,227,385	1,401,537	1,401,537

(b) Other reserve

Other reserve comprised the pursuant to relevant PRC regulations, power generation companies are required to set aside an amount to a fund for future development and work safety which they transferred certain amounts from retained earnings to capital reserve. The fund can then be used for future development and work safety of the power generation operations, and is not available for distribution to shareholders. When qualifying development expenditure and improvements of safety incurred, an equivalent amount is transferred from capital reserve to retained earnings.

(c) Statutory reserve

In accordance with the relevant laws and regulations of the PRC and the articles of association of the Target Company, it is required to appropriate 10% of its net profit under PRC GAAP, after offsetting any prior years' losses, to the statutory surplus reserve. When the balance of such reserve reaches 50% of the Target Company's share capital, any further appropriation is optional.

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

23. BANK BORROWINGS

Bank borrowings are analysed as follows:

	As at 31 December			As at 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Long-term bank borrowings, unsecured	1,072,693	2,914,234	4,886,172	4,404,788
Less: Current portion of long-term bank borrowings, unsecured	—	—	(765,581)	(164,197)
Non-current portion of long-term borrowings	1,072,693	2,914,234	4,120,591	4,240,591
Current				
Short-term bank borrowing, unsecured	—	124,554	—	—
Current portion of long-term bank borrowings, unsecured	—	—	765,581	164,197
	—	124,554	765,581	164,197
Total borrowings	1,072,693	3,038,788	4,886,172	4,404,788

Notes:

(a) The carrying amounts of the Target Company's bank borrowings are denominated in RMB.

(b) The repayment terms of the long-term bank borrowings are analysed as follows:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	—	—	765,581	164,197
Between one and two years	—	707,784	193,472	193,472
Between two and five years	1,072,693	1,157,200	882,522	882,522
Over five years	—	1,049,250	3,044,597	3,164,597
	1,072,693	2,914,234	4,886,172	4,404,788

(c) The effective interest rates per annum of the Target Company's bank borrowings are as follows:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
Short-term bank borrowings	—	3.40%	—	—
Long-term bank borrowings (including current portion)	4.02%	3.87%	3.41%	3.27%

As at 31 December 2020, 2021 and 2022 and 31 March 2023, the bank borrowings of the Target Company in fixed and floating rates are as follows:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fixed-rate borrowings	—	124,554	—	—
Floating-rate borrowings	1,072,693	2,914,234	4,886,172	4,404,788
	1,072,693	3,038,788	4,886,172	4,404,788

(d) As at 31 December 2020, 2021 and 2022 and 31 March 2023, the Target Company had available unutilised banking facilities amounting to approximately RMB2,327,307,000, RMB11,761,212,000, RMB11,413,828,000 and RMB8,495,212,000 respectively.

24. OTHER BORROWINGS

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Long-term other borrowings from third parties	1,313,740	1,139,706	—	—
Less: Current portion of long-term other borrowings from third parties	(185,720)	(263,188)	—	—
Non-current portion of long-term borrowings	1,128,020	876,518	—	—
Current				
Current portion of long-term other borrowings from third parties	185,720	263,188	—	—
Total other borrowings	1,313,740	1,139,706	—	—

Notes:

(a) The carrying amounts of the Target Company's other borrowings are denominated in RMB.

(b) As at 31 December 2020, 2021 and 2022 and 31 March 2023, the balance are unsecured, interest bearing from 4.13% to 4.28%, 4.13%, Nil and Nil per annum, respectively.

25. BORROWINGS FROM A RELATED PARTY

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Long-term borrowings from SPIC Financial	100,000	100,000	230,000	230,000
Less: Current portion of long-term borrowings from SPIC Financial	—	(100,000)	—	—
Non-current portion of long-term borrowings from SPIC Financial	100,000	—	230,000	230,000
Current				
Short-term borrowings from SPIC Financial	45,000	200,000	—	—
Current portion of long-term borrowings from SPIC Financial	—	100,000	—	—
	45,000	300,000	—	—
Total borrowings	145,000	300,000	230,000	230,000

Notes:

(a) The carrying amounts of the Target Company's borrowings from a related party are denominated in RMB.

(b) As at 31 December 2020, 2021 and 2022 and 31 March 2023, the loans from SPIC Financial are unsecured, interest bearing at fixed rate ranging from 4.00% to 5.50%, 3.95% to 5.50%, 5.50% and 5.50% per annum, respectively.

The repayment terms of the these borrowings are analysed as follows:

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	45,000	300,000	—	—
Between one and two years	100,000	—	—	—
Between two and five years	—	—	230,000	230,000
	145,000	300,000	230,000	230,000

(c) As at 31 December 2020, 2021 and 2022 and 31 March 2023, the Target Company available unutilised facilities from SPIC Financial amounting to approximately Nil, Nil, RMB170,000,000 and RMB170,000,000, respectively.

26. LEASE LIABILITIES

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities payable:				
Within one year	1,365	1,424	1,486	1,486
Between one and two years	1,424	1,486	1,551	1,551
Between two and five years	6,342	6,619	6,906	6,906
Over five years	54,407	52,645	50,807	50,807
	63,538	62,174	60,750	60,750
Less: Amounts payable within 12 months shown under current liabilities	(1,365)	(1,424)	(1,486)	(1,486)
Amounts payable after 12 months shown under non-current liabilities	62,173	60,750	59,264	59,264

As at 31 December 2020, 2021 and 2022 and 31 March 2023, except for short-term leases in which the Target Company applied recognition exemption, the Target Company has recognised additions of right-of-use assets of approximately RMB64,847,000, Nil, Nil and Nil and lease liabilities of RMB64,846,000, Nil, Nil and Nil, respectively.

27. CONSTRUCTION COSTS PAYABLE

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due to third parties	184,841	1,700,488	1,265,314	1,220,019
Amounts due to fellow subsidiaries	16,512	108,961	91,253	97,712
	201,353	1,809,449	1,356,567	1,317,731

28. OTHER PAYABLES AND ACCRUED CHARGES

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Salaries and staff welfare payable	273	602	979	1,702
Value added tax payable	106	725	436	520
Other payables and accrued operating expenses	107	105	145	154
Interest payable related to bank borrowings	1,186	3,396	4,013	4,301
Interest payable related to other borrowings	2,466	622	—	—
Interest payable related to borrowings from SPIC Financial	223	344	270	387
Amounts due to fellow subsidiaries *(note (i))*	58,073	2,774	2,883	936
Amount due to immediate holding company *(note (i))*	30,866	—	—	—
Dividend payable to shareholders	—	—	—	480,000
	93,300	8,568	8,726	488,000

Note:

(i) The amounts due to fellow subsidiaries and immediate holding company are unsecured, interest-free and repayable on demand.

29. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Reconciliation of profit before taxation to net cash (used in)/generated from operating activities

	Year ended 31 December			Three months 31 March	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before taxation	—	116,848	292,357	171,196	130,163
Adjustments for:					
Finance income	—	—	(7,378)	(54)	(21,963)
Finance costs	—	3,269	164,227	39,678	52,248
Depreciation of property, plant and equipment	—	—	311,446	72,761	77,891
Depreciation of right of use assets	—	—	2,861	115	716
Gain on disposal of property, plant and equipment, net	—	—	(123)	(19)	—
Operating cash flows before working capital changes	—	120,117	763,390	283,677	239,055
Increase in accounts receivable	—	(113,458)	(406,140)	(229,986)	(117,287)
(Increase)/decrease in prepayments, deposits and other receivables	(95,271)	(307,997)	(113,358)	45,702	38,001
Decrease/(increase) in amounts due from fellow subsidiaries	8,562	(233)	(18,302)	(109,056)	2,413
Increase/(decrease) in other payables and accrued charges	87,348	(85,219)	(26)	(224)	(1,131)
Cash generated from/(used in) operations	639	(386,790)	225,564	(9,887)	161,051
Interest paid	(61,686)	(136,592)	(167,713)	(48,692)	(51,843)
PRC income tax paid	—	—	—	—	(17)
Net cash (used in)/generated from operating activities	(61,047)	(523,382)	57,851	(58,579)	109,191

(b) Analysis of changes in financing during the year/period

	Bank and other borrowings	Borrowings from a related party	Lease liabilities
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2020	370,268	270,000	—
New leases	—	—	64,846
Drawdown of bank borrowings	1,072,793	—	—
Drawdown of borrowings from related parties	—	165,000	—
Drawdown of other borrowings	1,050,553	—	—
Repayment of bank borrowings	(100)	—	—
Repayment of borrowings from related parties	—	(290,000)	—
Repayment of other borrowings	(107,081)	—	—
Payments for lease liabilities	—	—	(4,129)
Interest expense on lease liabilities *(note 9)*	—	—	2,821
At 31 December 2020 and 1 January 2021	2,386,433	145,000	63,538
Drawdown of bank borrowings	3,389,473	—	—
Drawdown of borrowings from related parties	—	200,000	—
Drawdown of other borrowings	1,057,037	—	—
Repayment of bank borrowings	(1,423,378)	—	—
Repayment of borrowings from related parties	—	(45,000)	—
Repayment of other borrowings	(1,231,071)	—	—
Payments for lease liabilities	—	—	(4,128)
Interest expense on lease liabilities *(note 9)*	—	—	2,764
At 31 December 2021 and 1 January 2022	4,178,494	300,000	62,174
Drawdown of bank borrowings	1,972,138	—	—
Drawdown of borrowings from related parties	—	230,000	—
Repayment of bank borrowings	(124,754)	—	—
Repayment of borrowings from related parties	—	(300,000)	—
Repayment of other borrowings	(1,139,706)	—	—
Payments for lease liabilities	—	—	(4,129)
Interest expense on lease liabilities *(note 9)*	—	—	2,705
At 31 December 2022 and1 January 2023	4,886,172	230,000	60,750
Drawdown of bank borrowings	120,000	—	—
Repayment of bank borrowings	(601,384)	—	—
At 31 March 2023	4,404,788	230,000	60,750

(c) Major non-cash transactions

During the years ended 31 December 2020, the Target Company entered into new lease agreements for the sea use rights for 27 years. Upon the lease commencement, the Target Company recognised right-of-use assets of approximately RMB64,846,000 and lease liabilities of approximately RMB64,846,000 respectively.

30. COMMITMENTS

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted but not provided for in respect of property, plant and equipment	17,524,088	13,594,326	595,216	595,216

31. FINANCIAL INSTRUMENTS

31.1 Categories of financial instruments

	As at 31 December			As at 31 March
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at amortised cost	16,118	147,023	1,701,706	1,426,866
Financial liabilities				
Financial liabilities at amortised cost	2,889,518	6,357,960	6,541,779	6,500,749

31.2 Financial risk management objectives and policies

The Target Company's activities expose it to a variety of financial risks: interest rate risk, credit risk and liquidity risk. The Target Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Company's financial performance.

(a) Interest rate risk

The Target Company's income and operating cash flows are substantially independent of changes in market interest rates. The Target Company's interest-bearing assets mainly include cash at banks, deposits at SPIC Financial, loan to a fellow subsidiary and amounts due from fellow subsidiaries, details of which have been disclosed in Notes 19 to 21 to the Historical Financial Information. The Target Company's exposure to changes in interest rates is mainly attributable to its borrowings and lease liabilities, details of which have been disclosed in Notes 23 to 26 to the Historical Financial Information. The Target Company has not used any specific interest rate swap contracts to hedge its exposure to interest rate risk.

The Target Company's cash flow interest rate risk is mainly concentrated on the fluctuation of People's Bank of China interest rate arising from the Target Company's RMB denominated floating rate bank borrowings.

As at 31 December 2020, 2021 and 2022 and 31 March 2023, if the interest rates on bank and other borrowings had been 50 basis points higher/lower than the prevailing interest rates, with all other variables held constant, post-tax profit for the year (net of interest capitalised) would have been approximately RMB8,949,000, RMB15,202,000, RMB18,270,000, and RMB16,465,000 as at 31 December 2020, 2021 and 2022 and 31 March 2023 respectively, lower/higher mainly as a result of higher/lower interest expense on floating rate bank borrowings and borrowings from related parties.

As at 31 December 2020, 2021 and 2022 and 31 March 2023, if the interest rates on cash at banks and deposits at SPIC Financial had been 50 basis points higher/lower than the prevailing interest rates, with all other variables held constant, post-tax profit for the year would have been approximately RMB58,000, RMB119,000, RMB134,000, and RMB400,000 as at 31 December 2020, 2021 and 2022 and 31 March 2023 respectively, higher/lower mainly as a result of higher/lower interest income on floating rate cash at banks and deposits at SPIC Financial.

Total interest income from financial assets that are measured at amortised cost is as follows:

	Year ended 31 December			Three months 31 March	
	2020	2021	2022	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest income:					
Cash and cash equivalents	—	—	7	3	—
Amounts due from fellow subsidiaries	—	—	7,371	51	21,963
Total interest income	—	—	7,378	54	21,963

Interest expense on financial liabilities not measured at FVTPL:

	Year ended 31 December			Three months 31 March	
	2020	**2021**	**2022**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest expense on financial liabilities at amortised cost	—	3,269	164,227	39,678	52,248

(b) Credit risk and impairment test

The Target Company's credit risk primarily arises from accounts receivable (Note 17), deposits and other receivables (Note 18), loan to a fellow subsidiary (Note 19), amounts due from fellow subsidiaries (Note 20) and cash and cash equivalents (Note 21). The Target Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Accounts receivable arising from contracts with customers

The Target Company is exposed to significant concentration of credit risk in terms of electricity sales as a majority of the Target Company's sales of electricity were made to regional and provincial power grid company. The Target Company normally grants credit terms ranged from 30 to 90 days to the power grid company except for the clean energy power price premium. The collection of such clean energy power price premium is subject to the allocation of funds by relevant government authorities to local grid company, which therefore takes a relatively long time for settlement. The Target Company only accepts bills issued or guaranteed by reputable PRC banks if accounts receivable are settled by bills and therefore the management of the Target Company considers the credit risk arising from the endorsed or discounted bills is insignificant. The Target Company normally does not require collaterals from trade debtor. In addition, the Target Company performs impairment assessment under ECL model upon application of HKFRS 9 on accounts receivable individually. Ageing analysis of the Target Company's accounts receivable is disclosed in Note 18 and management does not expect any losses from non-performance by the counterparty.

Deposits and other receivables, loan to a fellow subsidiary, amounts due from fellow subsidiaries

The counterparties of the Target Company's deposits and other receivables, loan to a fellow subsidiary, amounts due from fellow subsidiaries are mainly large state-owned enterprises with good credit quality and subsidiaries of SPIC. Under ECL model upon application of HKFRS 9, management makes periodic collective assessment as well as individual assessment on the recoverability of all loans and receivables, based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any disputes with the relevant debtors. Management does not expect any losses from non-performance by these counterparties.

Cash and cash equivalents

Substantially all of the Target Company's cash and deposits are held in major financial institutions and SPIC Financial, which management believes are of high credit quality. Therefore, the Target Company performs impairment assessment under 12m ECL model upon application of HKFRS 9 on cash and cash equivalents on collective basis. Management does not expect any losses from non-performance by these counterparties.

The tables below detail the credit risk exposures of the Target Company's financial assets, including accounts receivable, deposits and other receivables, loan to a fellow subsidiary, amounts due from fellow subsidiaries and cash and cash equivalents, which are subject to ECL assessment:

	Note	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount As at 31 December 2020	2021	2022	As at 31 March 2023
					RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at amortised cost:								
Accounts receivable	*17*	A1	*Note (i)*	Lifetime ECL (not credit impaired)	—	113,458	519,598	636,885
Deposits and other receivable	*18*	N/A	*Note (ii)*	12m ECL	432	1,553	373	380
Loan to a fellow subsidiary	*19*	N/A	*Note (ii)*	12m ECL	—	—	100,000	100,000
Amounts due from fellow subsidiaries	*20*	N/A	*Note (ii)*	12m ECL	99	332	1,045,978	582,919
Cash and cash equivalents	*21*	A1	*Note (iii)*	12m ECL	15,587	31,680	35,757	106,682

Notes:

(i) Accounts receivable:

As a majority of the Target Company's sales of electricity were made to regional and provincial power grid company, the Target Company has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL individually for accounts receivable. At the end of the reporting period, the Directors have performed impairment assessment for accounts receivable based on external credit rating and corresponding default rate issued by international credit-rating agencies, and concluded that the credit losses of the accounts receivable as at 31 December 2020, 2021 and 2022 and 31 March 2023 was insignificant and therefore no allowance is provided for accounts receivable.

(ii) Deposits and other receivables, loan to a fellow subsidiary and amounts due from fellow subsidiaries:

For the purposes of internal credit risk management, the Target Company uses past due information to assess whether credit risk has increased significantly since initial recognition.

The Target Company's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Deposits and other receivables
A	The counterparties can honor the terms of the contracts. There is no reason to doubt their ability to fulfill the payment on a timely basis.	12m ECL
B	The counterparties frequently repay after due dates but usually settle after due date.	12m ECL
C	The counterparties cannot repay in full and there has been a significant increase in credit risk since initial recognition.	Lifetime ECL (not credit-impaired)
D	There is evidence indicating the asset is credit-impaired.	Lifetime ECL (credit-impaired)

The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

(iii) Cash and cash equivalents:

At the end of the reporting period, the Directors have performed impairment assessment under 12m ECL model for cash and cash equivalents, and concluded that there has been no significant increase in credit risk since initial recognition. Since the counterparties are in major financial institutions with high credit ratings assigned by international credit-rating agencies, the probability of defaults of the counterparties are insignificant and accordingly, no allowance for credit losses is provided for these financial assets.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of credit facilities.

The Target Company primary cash requirements have been for construction of power plants, additions of and upgrades on property, plant and equipment, payment on related debts and payment for purchases and operating expenses. The Target Company finances its working capital requirements through a combination of internal resources, borrowings from a related party, and short-term and long-term bank and other borrowings.

As at 31 December 2020, 2021 and 2022 and 31 March 2023, the Target Company's current liabilities exceeded their current assets by RMB510,040,000, RMB2,341,794,000, RMB302,540,000 and RMB439,618,000 respectively. Management monitors regularly the Target Company's current and expected liquidity requirements to ensure it maintains sufficient cash and cash equivalents and has available funding through adequate amount of facilities to meet its working capital requirements. As at 31 December 2020, 2021 and 2022 and 31 March 2023, the Target Company had available unutilised facilities in writing from banks and from a related party amounted to approximately RMB2,327,307,000, RMB11,761,212,000, RMB11,583,828,000 and RMB8,665,212,000 respectively as disclosed in Notes 23(d) and 25(c) to the Historical Financial Information respectively, and will refinance and/or restructure certain short-term loans into long-term loans or consider alternative sources of financing, where applicable.

The table below analyses the Target Company's financial liabilities into relevant maturity Target Company based on the remaining period at the end of reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash outflows by maturity and its carrying amounts.

	Within one year	Between one and two years	Between two and five years	Over five years	Total contractual undiscounted cash outflows	Total Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2020						
Other payables and accrued charges	93,194	—	—	—	93,194	93,194
Construction cost payable	201,353	—	—	—	201,353	201,353
Bank borrowings	43,085	43,085	1,082,836	—	1,169,006	1,072,693
Other borrowings	286,167	771,528	379,498	—	1,437,193	1,313,740
Borrowings from a related party	51,780	110,419	—	—	162,199	145,000
Lease liabilities	4,128	4,128	12,385	86,697	107,338	63,538
	679,707	929,160	1,474,719	86,697	3,170,283	2,889,518
At 31 December 2021						
Other payables and accrued charges	7,843	—	—	—	7,843	7,843
Construction cost payable	1,809,449	—	—	—	1,809,449	1,809,449
Bank borrowings	238,560	801,141	1,362,854	1,103,466	3,506,021	3,038,788
Other borrowings	1,047,490	293,545	—	—	1,341,035	1,139,706
Borrowings from a related party	312,754	—	—	—	312,754	300,000
Lease liabilities	4,128	4,128	12,385	82,568	103,209	62,174
	3,420,224	1,098,814	1,375,239	1,186,034	7,080,311	6,357,960

	Within one year	Between one and two years	Between two and five years	Over five years	Total contractual undiscounted cash outflows	Total Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2022						
Other payables and accrued charges	8,290	—	—	—	8,290	8,290
Construction cost payable	1,356,567	—	—	—	1,356,567	1,356,567
Bank borrowings	911,002	329,189	1,150,948	3,524,562	5,915,701	4,886,172
Borrowings from a related party	12,650	12,650	241,932	—	267,232	230,000
Lease liabilities	4,128	4,128	12,385	78,440	99,081	60,750
	2,292,637	345,967	1,405,265	3,603,002	7,646,871	6,541,779
At 31 March 2023						
Other payables and accrued charges	487,480	—	—	—	487,480	487,480
Construction cost payable	1,317,731	—	—	—	1,317,731	1,317,731
Bank borrowings	319,895	331,254	1,233,571	3,658,304	5,543,024	4,404,788
Borrowings from a related party	12,650	12,650	238,117	—	263,417	230,000
Lease liabilities	4,128	4,128	12,385	78,440	99,081	60,750
	22,141,884	348,032	1,484,073	3,736,744	7,710,733	6,500,749

31.3 Capital risk management

The Target Company's objectives when managing capital are to safeguard the Target Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Target Company manages the capital structure and makes adjustments to it in light of changes in economic condition. In order to maintain or adjust the capital structure, the Target Company may adjust the dividend payments to shareholders, return capital to shareholders, issue new shares, and sell assets to reduce debt or to obtain bank and other borrowings.

The Target Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debts (including current and non-current borrowings as well as lease liabilities as shown in the statements of financial position) less cash and cash equivalents. Total capital is calculated as total equity, as shown in the statements of financial position, plus net debt.

The table below analyses the Target Company's capital structure.

	As at 31 December			As at 31 March
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings *(Note 23)*	1,072,693	3,038,788	4,886,172	4,404,788
Other borrowings *(Note 24)*	1,313,740	1,139,706	—	—
Borrowings from a related party *(Note 25)*	145,000	300,000	230,000	230,000
Lease liabilities *(Note 26)*	63,538	62,174	60,750	60,750
Less: Cash and cash equivalents *(Note 21)*	(15,587)	(31,680)	(35,757)	(106,683)
Net debt	2,579,384	4,508,988	5,141,165	4,588,855
Total equity	386,000	1,344,233	1,810,725	1,460,888
Total capital	2,965,384	5,853,221	6,951,890	6,049,743
Gearing ratio	87%	77%	74%	76%

31.4 Fair value estimation

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values as at 31 December 2020, 2021 and 2022 and 31 March 2023.

32. RELATED PARTY TRANSACTIONS

The Target Company is wholly owned subsidiary of SPIC, SPIC is controlled by the PRC government which also owns a significant portion of the productive assets in the PRC. In accordance with HKAS 24 (Revised), government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Target Company. On that basis, related parties include SPIC, its subsidiaries, joint ventures and associates (other than the Target Company), other government-related entities and their subsidiaries, other entities and corporations in which the Target Company is able to control or exercise significant influence and key management personnel of the Target Company and SPIC as well as their close family members.

For the purpose of the related party transactions disclosures, the Directors believe that it is also meaningful to disclose the related party transactions with SPIC companies for the interests of financial statements users. The Directors believe that the information of related party transactions has been adequately disclosed in the Historical Financial Information.

The following is a summary of significant related party transactions which, in the opinion of the Directors, are entered into in the ordinary course of the Target Company's business in addition to the related party information shown elsewhere in the Historical Financial Information.

(a) Income

		Year ended 31 December			Three months ended 31 March	
		2020	**2021**	**2022**	**2022**	**2023**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest income from						
— SPIC Financial	*(i)*	—	—	178	51	51
— fellow subsidiaries	*(ii)*	—	—	7,193	—	21,912
Sales proceeds from disposal of property, plant and equipment from fellow subsidiaries	*(iii)*	—	—	1,165,874	61,967	—

Notes:

(i) For the years ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2022 and 2023, the interest income from SPIC Financial was charged at interest rates at 0.35% per annum.

(ii) For the year ended 31 December 2022 and for the three months ended 31 March 2023, the interest income from fellow subsidiaries were charged at fixed 3.70% per annum.

(iii) These income were charged in accordance with the terms of the relevant agreements.

(b) Expenses

		Year ended 31 December			Three months ended 31 March	
		2020	**2021**	**2022**	**2022**	**2023**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Construction costs and other services fees to:	*(i)*					
— Immediate holding company		30,376	3,573	23,662	—	6,174
— fellow subsidiaries		335,136	3,965,911	100,198	—	263
Interest expenses to:						
— SPIC Financial	*(ii)*	4,105	7,609	9,056	3,251	3,162

Notes:

(i) Construction costs and other services fees were mainly related to construction services, consultancy services and other services which were charged based on mutually agreed prices.

(ii) For the years ended 31 December 2020, 2021 and 2022 and for the three months ended 31 March 2022 and 2023, the interest expenses to SPIC Financial are unsecured, interest bearing at fixed rate ranging from 4.00% to 5.50%, 3.95% to 5.50%, 5.50%, 5.50% and 5.50% per annum, respectively.

(c) Period-end balances with related parties

Year-end balances with related parties are disclosed in Notes 19, 20, 21, 25, 27 and 28.

(d) Key management personnel compensation

	Year ended 31 December			Three months ended 31 March	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Fees, basic salaries, housing allowance, other allowances and benefits in kind, discretionary bonuses and other benefits	*1,928*	3,334	2,836	766	2,291
Employer's contribution to pension plans	*348*	480	483	129	141
	2,276	3,814	3,319	895	2,432

33. EVENTS AFTER THE REPORTING PERIOD

No significant event requiring disclosure has been taken place subsequent to 31 March 2023.

III. SUBSEQUENT FINANCIAL INFORMATION

No audited financial statements have been prepared by the Target Company in respect of any period subsequent to 31 March 2023.

* *For identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET COMPANIES

*Set out below is the management discussion and analysis on the Target Companies for each of the three years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2023 (the "**Reporting Period**"). The following financial information is based on the accountants' report of the Target Companies as set out in Appendices IIA-IIE to this circular.*

I. MANAGEMENT DISCUSSION AND ANALYSIS OF BEIJING COMPANY

Set out below is the management discussion and analysis on Beijing Company for the Reporting Period. The discussion and analysis relate to the consolidated results and financial position of Beijing Company. The following discussion and analysis should be read in conjunction with the accountants' report set out in Appendix IIA to this circular.

A. BUSINESS OVERVIEW

Beijing Company was incorporated in the PRC on 16 December 2016 as a limited liability company and is principally engaged in generation and sale of electricity in the PRC. For further details of Beijing Company, please refer to the section headed "Information of the Target Companies" of the Letter from the Board in this circular.

B. FINANCIAL OVERVIEW

Revenue

Beijing Company recorded revenue of RMB2,690.8 million, RMB4,007.0 million, RMB4,193.1 million, RMB962.7 million and RMB1,060.7 million for the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023, respectively. During the Reporting Period, Beijing Company generated revenue from two segments, being (i) wind power electricity, and (ii) photovoltaic power electricity.

- With respect to the wind power electricity segment, Beijing Company recorded revenue of RMB1,518.4 million, RMB2,283.9 million, RMB2,315.3 million and RMB603.9 million for the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2023, respectively; and

- With respect to the photovoltaic power electricity segment, Beijing Company recorded revenue of RMB1,172.4 million, RMB1,723.1 million, RMB1,877.8 million and RMB456.8 million for the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2023, respectively.

The continuous increase in revenue of Beijing Company during the Reporting Period was primarily due to the increase of revenue from the sale of electricity in both wind power electricity and photovoltaic power electricity from the year ended 31 December 2021.

Segment Information

During the Reporting Period, Beijing Company generated revenue from two segments, being the sale of (i) wind power electricity, and (ii) photovoltaic power electricity. Beijing Company's sales of electricity were made to provincial power grid companies at the tariff rates agreed with the relevant regional and provincial power grid companies as approved by the relevant government authorities in the PRC, and some of these tariff rates followed the market-oriented price mechanism.

Operating Expenses

The operating expenses of Beijing Company primarily comprised depreciation, staff costs, repairs and maintenance, consumables, and other operating expenses.

- Beijing Company's operating expenses increased by RMB724.5 million from RMB1,426.5 million for the year ended 31 December 2020 to RMB2,151.0 million for the year ended 31 December 2021, representing an increase of 50.8%. The increase was mainly due to (i) the increase in depreciation expenses of RMB379.2 million and (ii) the increase in staff costs of RMB57.0 million.

- Beijing Company's operating expenses increased by RMB251.5 million from approximately RMB2,151.0 million for the year ended 31 December 2021 to RMB2,402.5 million for the year ended 31 December 2022, representing an increase of11.7%. The increase was mainly due to (i) the increase in depreciation expenses of RMB204.8 million and (ii) the increase in staff costs of RMB108.4 million.

- Beijing Company's operating expenses increased by RMB31.1 million from RMB539.6 million for the three months ended 31 March 2022 to RMB570.7 million for the three months ended 31 March 2023, representing an increase of 5.8%. The increase was mainly due to (i) the increase in depreciation expenses of RMB17.7 million and (ii) the increase in other operating expenses of RMB13.4 million.

Other gains or losses

Other gains or losses of Beijing Company primarily comprised government subsidies, net loss/gain on property, plant and equipment, gain on recognition of negative goodwill, impairment loss on property, plant and equipment, written off account payables, and others.

For the year ended 31 December 2020, other gains of Beijing Company amounted to RMB119.1 million, which was mainly contributed by government subsidies, gain on recognition of negative goodwill, written off account payables, and others.

For the year ended 31 December 2021, other gains of Beijing Company amounted to RMB36.6 million, which was mainly contributed by government subsidies, which offset losses in others.

For the year ended 31 December 2022, other gains of Beijing Company amounted to RMB12.7 million, which was mainly contributed by government subsidies, which partially offset the impairment loss on property, plant and equipment.

For the three months ended 31 March 2023, other gains of Beijing Company amounted to RMB14.3 million, which was mainly contributed by government subsidies.

Other Income

The other income of Beijing Company primarily comprised asset leasing income, sales of equipment, other services income, and others.

- Beijing Company's other income increased by RMB12.2 million from RMB42.0 million for the year ended 31 December 2020 to RMB54.2 million for the year ended 31 December 2021, representing an increase of 29.0%. The increase was mainly due to an increase in other services income of RMB8.7 million.

- Beijing Company's other income decreased by RMB43.2 million from RMB54.2 million for the year ended 31 December 2021 to RMB11.0 million for the year ended 31 December 2022, representing a decrease of 79.7%. The decrease was mainly due to a decrease in other services income of RMB38.8 million.

- Beijing Company's other income increased by RMB1.5 million from RMB1.5 million for the three months ended 31 March 2022 to RMB3.0 million for the three months ended 31 March 2023, representing an increase of 100.0%. The increase was mainly due to the increase in others income of RMB1.9 million.

Finance Costs

Finance costs represent interest expenses on bank borrowings, borrowings from related parties, other borrowings, and lease liabilities. Beijing Company recorded finance costs of RMB661.5 million, RMB918.2 million, RMB915.9 million, RMB184.2 million and RMB197.5 million for each of the years ended 31 December 2020, 2021 and 2022, and the three months ended 31 March 2022 and 2023, respectively. The changes over the Reporting Period were relatively consistent with the changes in the total borrowings of Beijing Company over the same period.

Income Tax Expenses

The income tax expenses mainly represent the PRC current income tax and deferred income tax.

- Beijing Company's income tax expenses increased by RMB47.6 million from approximately RMB102.7 million for the year ended 31 December 2020 to RMB150.3 million for the year ended 31 December 2021, representing an increase of 46.3%. The increase was mainly attributable to the increase in current income tax of RMB51.3 million offset by the decrease in deferred income tax of RMB3.7 million.

- Beijing Company's income tax expenses increased by RMB21.1 million from RMB150.3 million for the year ended 31 December 2021 to RMB171.4 million for the year ended 31 December 2022, representing an increase of 14.0%. The increase was mainly attributable to the increase in current income tax of RMB8.3 million and the increase in deferred income tax of RMB12.8 million.

- Beijing Company's income tax expenses increased by RMB18.6 million from RMB35.8 million for the three months ended 31 March 2022 to RMB54.4 million for the three months ended 31 March 2023, representing an increase of 52.0%. The increase was mainly attributable to an increase in current income tax of RMB19.1 million offset by the decrease in deferred income tax of RMB0.5 million.

Profit for the year/period

Beijing Company's profit increased by RMB247.6 million from RMB668.3 million for the year ended 31 December 2020 to RMB915.9 million for the year ended 31 December 2021, representing an increase of 37.0%. The increase was mainly attributable to the increase in revenue due to the reasons as stated in the above paragraph headed ''Revenue''.

Beijing Company's profit decreased by RMB145.2 million from RMB915.9 million for the year ended 31 December 2021 to RMB770.7 million for the year ended 31 December 2022, representing a decrease of 15.9%. The decrease was mainly attributable to the increase in operating expenses and decrease in other income due to the reasons as stated in the above paragraphs headed ''Operating Expenses'' and ''Other Income''

Beijing Company's profit increased by RMB53.9 million from RMB224.2 million for the three months ended 31 March 2022 to RMB278.1 million for the three months ended 31 March 2023, representing an increase of 24.0%. The increase was mainly attributable to the increase in revenue due to the reasons as stated in the above paragraph headed ''Revenue''.

Liquidity and Financial Resources and Capital Structure

As at 31 December 2020, 2021, 2022 and 31 March 2023, Beijing Company had total current assets of RMB7,841.3 million, RMB8,961.6 million, RMB10,745.0 million, and RMB11,413.0 million, respectively, which mainly comprised inventories, bills and accounts receivable, prepayments, deposits and other receivables, amounts due from related parties, restricted deposits, and cash and cash equivalents.

As at 31 December 2020, 2021, 2022 and 31 March 2023, Beijing Company had total current liabilities of RMB5,861.0 million, RMB10,373.4 million, RMB10,121.7 million and RMB10,270.8 million, respectively, which mainly comprised bills and accounts payable, construction cost payables, other payables and accruals, amounts due to related parties, current portion of — bank borrowings, borrowing from related parties, other borrowings and lease liabilities, and tax payable.

As at 31 December 2020, 2021, 2022 and 31 March 2023, Beijing Company had cash and cash equivalents of RMB2,111.3 million, RMB783.0 million, RMB2,494.9 million and RMB2,956.4 million, respectively.

As at the end of the Reporting Period, the substantial part of the cash and bank balances of Beijing Company were denominated in RMB.

Beijing Company historically met its liquidity requirements through a combination of the cash flow generated from their daily operation and short-term and long-term borrowings.

As at 31 December 2020, 2021, 2022 and 31 March 2023, Beijing Company had bank borrowings, borrowings from related parties and other borrowings of RMB15,166.2 million, RMB20,564.8 million, RMB19,606.7 million and RMB20,596.5 million, respectively.

Beijing Company's weighted average interest rate on capitalized borrowings is 4.53%, 4.53%, 3.78% and 3.52% for the years ended 31 December 2020, 2021, 2022 and the three months ended 31 March 2023, respectively.

The long-term and short-term borrowings of Beijing Company were denominated in RMB.

The total equity of Beijing Company as at 31 December 2020, 2021, 2022 and 31 March 2023 was RMB11,306.9 million, RMB11,083.1 million, RMB13,102.2 million and RMB13,360.2 million, respectively.

Gearing Ratio

As at 31 December 2020, 2021, 2022 and 31 March 2023, the gearing ratio of Beijing Company (being net debt over total capital) was 54.2%, 64.5%, 57.2% and 57.5%, respectively.

The objective of the treasury policies of Beijing Company is to minimise risks. Beijing Company adopts a prudent treasury policy towards its overall business operation and manage as well as monitor its financial risk exposures to ensure that appropriate measures are implemented on a timely and effective manner.

Charge on Assets

Beijing Company's bank borrowings of RMB2,905.7 million, RMB3,117.6 million, RMB2,234.8 million and RMB2,691.44 million as at 31 December 2020, 2021 and 2022 and 31 March 2023, respectively, were secured by certain property, plant and equipment. Beijing Company's bank borrowings of nil, nil, RMB2.5 million and RMB2.6 million as at 31 December 2020, 2021 and 2022 and 31 March 2023, respectively, were secured by its banks balance. Beijing Company's bank borrowings of RMB2,987.6 million, RMB4,521.3 million, RMB5,586.6 million and RMB5,368.3 million as at 31 December 2020, 2021 and 2022 and 31 March 2023, respectively, were secured against the rights on certain accounts receivable.

Contingent Liabilities

As at 31 December 2020, 2021 and 2022 and 31 March 2023, Beijing Company did not have any significant contingent liabilities.

Foreign Exchange Exposure

Beijing Company is principally operating in the PRC, with all transactions denominated in RMB. Beijing Company is not exposed to any significant foreign exchange exposure and carried out no foreign exchange hedging activities.

Material Investment, Acquisition and Disposals

During the Reporting Period, Beijing Company acquired the equity interests in various companies, details of which are set out in note 37 of the accountants' report of Beijing Company as set out in Appendix IIA to this circular.

The details of Beijing Company's investments in associates as at 31 December 2020, 2021, 2022 and 31 March 2023 are set out in note 20 of the accountants' report of Beijing Company in Appendix IIA to this circular.

Save as disclosed above, Beijing Company did not have any material acquisition, disposals or significant investment during the Reporting Period. Beijing Company has no specific future plan for material investments or capital assets in the coming year after the Acquisitions. The expected sources of funding for Beijing Company's future plans for material investments or capital assets in the coming year after the Acquisitions are internal resources.

Employees and Remuneration Policies

As at 31 December 2020, 2021, 2022 and 31 March 2023, Beijing Company had an average of 860, 918, 980 and 987 employees, respectively.

Beijing Company recruits, employs, promotes and remunerates its employees based on their qualifications, experience, skills, performances and contributions. Remuneration is also determined with reference to, among others, the market trend. The staff costs of Beijing Company for the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023 were RMB140.5 million, RMB197.5 million, RMB305.9 million, RMB60.4 million and RMB59.9 million, respectively, which mainly included wages, salaries and bonuses, staff welfare, and pension costs, details of which are set out in note 8 of the accountants' report of Beijing Company as set out in Appendix IIA to this circular.

Prospects

Upon completion of the Acquisitions, Beijing Company will continue to engage in generation and sale of electricity in the PRC. Save as disclosed above, Beijing Company has no specific future plan for material investments or capital assets in the coming year after the Acquisitions.

II. MANAGEMENT DISCUSSION AND ANALYSIS OF HEILONGJIANG COMPANY

Set out below is the management discussion and analysis on Heilongjiang Company and its subsidiaries for the Reporting Period. The discussion and analysis relate to the consolidated results and financial position of Heilongjiang Company. The following discussion and analysis should be read in conjunction with the accountants' report set out in Appendix IIB to this circular.

A. BUSINESS OVERVIEW

Heilongjiang Company was incorporated in the PRC on 4 July 2016 as a limited liability company and is principally engaged in generation and sales of electricity in the PRC, including investment, development, operation and management of photovoltaic power, wind power, thermal plants, and provision of energy storage, green power transportation and integrated intelligent energy solution services. For further details of Heilongjiang Company, please refer to the section headed "Information of the Target Companies" of the Letter from the Board in this circular.

B. FINANCIAL OVERVIEW

Revenue

Heilongjiang Company recorded revenue of RMB401.8 million, RMB914.6 million, RMB1,282.2 million, RMB290.1 million and RMB366.3 million for the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023, respectively. During the Reporting Period, Heilongjiang Company generated revenue from three segments, being (i) wind power electricity, (ii) photovoltaic power electricity, and (iii) biomass segment.

- With respect to the wind power electricity segment, Heilongjiang Company recorded revenue of nil, nil, RMB97.4 million, RMB13.9 million and RMB30.2 million for the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023, respectively;
- With respect to the photovoltaic power electricity segment, Heilongjiang Company recorded revenue of RMB401.8 million, RMB914.6 million, RMB951.8 million, RMB264.0 million and RMB230.7 million for the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023, respectively; and
- With respect to the biomass segment, Heilongjiang Company recorded revenue of nil, nil, RMB232.9 million, RMB12.2 million and RMB105.5 million for the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023, respectively.

The general increase in revenue of Heilongjiang Company during the Reporting Period was primarily due to the increase in revenue from the photovoltaic power electricity segment for the year ended 31 December 2021 and the increase in revenue from the wind power electricity segment and biomass segment since the year ended 31 December 2022.

Segment Information

During the Reporting Period, Heilongjiang Company generated revenue from three segments, being the sale of (i) wind power electricity; (ii) photovoltaic power electricity; and (iii) biomass in the PRC. Heilongjiang Company's sales of electricity were made to power grid companies at the tariff rates agreed with the respective regional and provincial power grid companies as approved by the relevant government authorities in the PRC.

Operating Expenses

The operating expenses of Heilongjiang Company primarily comprised fuel costs, depreciation, staff costs, repairs and maintenance, subcontracting costs, consumables and other operating expenses.

- Heilongjiang Company's operating expenses increased by RMB278.4 million from RMB231.8 million for the year ended 31 December 2020 to RMB510.2 million for the year ended 31 December 2021, representing an increase of 120.1%. The increase was mainly due to (i) the increase in depreciation expenses of RMB217.2 million; (ii) the increase in subcontracting costs of RMB29.6 million.
- Heilongjiang Company's operating expenses increased by RMB326.4 million from RMB510.2 million for the year ended 31 December 2021 to RMB836.6 million for the year ended 31 December 2022, representing an increase of 64.0%. The increase was mainly due to (i) the increase in fuel costs of RMB135.4 million and (ii) the increase in depreciation expenses of RMB111.0 million.

- Heilongjiang Company's operating expenses increased by RMB74.6 million from RMB191.8 million for the three months ended 31 March 2022 to RMB266.4 million for the three months ended 31 March 2023, representing an increase of 38.9%. The increase was mainly due to (i) the increase in fuel costs of RMB29.6 million and (ii) the increase in depreciation expenses of RMB38.9 million.

Other gains or losses

Other gains or losses of Heilongjiang Company primarily comprised gain on bargain purchase of subsidiaries, gain on deregistration of a subsidiary, government subsidies, impairment loss on property, plant and equipment and profits on sales of material.

For the year ended 31 December 2020, other gains of Heilongjiang Company amounted to RMB9.2 million, which was mainly due to the gain on bargain purchase of subsidiaries of RMB15.5 million offset by the impairment loss on property, plant and equipment of RMB6.4 million.

For the year ended 31 December 2021, other gains of Heilongjiang Company amounted to RMB3.4 million, which comprised government subsidies and gain on deregistration of a subsidiary.

For the year ended 31 December 2022, other gains of Heilongjiang Company amounted to RMB7.1 million, which was mainly due to the increase in gain on bargain purchase of subsidiaries.

For the three months ended 31 March 2023, other gains of Heilongjiang Company amounted to RMB1.6 million, which comprised government subsidies.

Other Income

The other income of Heilongjiang Company primarily comprised compensation received and sundry income.

- Heilongjiang Company's other income increased by RMB0.1 million from RMB0.4 million for the year ended 31 December 2020 to RMB0.5 million for the year ended 31 December 2021. The increase was mainly due to the increase in compensation received of RMB0.5 million.

- Heilongjiang Company's other income increased by RMB0.6 million from RMB0.5 million for the year ended 31 December 2021 to RMB1.1 million for the year ended 31 December 2022. The increase was mainly due to the increase in sundry income of RMB0.9 million.

- Heilongjiang Company's other income increased by RMB0.1 million from RMB0.3 million for the three months ended 31 March 2022 to RMB0.4 million for the three months ended 31 March 2023. The increase was mainly due to the increase in sundry income of RMB0.1 million.

Finance Costs

Finance costs represent interest expenses on bank borrowings, other borrowings, borrowing from a related party and lease liabilities. Heilongjiang Company recorded finance costs of RMB173.2 million, RMB335.8 million, RMB397.7 million, RMB83.1 million and RMB92.2 million for each of the years ended 31 December 2020, 2021 and 2022, and the three months ended 31 March 2022 and 2023, respectively. The steady increase in finance costs was mainly attributable to business need of Heilongjiang Company for borrowings following the increase in its scale of operation.

Income Tax Expenses

The income tax expenses mainly represent the PRC current income tax and deferred income tax.

- Heilongjiang Company recorded an income tax credit of RMB1.6 million for the year ended 31 December 2020. Heilongjiang Company's income tax expenses increased by RMB10.2 million to RMB8.6 million for the year ended 31 December 2021. The increase was mainly attributable to the increase in current income tax of RMB10.5 million as a result of the business growth in 2021, offset by the increase in deferred income tax of RMB0.3 million.

- Heilongjiang Company's income tax expenses decreased by RMB0.1 million from RMB8.6 million for the year ended 31 December 2021 to RMB8.5 million for the year ended 31 December 2022, representing a decrease of 0.7%. The decrease was mainly attributable to the decrease in current income tax of RMB0.2 million.

- Heilongjiang Company's income tax expenses decreased by RMB0.5 million from RMB2.7 million for the three months ended 31 March 2022 to RMB2.2 million for the three months ended 31 March 2023, representing an decrease of 19.6%. The decrease was mainly attributable to the increase in the deferred income tax credit of RMB0.5 million.

Profit for the year/period

Heilongjiang Company's profit increased by RMB54.6 million from RMB9.1 million for the year ended 31 December 2020 to RMB63.7 million for the year ended 31 December 2021, representing an increase of 600.3%. The increase was mainly attributable to the increase in revenue due to the reasons as stated in the above paragraph headed "Revenue".

Heilongjiang Company's profit decreased by RMB14.7 million from RMB63.7 million for the year ended 31 December 2021 to RMB49.0 million for the year ended 31 December 2022, representing a decrease of 23.2%. The decrease was mainly attributable to the increase in operating expenses and finance costs due to the reasons as stated in the above paragraphs headed "Operating Expenses" and "Finance Costs" following the increase in Heilongjiang Company's scale of operation.

Heilongjiang Company's profit decreased by RMB5.2 million from RMB13.0 million for the three months ended 31 March 2022 to RMB7.8 million for the three months ended 31 March 2023, representing a decrease of 39.6%. The decrease was mainly attributable to the increase in operating expenses and finance costs due to the reasons as stated in the above paragraphs headed "Operating Expenses" and "Finance Costs" following the increase in Heilongjiang Company's scale of operation.

Liquidity and Financial Resources and Capital Structure

As at 31 December 2020, 2021, 2022 and 31 March 2023, Heilongjiang Company had total current assets of RMB1,565.9 million, RMB1,028.2 million, RMB1,184.3 million, and RMB1,235.0 million, respectively, which mainly comprised inventories, trade and bills receivables, prepayments, deposits and other receivables and cash and cash equivalents.

As at 31 December 2020, 2021, 2022 and 31 March 2023, Heilongjiang Company had total current liabilities of RMB674.1 million, RMB715.2 million, RMB1,647.6 million and RMB1,607.1 million, respectively, which mainly comprised trade and bills payables, construction payables, contract liabilities, other payables and accrued charges, bank borrowings, borrowings from a related party, lease liabilities and tax payables.

As at 31 December 2020, 2021, 2022 and 31 March 2023, Heilongjiang Company had cash and cash equivalents of RMB197.3 million, RMB91.8 million, RMB345.5 million and RMB241.6 million, respectively.

As at the end of the Reporting Period, the substantial part of the cash and bank balances of Heilongjiang Company were denominated in RMB.

Heilongjiang Company historically met its liquidity requirements through a combination of the cash flow generated from their daily operation and short-term and long-term borrowings.

As at 31 December 2020, 2021, 2022 and 31 March 2023, Heilongjiang Company had total borrowings of RMB7,013.7 million, RMB6,543.6 million, RMB8,814.8 million and RMB8,893.4 million, respectively.

Heilongjiang Company's effective interest rate on bank borrowings was in the range of 4.05%-5.15%, 3.30%-5.15%, 3.10%-4.80% and 2.95%-4.80% for the years ended 31 December 2020, 2021, 2022 and the three months ended 31 March 2023, respectively.

The long-term and short-term borrowings of Heilongjiang Company were denominated in RMB.

The total equity of Heilongjiang Company as at 31 December 2020, 2021, 2022 and 31 March 2023 was RMB1,143.9 million, RMB1,240.4 million, RMB1,773.9 million and RMB1,890.4 million, respectively.

Gearing Ratio

As at 31 December 2020, 2021, 2022 and 31 March 2023, the gearing ratio of Heilongjiang Company (being total net debt over total capital) was 85.9%, 84.3%, 83.0% and 82.4%, respectively.

The objective of the treasury policies of Heilongjiang Company is to minimise risks. Heilongjiang Company adopts a prudent treasury policy towards its overall business operation and manage as well as monitor its financial risk exposures to ensure that appropriate measures are implemented on a timely and effective manner.

Charge on Assets

Heilongjiang Company's secured bank borrowings were secured by its property, plant and equipment, and trade receivables amounting to RMB1,096.5 million, RMB344.6 million, RMB487.4 million and RMB570.8 million as at 31 December 2020, 2021 and 2022 and 31 March 2023, respectively.

Other than as disclosed above, the entire equity interests in Tailai Haoxin Photovoltaic Power Generation Co., Limited* ("泰來好新光伏發電有限公司") and Daqing Huaguang Solar Power Generation Co., Limited* ("大慶華光太陽能發電有限責任公司"), being two subsidiaries of Heilongjiang Company, had been pledged to secure bank borrowings with carrying amount of RMB114.3 million, RMB140.9 million, RMB126.4 million and RMB126.3 million as at 31 December 2020, 2021, 2022 and 31 March 2023, respectively.

Contingent Liabilities

As at 31 December 2020, 2021 and 2022 and 31 March 2023, Heilongjiang Company did not have any material contingent liabilities.

Foreign Exchange Exposure

Heilongjiang Company is principally operating in the PRC, with all transactions denominated in RMB. Heilongjiang Company is not exposed to any significant foreign exchange exposure and carried out no foreign exchange hedging activities.

Material Investment, Acquisition and Disposals

During the year ended 31 December 2020, SPIC assigned 100% equity interest in SPIC Heilongjiang New Energy Co., Limited.* ("國家電投集團黑龍江新能源有限公司") ("SPIC Heilongjiang") to Heilongjiang Company as a capital injection from shareholder. During year ended 31 December 2022, Heilongjiang Company entered into an agreement with a third party, pursuant to which third party agreed to acquired 40.35% equity interests in SPIC Heilongjiang, by a capital injection of RMB300,000,000. Apart from the diluted shareholding owned by Heilongjiang Company, there were no material changes on investment in SPIC Heilongjiang.

For details of the acquisitions and disposals of Heilongjiang Company during the Reporting Period, please refer to notes 43 and 46 of the accountants' report of Heilongjiang Company as set out in Appendix IIB to this circular.

Heilongjiang Company has no specific future plan for material investments or capital assets in the coming year after the Acquisitions. The expected sources of funding for Heilongjiang Company's future plans for material investments or capital assets in the coming year after the Acquisitions are a combination of internal resources and external financing.

Employees and Remuneration Policies

As at 31 December 2020, 2021, 2022 and 31 March 2023, Heilongjiang Company had an average of 120, 152, 217 and 259 employees, respectively.

Heilongjiang Company recruits, employs, promotes and remunerates its employees based on their qualifications, experience, skills, performances and contributions. Remuneration is also determined with reference to, among others, the market trend. The staff costs of Heilongjiang Company for the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023 were RMB25.0 million, RMB49.6 million, RMB67.0 million, RMB18.8 million and RMB25.4 million, respectively, which mainly included wages, salaries and bonuses, staff welfare and pension costs, details of which are set out in note 11 of the accountants' report of Heilongjiang Company as set out in Appendix IIB to this circular.

Prospects

Upon completion of the Acquisitions, Heilongjiang Company will continue to engage in investment holdings, generation and sales of electricity and the development of power plants in the PRC. Save as disclosed above, Heilongjiang Company has no specific future plan for material investments or capital assets in the coming year after the Acquisitions.

III. MANAGEMENT DISCUSSION AND ANALYSIS OF FUJIAN COMPANY

Set out below is the management discussion and analysis on Fujian Company and its subsidiaries for the Reporting Period. The discussion and analysis relate to the consolidated results and financial position of Fujian Company. The following discussion and analysis should be read in conjunction with the accountants' report set out in Appendix IIC to this circular.

A. BUSINESS OVERVIEW

Fujian Company was incorporated in the PRC on 14 April 2020 as a limited liability company and is principally engaged in investment holdings, generation and sales of electricity and the development of power plants in the PRC. For further details of Fujian Company, please refer to the section headed "Information of the Target Companies" of the Letter from the Board in this circular.

B. FINANCIAL OVERVIEW

Revenue

Fujian Company recorded revenue of RMB74.5 million, RMB220.2 million, RMB371.9 million, RMB86.8 million and RMB136.9 million for the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023, respectively. During the Reporting Period, Fujian Company generated revenue from four segments, being (i) wind power generation, (ii) thermal power generation; (iii) photovoltaic power generation; and (iv) energy storage.

- With respect to the wind power generation segment, Fujian Company recorded revenue of nil, RMB80.9 million, RMB215.9 million, RMB54.9 million and RMB71.3 million for the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023, respectively;
- With respect to the thermal power generation segment, Fujian Company recorded revenue of nil, nil, RMB5.9 million, nil and RMB8.9 million for the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023, respectively;
- With respect to the photovoltaic power generation segment, Fujian Company recorded revenue of RMB74.5 million, RMB139.3 million, RMB150.2 million, RMB31.9 million and RMB38.6 million for the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023, respectively; and
- With respect to the energy storage segment, Fujian Company recorded revenue of nil, nil, nil, nil and RMB18.1 million for the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023, respectively.

The continuous increase in revenue of Fujian Company during the Reporting Period was primarily due to (i) the subsidiaries of Fujian Company which were in the construction phase being gradually completed and put into operation; and (ii) Fujian Company's continuous acquisitions and establishment of new project companies.

Segment Information

During the Reporting Period, Fujian Company generated revenue from four segments, being (i) wind power generation; (ii) thermal power generation; (iii) photovoltaic power generation; and (iv) energy storage in the PRC. Majority of the sales of electricity to regional and provincial power grid companies are pursuant to the power purchase agreements entered into between Fujian Company and the respective regional and provincial power grid companies. Fujian Company's sales of electric power were made to these power grid companies at the tariff rates agreed with the respective regional and provincial power grid companies as approved by the relevant government authorities.

Operating Expenses

The operating expenses of Fujian Company primarily comprised depreciation, staff costs, repairs and maintenance, and other operating expenses.

- Fujian Company's operating expenses increased by RMB89.2 million from RMB57.2 million for the year ended 31 December 2020 to RMB146.4 million for the year ended 31 December 2021, representing an increase of 155.9%. The increase was mainly due to (i) the increase in depreciation expenses of RMB49.6 million and (ii) the increase in other operating expenses of RMB24.2 million.

- Fujian Company's operating expenses increased by RMB113.9 million from RMB146.4 million for the year ended 31 December 2021 to RMB260.3 million for the year ended 31 December 2022, representing an increase of 77.7%. The increase was mainly due to (i) the increase in depreciation expenses of RMB55.9 million and (ii) the increase in staff costs of RMB35.0 million.

- Fujian Company's operating expenses increased by RMB35.4 million from RMB52.8 million for the three months ended 31 March 2022 to RMB88.2 million for the three months ended 31 March 2023, representing an increase of 66.9%. The increase was mainly due to (i) the increase in depreciation expenses of RMB12.8 million; (ii) the increase in other operating expenses of RMB11.9 million; and (iii) the increase in staff costs of RMB10.5 million.

Other Income

The other income of Fujian Company primarily comprised rental income, income from provision of repairs and maintenance services, income from provision of IT and other services and others.

- Fujian Company's other income decreased by RMB3.1 million from RMB4.0 million for the year ended 31 December 2020 to RMB0.9 million for the year ended 31 December 2021. The decrease was mainly due to the decrease in income from provision of IT and other services and other income of RMB3.1 million.

- Fujian Company's other income increased by RMB9.8 million from RMB0.9 million for the year ended 31 December 2021 to RMB10.7 million for the year ended 31 December 2022. The increase was mainly due to the increase in income from provision of IT and other services of RMB9.0 million.

- Fujian Company's other income increased by RMB3.7 million from RMB1.4 million for the three months ended 31 March 2022 to RMB5.1 million for the three months ended 31 March 2023. The increase was mainly due to the increase in (i) rental income of RMB1.5 million; and (ii) income from provision of IT and other services of RMB3.1 million.

Finance Costs

Finance costs represent interest expenses on bank loans and other borrowings and borrowings from related parties. Fujian Company recorded finance costs of RMB22.9 million, RMB68.1 million, RMB85.6 million, RMB19.2 million and RMB23.2 million for each of the years ended 31 December 2020, 2021 and 2022, and the three months ended 31 March 2022 and 2023, respectively. Fujian Company's increasing finance costs over the Reporting Period were mainly due to the increase in total borrowings with the increasing number of subsidiaries owned by Fujian Company through mergers and acquisitions and new subsidiaries over the same period.

Income Tax Expenses

The income tax expenses mainly represent the PRC current income tax and deferred income tax.

- Fujian Company's income tax expenses increased by RMB1.5 million from RMB0.9 million for the year ended 31 December 2020 to RMB2.4 million for the year ended 31 December 2021, representing an increase of 166.4%. The increase was mainly attributable to the increase in income tax of RMB0.9 million as a result of the expiry of period during which income tax benefit was enjoyed by certain subsidiaries of Fujian Company.

- Fujian Company's income tax expenses increased by RMB12.5 million from RMB2.4 million for the year ended 31 December 2021 to RMB14.9 million for the year ended 31 December 2022, representing an increase of 529.4%. The increase was mainly attributable to the increase in deferred income tax of RMB12.2 million.

- Fujian Company's income tax expenses increased by RMB4,808,000 from RMB34,000 for the three months ended 31 March 2022 to RMB4,842,000 for the three months ended 31 March 2023, representing an increase of 14,141.2%. The increase was mainly attributable to the increase in income tax of RMB4,808,000 as a result of the expiry of period during which income tax benefit was enjoyed by certain subsidiaries of Fujian Company.

Profit for the year/period

Fujian Company's profit increased by RMB26.9 million from RMB8.0 million for the year ended 31 December 2020 to RMB34.9 million for the year ended 31 December 2021, representing an increase of 336.8%. The increase was mainly attributable to the increase in revenue due to the reasons as stated in the above paragraph headed "Revenue".

Fujian Company's profit increased by RMB10.7 million from RMB34.9 million for the year ended 31 December 2021 to RMB45.6 million for the year ended 31 December 2022, representing an increase of 30.7%. The increase was mainly attributable to the increase in revenue due to the reasons as stated in the above paragraph headed "Revenue".

Fujian Company's profit decreased by RMB13.7 million from RMB17.1 million for the three months ended 31 March 2022 to RMB3.4 million for the three months ended 31 March 2023, representing an decrease of 80.1%. The decrease was mainly attributable to the increase in operating expenses and decrease in other income due to the reasons as stated in the above paragraphs headed "Operating Expenses", "Finance Costs" and "Income Tax Expenses".

Liquidity and Financial Resources and Capital Structure

As at 31 December 2020, 2021 and 2022 and 31 March 2023, Fujian Company had total current assets of RMB439.8 million, RMB577.8 million, RMB928.9 million, and RMB981.4 million, respectively, which mainly comprised inventories, accounts receivable, prepayments, deposits and other receivables, amounts due from related parties, restricted deposits and cash and cash equivalents.

As at 31 December 2020, 2021 and 2022 and 31 March 2023, Fujian Company had total current liabilities of RMB373.1 million, RMB437.2 million, RMB1,054.9 million and RMB992.2 million, respectively, which mainly comprised construction costs payable, other payables and accrued charges, amounts due to related parties, current portion of bank and other borrowings, current portion of borrowings from related parties, lease liabilities and tax payable.

As at 31 December 2020, 2021 and 2022 and 31 March 2023, Fujian Company had cash and cash equivalents of RMB62.5 million, RMB72.6 million, RMB154.1 million and RMB111.4 million, respectively.

As at the end of the Reporting Period, the cash and bank balances of Fujian Company were denominated in RMB.

Fujian Company historically met its liquidity requirements through a combination of the cash flow generated from their daily operation and borrowings.

As at 31 December 2020, 2021, 2022 and 31 March 2023, Fujian Company had bank and other borrowings, borrowings from related parties and lease liabilities of RMB635.4 million, RMB1,795.5 million, RMB2,795.2 million and RMB2,809.7 million, respectively.

Fujian Company's weighted average interest rate on capitalized borrowings is 4.46%, 4.51%, 4.29% and 0.88% for the years ended 31 December 2020, 2021, 2022 and the three months ended 31 March 2023, respectively.

The long-term and short-term borrowings of Fujian Company were denominated in RMB.

The total equity of Fujian Company as at 31 December 2020, 2021 and 2022 and 31 March 2023 was RMB289.2 million, RMB761.6 million, RMB1,653.5 million and RMB1,657.6 million, respectively.

Gearing Ratio

As at 31 December 2020, 2021 and 2022 and 31 March 2023, the gearing ratio of Fujian Company (being net debt over total capital) was 66.4%, 69.3%, 61.5% and 61.9%, respectively.

The objective of the treasury policies of Fujian Company is to minimise risks. Fujian Company adopts a prudent treasury policy towards its overall business operation and manage as well as monitor its financial risk exposures to ensure that appropriate measures are implemented on a timely and effective manner.

Charge on Assets

Fujian Company's secured bank borrowings, other borrowings and borrowings from related parties were secured by accounts receivable with carrying amounts of RMB136.2 million, RMB206.5 million, RMB370.6 million and RMB436.1 million as at 31 December 2020, 2021 and 2022 and 31 March 2023, respectively.

Contingent Liabilities

As at 31 December 2020, 2021 and 2022 and 31 March 2023, Fujian Company did not have any material contingent liabilities.

Foreign Exchange Exposure

Fujian Company is principally operating in the PRC, with all transactions denominated in RMB. Fujian Company is not exposed to any significant foreign exchange exposure and carried out no foreign exchange hedging activities.

Material Investment, Acquisition and Disposals

For the year ended 31 December 2022, Fujian Company acquired 50% equity interest in Shenzhen Fenghe Energy Investment Co. Ltd* (深圳峰和能源投資有限公司), a company principally engaged in generation and sale of electricity in the PRC with a consideration at RMB200 million. The fair value of the equity interest acquired as at 31 March 2023 was RMB216.9 million, representing 4.3% of Fujian Company's total assets. As at 31 December 2022 and 31 March 2023, the amount of undistributed post-acquisition reserves were RMB13.2 million and RMB16.9 million, respectively. The investment strategy of Fujian Company for these significant investments is to optimize the size and quality of assets in accordance with its development plan, promote continuous improvement of its revenue and profitability, and achieve sustainable development.

The details of Fujian Company's investments in joint venture as at 31 December 2020, 2021 and 2022 and 31 March 2023 are set out in note 19 of the accountants' report of Fujian Company in Appendix IIC to this circular.

Save as disclosed above, Fujian Company did not have any material acquisition, disposals or significant investment during the Reporting Period. Fujian Company has no specific future plan for material investments or capital assets in the coming year after the Acquisitions. The expected sources of funding for Fujian Company's future plans for material investments or capital assets in the coming year after the Acquisitions are a combination of internal resources and external financing.

Employees and Remuneration Policies

As at 31 December 2020, 2021, 2022 and 31 March 2023, Fujian Company had an average of 83, 117, 170 and 208 employees, respectively.

Fujian Company recruits, employs, promotes and remunerates its employees based on their qualifications, experience, skills, performances and contributions. Remuneration is also determined with reference to, among others, the market trend. The staff costs of Fujian Company for the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023 were RMB10.2 million, RMB25.3 million, RMB60.3 million, RMB12.4 million and RMB22.9 million, respectively, which mainly included wages, salaries and bonuses and staff welfare, details of which are set out in note 6 of the accountants' report of Fujian Company as set out in Appendix IIC to this circular.

Prospects

Upon completion of the Acquisitions, Fujian Company will continue to engage in investment holdings, generation and sales of electricity and the development of power plants in the PRC. Save as disclosed above, Fujian Company has no specific future plan for material investments or capital assets in the coming year after the Acquisitions.

IV. MANAGEMENT DISCUSSION AND ANALYSIS OF SHANXI COMPANY

Set out below is the management discussion and analysis on Shanxi Company and its subsidiaries (together, the "Shanxi Company") for the Reporting Period. The discussion and analysis relate to the consolidated results and financial position of Shanxi Company. The following discussion and analysis should be read in conjunction with the accountants' report set out in Appendix IID to this circular.

A. BUSINESS OVERVIEW

Shanxi Company was incorporated in the PRC on 31 July 2017 as a limited liability company and is principally engaged in generation and sales of electricity in the PRC, including investment, development, operation and management of photovoltaic power and wind power plants. For further details of Shanxi Company, please refer to the section headed "Information of the Target Companies" of the Letter from the Board in this circular.

B. FINANCIAL OVERVIEW

Revenue

Shanxi Company recorded revenue of RMB68.3 million, RMB120.8 million, RMB185.0 million, RMB23.9 million and RMB147.7 million for the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023, respectively. During the Reporting Period, Shanxi Company generated revenue from two segments, being (i) photovoltaic power electricity; and (ii) wind power electricity.

- With respect to the photovoltaic power electricity segment, Shanxi Company recorded revenue of RMB68.3 million, RMB120.8 million, RMB118.8 million, RMB23.9 million and RMB26.9 million for the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023, respectively; and

- With respect to the wind power electricity segment, Shanxi Company recorded revenue of nil, nil, RMB66.2 million, nil and RMB120.8 million for the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023, respectively.

The continuous increase in revenue of Shanxi Company during the Reporting Period was primarily due to the various acquisitions made by Shanxi Company as detailed in the below paragraph headed "Material Investment, Acquisition and Disposals".

Segment Information

During the Reporting Period, Shanxi Company generated revenue from two segments, being the sale of (i) photovoltaic power electricity and (ii) wind power electricity in the PRC. Shanxi Company's major customers were regional and provincial power grid companies.

Operating Expenses

The operating expenses of Shanxi Company primarily comprised depreciation, staff costs, repairs and maintenance costs, and other operating expenses.

- Shanxi Company's operating expenses increased by RMB40.4 million from RMB49.2 million for the year ended 31 December 2020 to RMB89.6 million for the year ended 31 December 2021, representing an increase of 82.1%. The increase was mainly due to (i) the increase in depreciation expenses of RMB21.4 million, (ii) the increase in staff costs of RMB6.8 million, and (iii) the increase in repair and maintenance costs of RMB7.1 million, associated with Shanxi Company's acquisitions and business expansion.

- Shanxi Company's operating expenses increased by RMB51.0 million from RMB89.6 million for the year ended 31 December 2021 to RMB140.6 million for the year ended 31 December 2022, representing an increase of 56.9%. The increase was mainly due to (i) the increase in depreciation expenses RMB21.6 million, (ii) the increase in staff costs of RMB8.2 million, (iii) the increase in repairs and maintenance costs of RMB11.6 million, and (iv) the increase in other operating expenses of RMB9.6 million, associated with Shanxi Company's acquisitions and business expansion.

- Shanxi Company's operating expenses increased by RMB54.8 million from RMB20.1 million for the three months ended 31 March 2022 to RMB74.9 million for the three months ended 31 March 2023, representing an increase of 272.6%. The increase was mainly due to (i) the increase in depreciation expenses of RMB36.7 million, (ii) the increase in staff costs of RMB7.5 million, and (iii) the increase in repairs and maintenance costs of RMB7.4 million, associated with Shanxi Company's acquisitions and business expansion.

Other gains or losses

Other gains or losses of Shanxi Company primarily comprised gains from re-measurement of equity at fair value, and other.

For the year ended 31 December 2020, other losses of Shanxi Company amounted to nil.

For the year ended 31 December 2021, other gains of Shanxi Company amounted to RMB3.8 million, which was mainly due to bad debt recovered.

For the year ended 31 December 2022, other gains of Shanxi Company amounted to RMB9.6 million, which was mainly due to the gains on investment.

For the three months ended 31 March 2023, other gains of Shanxi Company amounted to RMB6,791.7, which was mainly due to the gains on investment.

Other Income

The other income of Shanxi Company primarily comprised incentive scheme, inventories gain, waiver of liabilities, and others.

- Shanxi Company's other income increased by RMB4.8 million from RMB8.5 million for the year ended 31 December 2020 to RMB13.3 million for the year ended 31 December 2021, representing an increase of 56.5%. The increase was mainly due to (i) the increase in waiver of liabilities of RMB2.3 million, and (ii) the increase in operation and maintenance income of RMB1.8 million.

- Shanxi Company's other income increased by RMB30.1 million from RMB13.3 million for the year ended 31 December 2021 to RMB43.4 million for the year ended 31 December 2022, representing an increase of 226.3%. The increase was mainly due to the increase in electricity sales services fee income of RMB27.3 million.

- Shanxi Company's other income increased by RMB9.1 million from RMB3.3 million for the three months ended 31 March 2022 to RMB12.4 million for the three months ended 31 March 2023, representing an increase of 275.8%. The increase was mainly due to the increase in electricity sales services fee income of RMB9.3 million.

Finance Costs

Finance costs represent interest expenses less amounts capitalised on qualifying assets. Shanxi Company recorded finance costs of RMB24.6 million, RMB41.7 million, RMB69.2 million, RMB8.1 million and RMB27.6 million for each of the years ended 31 December 2020, 2021 and 2022, and the three months ended 31 March 2022 and 2023, respectively. The changes were mainly attributable to the increase in borrowings associated with Shanxi Company's business expansion.

Income Tax Credit/Expense

The income tax credit/expense mainly represent the PRC current income tax and deferred income tax.

- Shanxi Company's income tax credit being RMB0.6 million for the year ended 31 December 2020 changed to an income tax expense of RMB1.8 million for the year ended 31 December 2021. The change was mainly attributable to increased income tax associated with Shanxi Company's business expansion.

- Shanxi Company's income tax expenses increased by RMB11.4 million from RMB1.8 million for the year ended 31 December 2021 to RMB13.2 million for the year ended 31 December 2022. The increase was mainly attributable to increased income tax associated with Shanxi Company's business expansion.

- Shanxi Company's income tax expenses increased by RMB9.1 million from RMB0.6 million for the three months ended 31 March 2022 to RMB9.7 million for the three months ended 31 March 2023. The increase was mainly attributable to increased income tax associated with Shanxi Company's business expansion.

Profit for the year/period

Shanxi Company's profit increased by RMB6.5 million from RMB3.8 million for the year ended 31 December 2020 to RMB10.3 million for the year ended 31 December 2021, representing an increase of 171.1%. The increase was mainly attributable to the increase in revenue associated with Shanxi Company's business expansion.

Shanxi Company's profit increased by RMB10.4 million from RMB10.3 million for the year ended 31 December 2021 to RMB20.7 million for the year ended 31 December 2022, representing an increase of 101.0%. The increase was mainly attributable to the increase in revenue associated with Shanxi Company's business expansion.

Shanxi Company's profit increased by RMB52.9 million from a loss of RMB3.3 million for the three months ended 31 March 2022 to a profit of RMB49.7 million for the three months ended 31 March 2023. The increase was mainly attributable to the increase in revenue associated with Shanxi Company's business expansion.

Liquidity and Financial Resources and Capital Structure

As at 31 December 2020, 2021, 2022 and 31 March 2023, Shanxi Company had total current assets of RMB368.1 million, RMB271.4 million, RMB1,006.7 million, and RMB1,084.4 million, respectively, which mainly comprised inventories, accounts receivables, prepayments, deposits and other receivables, restricted deposits, and cash and cash equivalents.

As at 31 December 2020, 2021, 2022 and 31 March 2023, Shanxi Company had total current liabilities of RMB84.0 million, RMB184.0 million, RMB1,164.4 million and RMB601.8 million, respectively, which mainly comprised accounts and bills payables, other payables and accrued charges, bank borrowings, other borrowings, lease liabilities and tax payable.

As at 31 December 2020, 2021, 2022 and 31 March 2023, Shanxi Company had cash and cash equivalents of RMB259.7 million, RMB108.6 million, RMB453.1 million and RMB455.8 million, respectively.

As at the end of the Reporting Period, the substantial part of the cash and bank balances of Shanxi Company were denominated in RMB.

Shanxi Company historically met its liquidity requirements through a combination of the cash flow generated from their daily operation and short-term and long-term borrowings.

As at 31 December 2020, 2021, 2022 and 31 March 2023, Shanxi Company had bank borrowings and other borrowings of RMB670.1 million, RMB914.4 million, RMB3,437.0 million and RMB3,600.2 million, respectively.

Shanxi Company had no capitalised borrowings for the years ended 31 December 2020 and 2021. Shanxi Company's weighted average interest rate on capitalised borrowings was 3.55% and 3.05% for the year ended 31 December 2022 and the three months ended 31 March 2023, respectively.

The long-term and short-term borrowings of Shanxi Company were denominated in RMB.

The total equity of Shanxi Company as at 31 December 2020, 2021, 2022 and 31 March 2023 was RMB204.7 million, RMB215.0 million, RMB1,084.9 million and RMB1,236.9 million, respectively.

Gearing Ratio

As at 31 December 2020, 2021, 2022 and 31 March 2023, the gearing ratio of Shanxi Company (being net debt over total capital) was 70.6%, 67.5%, 65.5% and 65.8%, respectively.

The objective of the treasury policies of Shanxi Company is to minimise risks. Shanxi Company adopts a prudent treasury policy towards its overall business operation and manage as well as monitor its financial risk exposures to ensure that appropriate measures are implemented on a timely and effective manner.

Charge on Assets

Shanxi Company's secured bank borrowings were secured by certain property, plant and equipment, right-of-use assets, and accounts receivables amounting to RMB49.3 million, RMB74.0 million, RMB1,850.7 million and RMB1,884.5 million as at 31 December 2020, 2021 and 2022 and 31 March 2023, respectively.

Contingent Liabilities

As at 31 December 2020, 2021 and 2022 and 31 March 2023, Shanxi Company did not have any material contingent liabilities.

Foreign Exchange Exposure

Shanxi Company is principally operating in the PRC, with all transactions denominated in RMB. Shanxi Company is not exposed to any significant foreign exchange exposure and carried out no foreign exchange hedging activities.

Material Investment, Acquisition and Disposals

For the year ended 31 December 2021, Shanxi Company acquired 100% equity interests in (i) Datong Yunzhou District Longji Green Energy Clean Energy Co., Ltd.* (大同市雲州區隆基綠能清潔能源有限公司), a company mainly engaged in generation and sale of electricity for a consideration of RMB37.2 million; and (ii) Guangling County Longxing Green Energy Clean Energy Co., Ltd.* (廣靈縣隆興綠能清潔能源有限公司), a company mainly engaged in generation and sale of electricity for a consideration of RMB16.0 million.

For the year ended 31 December 2022, Shanxi Company acquired 100% equity interests in (i) Shanxi Yulong Group Youyu Niuxinbao Wind Power Generation Co., Ltd.* (山西玉龍集團右玉牛心堡風力發電有限公司), a company mainly engaged in generation and sale of electricity for a consideration of RMB761.6 million; and (ii) Shanxi Diantou Clean Energy Technology Co., Ltd.* (山西電投清潔能源科技有限公司), a company mainly engaged in generation and sale of electricity for a consideration of RMB185.8 million.

The details of Shanxi Company's investments in associates as at 31 December 2020, 2021, 2022 and 31 March 2023 are set out in note 17 of the accountants' report of Shanxi Company in Appendix IID to this circular.

Shanxi Company has no specific future plan for material investments or capital assets in the coming year after the Acquisitions. The expected sources of funding for Shanxi Company's future plans for material investments or capital assets in the coming year after the Acquisitions are a combination of internal resources and external financing.

Employees and Remuneration Policies

As at 31 December 2020, 2021, 2022 and 31 March 2023, Shanxi Company had an average of 27, 65, 126 and 170 employees, respectively.

Shanxi Company recruits, employs, promotes and remunerates its employees based on their qualifications, experience, skills, performances and contributions. Remuneration is also determined with reference to, among others, the market trend. The staff costs of Shanxi Company for the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023 were RMB9.8 million, RMB16.6 million, RMB24.8 million, RMB2.8 million and RMB10.2 million, respectively, which mainly included wages, salaries and bonuses, staff welfare and pension costs, details of which are set out in note 11 of the accountants' report of Shanxi Company as set out in Appendix IID to this circular.

Prospects

Upon completion of the Acquisitions, Shanxi Company will continue to engage in investment holdings, generation and sales of electricity and the development of power plants in the PRC. Save as disclosed above, Shanxi Company has no specific future plan for material investments or capital assets in the coming year after the Acquisitions.

V. MANAGEMENT DISCUSSION AND ANALYSIS OF JIEYANG COMPANY

Set out below is the management discussion and analysis on Jieyang Company for the Reporting Period. The discussion and analysis relate to the consolidated results and financial position of Jieyang Company. The following discussion and analysis should be read in conjunction with the accountants' report set out in Appendix IIE to this circular.

A. BUSINESS OVERVIEW

Jieyang Company was incorporated in the PRC on 21 March 2019 as a limited liability company and is principally engaged in generation and sales of electricity in the PRC. For further details of Jieyang Company, please refer to the section headed "Information of the Target Companies" of the Letter from the Board in this circular.

B. FINANCIAL OVERVIEW

Revenue

Jieyang Company recorded revenue of nil, RMB124.3 million, RMB848.7 million, RMB287.2 million and RMB262.6 million for the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023, respectively. The increase in revenue of Jieyang Company over the years ended 31 December 2020 and 2021 was due to the fact that Jieyang Company was not yet in operation for the year ended 31 December 2020 and did not record any revenue. Revenue for the year ended 31 December 2022 was significantly higher than that of the year ended 31 December 2021 due to fact that the main construction of Jieyang Company's wind power project was only completed in the fourth quarter of 2021, with electricity generation starting thereafter. As a result, revenue for Jieyang Company was initially recorded in December 2021. The slight decrease in revenue of Jieyang Company over the three months ended 31 March 2022 and 2023 was primarily due to the decrease in wind power electricity generation affected by availability of wind resources.

Segment Information

During the Reporting Period, Jieyang Company generated revenue from its single segment, being the sale of wind power electricity in the PRC. For the same period, the major customer of Jieyang Company is Guangdong Grid Co* (廣東電網有限責任公司), which accounted for 100% of Jieyang Company's external revenue.

Operating Expenses

The operating expenses of Jieyang Company primarily comprised depreciation, staff costs, repairs and maintenance, subcontracting costs, consumables and other operating expenses.

- Jieyang Company's operating expenses increased by RMB4.2 million from nil for the year ended 31 December 2020 to RMB4.2 million for the year ended 31 December 2021. The increase was mainly due to the fact that Jieyang Company was not yet in operation, as the main construction of the wind power project was still in progress for the year ended 31 December 2020. Therefore, no revenue nor operating expenses were recorded.

- Jieyang Company's operating expenses increased by RMB395.5 million from RMB4.2 million for the year ended 31 December 2021 to RMB399.7 million for the year ended 31 December 2022, representing an increase of 9,376.4%. The increase was mainly due to the fact that operating expenses accounted for only one month of operation in the year ended 31 December 2021, as compared to the full year for the year ended 31 December 2022.

- Jieyang Company's operating expenses increased by RMB25.7 million from RMB76.4 million for the three months ended 31 March 2022 to RMB102.1 million for the three months ended 31 March 2023, representing an increase of 33.8%. The increase was mainly due to (i) the increase in depreciation expenses of RMB5.7 million, (ii) the increase in staff costs of RMB4.8 million, and (iii) the increase in other operating expenses of RMB13.6 million.

Other gains and losses

Other gains and losses of Jieyang Company primarily comprised net gain on disposal of property, plant and equipment and government grants.

For the years ended 31 December 2020 and 2021, other gains and losses of Jieyang Company were nil and nil.

For the year ended 31 December 2022, other gains of Jieyang Company amounted to RMB178,000, which was mainly due to the net gain from the sale of submarine cable equipment to other subsidiaries of SPIC and government grants received.

For the three months ended 31 March 2023, other gains of Jieyang Company amounted to RMB9,000, which was mainly due to government grants received.

Finance Costs

Finance costs represent interest expenses on bank borrowings, other borrowings, borrowings from a related party and lease liabilities, less amounts capitalized in property, plant and equipment. Jieyang Company recorded finance costs of nil, RMB3.3 million, RMB164.2 million, RMB39.7 million and RMB52.2 million for each of the years ended 31 December 2020, 2021 and 2022, and the three months ended 31 March 2022 and 2023, respectively. The changes were mainly attributable to (i) the decrease in capitalized interest expense after completion of the main construction of Jieyang Company's wind power project in the fourth quarter of 2021; and (ii) the changes in amount of borrowings of Jieyang Company.

Income Tax Expenses

The income tax expenses mainly represent the PRC enterprise income tax.

Jieyang Company's income tax expenses was nil for the year ended 31 December 2020, as profit before taxation for the same period was nil.

Jieyang Company's income tax expenses were nil, RMB17,000, nil and nil for each of the years ended 31 December 2021 and 2022, and the three months ended 31 March 2022 and 2023, respectively. As Jieyang Company's offshore wind power projects are in compliance with the preferential enterprise income tax policy of three-year exemption and three-half reduction of income tax from the year when the first income is obtained, there was no enterprise income tax payable for the year ended 31 December 2021 and three months ended 31 March 2022 and 2023, with the exception of the year ended 31 December 2022, due to receipt of government job stabilization grants as other income, which did not fall within the above tax exemption.

Profit for the year/period

Jieyang Company's profit increased by RMB116.8 million from nil for the year ended 31 December 2020 to RMB116.8 million for the year ended 31 December 2021. The increase was mainly attributable to the fact that Jieyang Company was not yet in operation for the year ended 31 December 2020 and did not record any revenue and profit.

Jieyang Company's profit increased by RMB175.5 million from RMB116.8 million for the year ended 31 December 2021 to RMB292.3 million for the year ended 31 December 2022, representing an increase of 150.2%. The increase was mainly attributable to the fact that Jieyang Company was in operation for only one month in the year ended 31 December 2021, as compared to the full year for the year ended 31 December 2022.

Jieyang Company's profit decreased by RMB41.0 million from RMB171.2 million for the three months ended 31 March 2022 to RMB130.2 million for the three months ended 31 March 2023, representing a decrease of 24.0%. The decrease was mainly attributable to the decrease in revenue due to the decrease in wind power electricity generation affected by availability of wind resources.

Liquidity and Financial Resources and Capital Structure

As at 31 December 2020, 2021 and 2022 and 31 March 2023, Jieyang Company had total current assets of RMB16.7 million, RMB165.4 million, RMB1,829.8 million, and RMB1,531.8 million, respectively, which mainly comprised accounts receivables, prepayments, deposits and other receivables, loans to a fellow subsidiary, amounts due from fellow subsidiaries and cash and cash equivalents.

As at 31 December 2020, 2021 and 2022 and 31 March 2023, Jieyang Company had total current liabilities of RMB526.7 million, RMB2,507.2 million, RMB2,132.4 million and RMB1,971.4 million, respectively, which mainly comprised construction costs payables, other payables and accrued charges, current portion of bank borrowings, current portion of other borrowings, current portion of borrowings from related party, current portion of lease liabilities and tax payables.

As at 31 December 2020, 2021 and 2022 and 31 March 2023, Jieyang Company had cash and cash equivalents of RMB15.6 million, RMB31.7 million, RMB35.8 million and RMB106.7 million, respectively.

As at the end of the Reporting Period, the substantial part of the cash and bank balances of Jieyang Company were denominated in RMB.

Jieyang Company historically met its liquidity requirements through a combination of the cash flow generated from their daily operation and borrowings.

As at 31 December 2020, 2021 and 2022 and 31 March 2023, Jieyang Company had bank borrowings, other borrowings, borrowings from a related party and lease liabilities of RMB2,595.0 million, RMB4,540.7 million, RMB5,176.9 million and RMB4,695.5 million, respectively.

Jieyang Company's weighted average interest rate on capitalised borrowings was 4.17%, 3.98%, 4.16% and nil for the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2023, respectively.

All of the borrowings of Jieyang Company were denominated in RMB.

The total equity of Jieyang Company as at 31 December 2020, 2021 and 2022 and 31 March 2023 was RMB386.0 million, RMB1,344.2 million, RMB1,810.7 million and RMB1,460.9 million, respectively.

Gearing Ratio

As at 31 December 2020, 2021 and 2022 and 31 March 2023, the gearing ratio of Jieyang Company (being net debt over total capital) was 87.0%, 77.0%, 74.0% and 75.9%, respectively.

The objective of the treasury policies of Jieyang Company is to minimise risks. Jieyang Company adopts a prudent treasury policy towards its overall business operation and manage as well as monitor its financial risk exposures to ensure that appropriate measures are implemented on a timely and effective manner.

Charge on Assets

Jieyang Company did not have any secured bank or other borrowings or borrowings from a related party as at 31 December 2020, 2021 and 2022 and 31 March 2023, respectively.

Contingent Liabilities

As at 31 December 2020, 2021 and 2022 and 31 March 2023, Jieyang Company did not have any material contingent liabilities.

Foreign Exchange Exposure

Jieyang Company is principally operating in the PRC, with all transactions denominated in RMB. Jieyang Company is not exposed to any significant foreign exchange exposure and carried out no foreign exchange hedging activities.

Material Investment, Acquisition and Disposals

Jieyang Company did not have any material acquisition, disposals or significant investment during the Reporting Period. Jieyang Company has no specific future plan for material investments or capital assets in the coming year after the Acquisitions. The expected sources of funding for Jieyang Company's future plans for material investments or capital assets in the coming year after the Acquisitions are a combination of internal resources and external financing.

Employees and Remuneration Policies

As at 31 December 2020, 2021 and 2022 and 31 March 2023, Jieyang Company had an average of 30, 40, 44 and 47 employees, respectively.

Jieyang Company recruits, employs, promotes and remunerates its employees based on their qualifications, experience, skills, performances and contributions. Remuneration is also determined with reference to, among others, the market trend. The staff costs of Jieyang Company for the years ended 31 December 2020, 2021 and 2022 and the three months ended 31 March 2022 and 2023 were nil, RMB0.3 million, RMB16.3 million, RMB1.5 million and RMB6.2 million, respectively, which mainly included wages, salaries and bonuses, staff welfare and pension costs, details of which are set out in note 6 of the accountants' report of Jieyang Company as set out in Appendix IIE to this circular.

Prospects

Upon completion of the Acquisitions, Jieyang Company will continue to engage in generation and sales of electricity in the PRC. Save as disclosed above, Jieyang Company has no specific future plan for material investments or capital assets in the coming year after the Acquisitions.

* *For identification purpose only*

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Introduction

The following is an illustrative unaudited pro forma consolidated statement of assets and liabilities of the Group as enlarged as if the Acquisitions (as defined in this circular), had been completed.

The unaudited pro forma financial information of the Enlarged Group (as defined in this circular), has been prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2022 included in the published annual report of the Company for the year ended 31 December 2022 and other financial information included elsewhere in this circular, after giving effect to the unaudited pro forma adjustments as described in the accompanying notes.

The unaudited pro forma financial information of the Enlarged Group has been prepared by the directors of the Company for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Acquisitions been completed as at 31 December 2022, where applicable, or any future dates. The unaudited pro forma financial information should be read in conjunction with other financial information included elsewhere in this circular.

	The Group	Beijing Company	Shanxi Company	Fujian Company	Heilongjiang Company	Jieyang Company	Pro forma adjustments			Pro forma amounts of the Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	(Note 1)	*(Note 2)*	*(Note 2)*	*(Note 2)*	*(Note 2)*	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	
ASSETS										
Non-current assets										
Property, plant and equipment	142,306,292	24,844,177	3,853,314	3,302,375	9,007,436	5,972,065	—	—	—	189,285,659
Right-of-use assets	6,893,878	860,255	82,174	187,805	487,671	78,421	—	—	—	8,590,204
Prepayments for construction of power plants	4,951,116	1,131,574	—	38,662	—	—	—	—	—	6,121,352
Goodwill	832,388	18,016	—	—	—	—	—	469,019	—	1,319,423
Interests in associates	5,455,182	254,007	86,797	27	—	—	—	—	—	5,796,013
Interests in joint ventures	1,201,014	—	—	216,949	—	—	—	—	—	1,417,963
Equity instruments at FVTOCI	4,131,667	—	—	—	93,439	—	—	—	—	4,225,106
Other intangible assets	8,286,390	137,449	—	280,073	120,418	—	—	1,876,075	—	10,700,405
Deferred income tax assets	288,300	59,399	7,513	—	63,426	—	—	—	—	418,638
Restricted deposits	18,711	—	—	—	—	—	—	—	—	18,711
Other non-current assets	6,154,281	114,787	356,639	—	375,300	379,875	—	—	—	7,380,882
	180,519,219	27,419,664	4,386,437	4,025,891	10,147,690	6,430,361	—	2,345,094	—	235,274,356
Current assets										
Inventories	1,091,344	20,445	1,139	1,186	87,488	—	—	—	—	1,201,602
Accounts receivable	12,634,771	6,044,410	388,426	547,438	591,660	636,885	—	—	—	20,843,590
Prepayments, deposits and other receivables	6,594,392	883,383	237,901	317,923	314,289	105,310	—	—	—	8,453,198
Amounts due from related parties	6,098,185	1,506,806	—	3,495	—	682,919	—	—	—	8,291,405
Tax recoverable	70,738	—	—	—	—	—	—	—	—	70,738
Debt instruments at FVTOCI	108,972	—	—	—	—	—	—	—	—	108,972
Restricted deposits	59,244	1,513	1,140	—	—	—	—	—	—	61,897
Cash and cash equivalents	4,228,099	2,956,400	455,767	111,350	241,610	106,682	(571,185)	—	(67,000)	7,461,723
	30,885,745	11,412,957	1,084,373	981,392	1,235,047	1,531,796	(571,185)	—	(67,000)	46,493,125
Total assets	211,404,964	38,832,621	5,470,810	5,007,283	11,382,737	7,962,157	(571,185)	2,345,094	(67,000)	281,767,481

	The Group	Beijing Company	Shanxi Company	Fujian Company	Heilongjiang Company	Jieyang Company	Pro forma adjustments			Pro forma amounts of the Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	(Note 1)	*(Note 2)*	*(Note 2)*	*(Note 2)*	*(Note 2)*	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	
LIABILITIES										
Non-current liabilities										
Deferred income	35,625	17	—	4,761	501	—	—	—	—	40,904
Bank borrowings	62,212,186	12,220,209	2,935,345	1,715,989	6,219,721	4,240,591	—	6,263,852	—	95,807,893
Borrowings from related parties	10,415,324	1,964,161	—	28,460	1,256,264	230,000	—	—	—	13,894,209
Other borrowings	16,811,531	631,932	487,951	596,038	153,119	—	—	—	—	18,680,571
Lease liabilities	3,189,645	382,664	46,453	—	196,407	59,264	—	—	—	3,874,433
Deferred income tax liabilities	2,275,328	2,609	93,695	12,177	41,776	—	—	469,019	—	2,894,604
Provisions for other long-term liabilities	1,866,003	—	—	—	—	—	—	—	—	1,866,003
Other non- current liabilities	84,183	—	68,725	—	17,501	—	—	—	—	170,409
	96,889,825	15,201,592	3,632,169	2,357,425	7,885,289	4,529,855	—	6,732,871	—	137,229,026
Current liabilities										
Accounts and bills payables	2,566,171	30,034	205,192	—	16,504	—	—	—	—	2,817,901
Construction costs payable	11,990,216	1,342,369	—	336,165	239,554	1,317,731	—	—	—	15,226,035
Other payables and accrued charges	3,607,678	1,065,883	200,446	175,878	67,320	488,000	—	—	—	5,605,205
Amounts due to related parties	3,412,795	1,947,066	—	5,354	—	—	—	—	—	5,365,215
Bank borrowings	16,726,791	5,227,282	168,019	88,987	455,212	164,197	—	4,175,902	—	27,006,390
Borrowings from related parties	4,718,980	206,394	—	250,000	809,077	—	—	—	—	5,984,451
Other borrowings	2,015,000	346,533	8,857	110,654	—	—	—	—	—	2,481,044
Lease liabilities	517,007	31,556	1,241	19,543	7,310	1,486	—	—	—	578,143
Tax payable	370,396	73,723	18,023	5,646	8,530	—	—	—	—	476,318
Contract liabilities	—	—	—	—	3,567	—	—	—	—	3,567
	45,925,034	10,270,840	601,778	992,227	1,607,074	1,971,414	—	4,175,902	—	65,544,269
Total liabilities	142,814,859	25,472,432	4,233,947	3,349,652	9,492,363	6,501,269	—	10,908,773	—	202,773,295
NET ASSETS	68,590,105	13,360,189	1,236,863	1,657,631	1,890,374	1,460,888	(571,185)	(8,563,679)	(67,000)	78,994,186
Less: Non-controlling interests	21,621,460	3,818,163	502,664	413,389	459,567	—	—	4,515,989	—	31,331,232
	46,968,645	9,542,026	734,199	1,244,242	1,430,807	1,460,888	(571,185)	(13,079,668)	(67,000)	47,662,954

Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group

1. The amounts are extracted from the audited consolidated statement of financial position of the Group as at 31 December 2022 included in the published annual report of the Company for the year ended 31 December 2022.

2. The amounts are extracted from the historical financial information of the respective target companies as of 31 March 2023, which has been audited by respective auditors, as set out in Appendices IIA to IIE to the Circular.

3. On 10 July 2023, Beijing Company has announced dividend distribution to its shareholders amounting to approximately RMB503.6 Million. On 13 July 2023, Heilongjiang Company has announced dividend distribution to its shareholder amounting to approximately RMB40.9 Million. On 30 June 2023, Shanxi Company has announced dividend distribution to its shareholder amounting to approximately RMB26.6 Million. All dividends are expected to be paid in cash before completion of the Acquisitions.

4. The pro forma adjustment represents the effect of considerations for the Acquisitions. Pursuant to the Acquisition Agreements, the Consideration payable to existing shareholders of the Target Companies, i.e. SPIC, SPIC Guangdong and CPCEC, shall be RMB10,785 Million, being the fair value of the equity shares to be transferred, less any dividend distribution to its shareholders. Based on the dividend distributions announced so far, the adjusted consideration is expected to be RMB10,440 Million.

The Consideration is to be satisfied by the Company in cash. The Company has plans to obtain long-term acquisition-loan amounting to RMB6,264 Million from Banks in Mainland China. The Company will utilize available short-term facilities to satisfy the remaining amount of the Consideration of RMB4,176 Million.

The Group has applied the acquisition method in accordance with HKFRS 3 to account for the Acquisitions as if the Acquisitions had been completed on 31 December 2022. For the purpose of the unaudited pro forma financial information of the Enlarged Group, it is assumed the except for the newly identified other intangible assets related to preferential electricity price arrangements and the related deferred income tax liabilities, pro forma fair value of the Target Companies' identifiable assets and liabilities approximate their respective carrying amounts as of 31 March 2023. Below is an illustrative of the preliminary purchase price allocation:

	RMB'000
Cash consideration (after dividend distribution adjustment)	10,439,754
Add: Fair value of minority interest in Beijing Company	4,515,989
Less: Fair value of assets and liabilities of the Target Companies	(13,079,668)
Other intangible assets identified	1,876,075
Deferred tax liabilities accrued (25%)	(469,019)
Add: Fair value of assets and liabilities of the Target Companies	13,079,668
Fair value of net identifiable assets of the Target Companies	14,486,724
Cash consideration (after dividend distribution adjustment)	10,439,754
Add: Fair value of minority interest in Beijing Company	4,515,989
Less: Fair value of net identifiable assets of the Target Companies	(14,486,724)
Goodwill identified	469,019

For the purpose of the unaudited pro forma financial information of the Enlarged Group, the Group's management has performed an impairment assessment on the provisional other intangible assets arising from the Acquisitions in accordance with Hong Kong Accounting Standards 36 "Impairment of Assets" and concluded that it would have been no impairment of the newly recognized other intangible assets if the Acquisitions had been completed on 31 December 2022. The recoverable amount under impairment assessment was derived based on the value-in-used method.

The actual fair value of net identifiable assets acquired and liabilities assumed from the Acquisitions at the date of completion may be different from the values used above in the preparation of the Unaudited Pro Forma Financial Information.

5. The adjustment represents the estimated transaction costs, including legal and professional fees of approximately RMB67,000,000 that are directly attributable to the Acquisitions and will be settled by cash.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, Ernst & Young, Certified Public Accountants Hong Kong, in respect of the Group's unaudited pro forma financial information for the purpose of incorporation in this circular.

EY 安永

To the Directors of China Power International Development Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Power International Development Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 31 December 2022 and related notes as set out in Appendix IV to the circular issued by the Company dated 18 August 2023 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Appendix IV to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of equity interest in the Target Companies on the Group's assets and liabilities as at 31 December 2022 as if the Proposed Acquisition had taken place on 31 December 2022. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's consolidated financial statements for the year ended 31 December 2022, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' responsibilities

Our responsibility is to express an opinion as required by paragraph 4.29(7) of the Listing Rules on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2022 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the unaudited pro forma 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:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Ernst & Young
Certified Public Accountants
Hong Kong
18 August 2023

Set out below is a summary of the Asset Appraisal Reports containing the asset appraisals of the Target Companies. For the purpose of complying with Rule 14.62 of the Listing Rules, the principal assumptions of the income approach valuation with discounted cash flow method (which constituted profit forecast under Rule 14.61 of the Listing Rules) set out in the Asset Appraisal Reports in respect of the Target Companies are also set out below.

VALUATION ASSUMPTIONS

General Assumptions

(I) General assumptions applicable to all companies

1. Transaction assumption: It is assumed that all assets to be appraised are in the course of transaction, and the appraiser carries out the valuation by benchmarking to simulated market based on the conditions for transaction of the assets to be appraised.

2. Open market assumption: An open market assumption is an assumption made on the conditions of the market where the assets are proposed to enter and how the assets will be affected under such market conditions. An open market, which has been fully developed with comprehensive market conditions, refers to a competitive market with willing buyers and sellers acting voluntarily and rationally on arm's length basis, having sufficient opportunities and time to obtain market information and under no compulsion or restrictions to buy or sell.

3. Assumption of continuous use: The assumption of continuous use is an assumption made on the conditions of the market where the assets are proposed to enter and the state of the assets under such market conditions. It is first assumed that the assets to be appraised are in use, and it is further assumed that the assets that are in use will be used continuously. Under the assumption of continuous use, no consideration is given to the conversion of the use of the assets or utilization of the assets under the best condition. Thus, the valuation results are subject to a restricted scope of applicability.

Specific Assumptions

(I) Specific assumptions applicable to all companies

1. There are no material changes in the existing relevant national laws, regulations and policies, or in the national macroeconomic conditions. There are no material changes in the political, economic and social environment of the regions where the parties to this transaction are located. There are no human factors or other force majeure factors that may have a material adverse impact on the enterprise.

2. Unless otherwise stated, it is assumed that the company is in full compliance with all relevant laws and regulations.

3. It is assumed that the accounting policies to be adopted by the company in the future are basically consistent with those adopted in the preparation of this report in material aspects.

4. The basic information and financial information provided by the principal and the appraised entity are true, accurate and complete.

5. There are no material changes in, amongst others, interest rates, exchange rates, taxation bases, tax rates and policy-based levies.

6. It is assumed that the operator of the company will be responsible and the management of the company will have the capability to perform its duties.

7. It is assumed that the business scope and mode of the company will be in line with the current direction on the basis of the existing management approach and standard.

8. The principal businesses, revenue and cost composition and cost controls of the new energy project companies directly or indirectly held by the appraised entity during the future operating period will be in line with the management's expectations without material changes.

9. It is assumed that the enterprise will operate as a going concern within the life span of the power station in view of the actual condition of the assets as at the Appraisal Benchmark Date.

10. Each asset under this appraisal is appraised based on the actual inventory as at the Appraisal Benchmark Date, and the current market price of the relevant assets is based on the effective domestic prices as at the Appraisal Benchmark Date.

11. It is assumed that the projected annual sales revenue, costs and expenses of the enterprise will be generated evenly.

12. It is assumed that the onshore wind power enterprise will determine the forecast period based on the approved period and design life of the project, and the subsidy period and operation term of power generation are 20 years and 20 years, respectively.

13. It is assumed that the photovoltaic power enterprise will determine the forecast period based on the approved period and design life of the project, and the subsidy period and operation term of power generation are 20 years and 25 years, respectively.

14. It is assumed that the residual value of fixed assets and intangible assets of the new energy power stations will be recovered at their carrying values as at the end of the operation period.

15. It is assumed that the calculation of compensation for ancillary services and grid-connected operation assessment of each power station under the appraised entity will remain consistent with those in the historical years.

16. It is assumed that the benchmark tariff and subsidized tariff implemented by the local government of the region where the appraised entity is located as at the benchmark date will remain unchanged during the forecast period. It is assumed that the policies for power generation and on-grid electricity in the region where the power station is located in future years will remain consistent with those implemented as at the benchmark date.

17. According to Article 1 of the "Announcement on Extension of Enterprise Income Tax Policy for the Development of the Western Regions (Announcement [2020] No. 23 of the Ministry of Finance) (《關於延續西部大開發企業所得稅政策的公告》(財政部公告2020年第23號))" issued by the Ministry of Finance (MOF), the State Administration of Taxation (SAT) and the National Development and Reform Commission (NDRC), "from 1 January 2021 to 31 December 2030, enterprise income tax shall be levied at a reduced rate of 15% on enterprises engaging in the encouraged industries and established in the Western Regions". According to the "Announcement on Preferential Income Tax Policies for Small and Micro Enterprises and Individual Businesses (Announcement [2023] No. 6 of the MOF and the SAT) (《關於小微企業和個體工商戶

所得稅優惠政策的公告》(財政部稅務總局公告2023年第6號))'' and the "Announcement on Further Implementing the Preferential Income Tax Policies for Small and Micro Enterprises (Announcement [2022] No. 13 of the MOF and the SAT)《關於進一步實施小微企業所得稅優惠政策的公告》(財政部稅務總局公告2022年第13號)", the portion of the annual taxable income of small and micro enterprises not exceeding RMB3 million can enjoy 25% taxable income deduction and are subject to corporate income tax at a rate of 20% until 31 December 2024. Considering that the Enterprise Income Tax Policy for the Development of the Western Regions and the Preferential Income Tax Policies for Small and Micro Enterprises have been extended for several times, this appraisal assumes that the above policies will continue throughout the forecast period.

18. According to the relevant provisions of the "Notice of the Ministry of Finance and the State Administration of Taxation on the Value-added Tax Policy for Wind Power Generation (Cai Shui [2015] No. 74) (《財政部、國家稅務總局關於風力發電增值稅政策的通知》(財稅[2015]74號))", "starting from 1 July 2015, taxpayer who sell self-produced power products using wind power will be subject to the policy of immediate 50% value-added tax (VAT) refund upon collection". The impact of this policy has been considered in this appraisal and it is assumed that this policy will continue until the end of the operation period of the project.

19. This appraisal assumes that the appraised entity and its subsidiaries will not develop or invest in any new projects based of the existing investment projects in future years, and that the existing projects will exit at maturity and cease to operate upon the expiry of the operation period of the last project in which it has invested. This appraisal assumes that no further costs in relation to the development and investment of new projects will be incurred in future years.

20. In the appraisal under the market approach, both the comparable companies and the appraised entity are able to continue their operations as a going concern in accordance with the business model, business structure and capital structure publicly disclosed at the time of the transaction.

21. In the appraisal under the market approach, the information disclosed by the comparable companies are true, accurate and complete, and there are no false statements, misstatements or material omissions that may affect the value judgment.

22. In the appraisal under the market approach, the appraisers select the comparison dimensions and indicators only based on the relevant information of the comparable companies publicly disclosed, without consideration to the impact of other non-public matters on the value of the appraised entity.

23. There are no other force majeure and unforeseeable factors that may have a material adverse impact on the enterprise.

(II) Specific assumptions applicable to Heilongjiang Company, Shanxi Company and Beijing Company

1. In forecasting the collection of subsidies for renewable energy of the power stations, it is assumed that the outstanding subsidy receivables as at the Appraisal Benchmark Date will be received in an evenly distributed manner based on the actual default cycle experienced by the power stations. The subsidies will be received at a faster pace in future years and the collection cycle of subsidies for renewable energy in 2030 and beyond will be 1 year.

Assumptions applicable to individual companies only

(I) Specific assumptions applicable to Fujian Company only

1. If the collection cycle of national subsidies for new energy projects directly or indirectly held by the appraised entity is about 1 year as at the Appraisal Benchmark Date (i.e. the national subsidies before March 2022 have been received as at the benchmark date, 31 March 2023), it is assumed that the collection cycle of national subsidies for 2023 to 2029 shall be 1 year (the national subsidies for 2022 will be received in 2023, the national subsidies for 2023 will be received in 2024, and so on); if the collection cycle of national subsidies as at the Appraisal Benchmark Date is about 2 years (i.e. the national subsidies before March 2021 have been received as at the benchmark date), it is assumed that the collection cycle of national subsidies for 2023 to 2029 will be 2 years (the national subsidies for 2021 will be received in 2023, the national subsidies for 2022 will be received in 2024, and so on); if the collection cycle of national subsidies as at the Appraisal Benchmark Date is about 3 years (i.e. the national subsidies before March 2020 have been received as at the benchmark date), it is assumed that the national subsidies for 2020 and 2021 will be received in 2023 and the collection cycle of national subsidies for 2024 to 2029 will be 2 years (the national subsidies for 2022 will be received in 2024, the national subsidies for 2023 will be received in 2025, and so on); and it is assumed that the accounting period of national subsidies for all projects in 2030 and beyond will be 1 year.

(II) Specific assumptions applicable to Jieyang Company only

1. Assuming that the company will be able to maintain normal operations under the current business model, the valid period of the Electricity Business License can be extended normally to 25 years, which is the life cycle of the offshore wind power projects.

2. This appraisal assumes that the provision to be made by the company for safety production costs in future years will be expensed in full by the end of the life cycle of the project.

3. This appraisal assumes that the reasonable subsidy utilization hours of the entire life cycle of the offshore wind power project of the appraised entity are 52,000 hours.

4. The appraised entity has not received any national subsidy for new energy power generation since it was connected to the power grid in July 2021. It is assumed that the collection period of national subsidy for the appraised entity is 2 years for 2030 and before, and 1 year after 2030.

(III) Valuation assumptions under the income approach applicable to Heilongjiang Company only

1. According to the "Electricity Business License of the People's Republic of China (《中華人民共和國電力業務許可證》)" (No. 1020921–01036) issued by the Northeast China Energy Regulatory Bureau of the NEA, the license is valid from 30 June 2021 to 29 June 2041. It is assumed that the forecast period of the biomass heat and electricity cogeneration project will be determined based on the approved term of the electricity business, and the terms of both heat supply and electricity supply are 20 years.

2. It is assumed that the policy of VAT exemption for revenue from heating fees derived from heat supply services provided by heat supply enterprises to individual residents and the policy of exemption from real estate tax and urban land use tax for plants and land used for heat supply services provided to residents that are applicable to heat supply enterprises will continue.

3. It is assumed that the prices of heat supply implemented by the local government of the appraised entity will remain unchanged as that of the Appraisal Benchmark Date during the forecast period.

4. It is assumed that the heat supply demonstration project under construction will be completed as planned and provide heat supply services as scheduled.

5. It is assumed that the entrustment operation cooperation agreements entered into by and between the appraised entity and Beidahuang Group Heilongjiang 853 Farm Co., Ltd.* (北大荒集團黑龍江八五三農場有限公司) and Beidahuang Group Heilongjiang Yanjun Farm Co., Ltd* (北大荒集團黑龍江延軍農場), respectively can be renewed upon expiry and the appraised entity can continue to receive entrustment fees as agreed under the contracts.

6. It is assumed that Daqing Lvrui Solar Power Generation Co., Ltd.* (大慶綠銳太陽能發電有限公司) can receive 90% rebate for land use tax during the forecast period.

7. It is assumed that Liaoning Zhitong Dongguan Photovoltaic Power Co., Ltd.* (遼寧直通東關光伏電力有限公司), Liaoning Huayu Sanxin Photovoltaic Power Co., Ltd.* (遼寧華宇三鑫光伏電力有限公司) and Liaoning Sanyi Photovoltaic Power Co., Ltd.* (遼寧三義光伏電力有限公司) are eligible to apply for the implementation of the standards regarding subsidy amount and subsidized tariff for Class II resource areas under the "Fa Gai Neng Yuan Circular [2018] No. 1459".

8. It is assumed that the appraised entity will not make any deductions for the clean heat supply transactions and fund pools during the forecast period.

(IV) Valuation assumptions under the income approach applicable to Shanxi Company only

1. As the photovoltaic power station of Datong Yunzhou Longji Lvneng Clean Energy Co., Ltd.* (大同市雲州區隆基綠能清潔能源有限公司) with an installed capacity of 7MW and the photovoltaic power station of Guangling Longxing Lvneng Clean Energy Co., Ltd.* (廣靈縣隆興綠能清潔能源有限公司) with an installed capacity of 7.07MW have been included in the second batch of subsidy list of renewable energy power generation projects for poverty alleviation, it is assumed that the subsidized tariffs for renewable energy in relation to poverty alleviation capacity will be deferred for 3 months.

2. It is assumed that SPIC Shouyang Clean Energy Co., Ltd.* (國家電投集團壽陽清潔能源有限公司), Pianguan Intelligent Energy Wind Power Co., Ltd.* (偏關智慧能源風力發電有限公司) and the photovoltaic power station of Datong Yunzhou Longji Lvneng Clean Energy Co., Ltd.* (大同市雲州區隆基綠能清潔能源有限公司) with an installed capacity of 23MW, and the photovoltaic power station of Guangling Longxing Lvneng Clean Energy Co., Ltd.* (廣靈縣隆興綠能清潔能源有限公司) with an installed capacity of 22.97MW will be included in the subsidy list of renewable energy generation projects in 2023, and the subsidized tariff will be received starting from 2024.

3. It is assumed that the outstanding subsidy receivables of the rooftop photovoltaic power station of Northern Machinery* (北方機械)/the rooftop photovoltaic power station of Huyan Water Plant* (呼延水廠), the photovoltaic power station of Datong Yunzhou Longji Lvneng Clean Energy Co., Ltd.* (大同市雲州區隆基綠能清潔能源有限公司) with a non-poverty alleviation installed capacity of 23MW, the photovoltaic power station of Guangling Longxing Lvneng Clean Energy Co., Ltd.* (廣靈縣隆興綠能清潔能源有限公司) with a non-poverty alleviation installed capacity of 22.93MW, SPIC Shouyang Clean Energy Co., Ltd.* (國家電投集團壽陽清潔能源有限公司), Pianguan Intelligent Energy Wind Power Co., Ltd.* (偏關智慧能源風力發電有限公司), Datang Quanzhou New Energy Co. Ltd.* (大唐全州新能源有限公司)、Datang Yongzhou New Energy Co., Ltd.* (大唐永州新能源有限公司) and Shanxi Yulong Group Youyu Niuxinbao Wind Power Co., Ltd.* (山西玉龍集團右玉牛心堡風力發電有限公司) will be received in an evenly distributed manner based on the actual default cycle of the power stations. The subsidies will be received at a faster pace in future years and the collection cycle of subsidies for renewable energy in 2030 and beyond will be 1 year.

(V) Valuation assumptions under the income approach applicable to Beijing Company only

1. High-and-New-Tech Enterprises accredited in accordance with the "Administrative Measures for the Accreditation of High-and-New-Tech Enterprises" (《高新技術企業認定管理辦法》) and the "High-and-New-Tech Areas with Key State Support" (《國家重點支持的高新技術領域》) jointly promulgated by the Ministry of Science and Technology (MOST), the MOF and the SAT in April 2008 are eligible to apply for a preferential tax policy to enjoy a reduced enterprise income tax rate of 15% pursuant to the requirements of, amongst others, the new Enterprise Income Tax Law (《企業所得稅法》) and its Implementation Regulations (《實施條例》) effective on 1 January 2008, the Law of the People's Republic of China on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法》) (hereinafter referred to as the "Tax Collection Law") and the Implementation Rules for the Law of the People's Republic of China on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法實施細則》) (hereinafter referred to as the "Implementation Rules"). As of the Appraisal Benchmark Date, Tianjin Zhongdian Shengfa Photovoltaic Power Generation Co., Ltd.* (天津中電晟發光伏發電有限公司) and SPIC Fanshi Yunwuyu Wind Power Co., Ltd.* (國家電投集團繁峙雲霧峪風電有限公司), both being subsidiaries of the appraised entity, have obtained the certificates of High-and-New-Tech Enterprises. This appraisal assumes that the income tax rate of the above companies is 15% up to the end of the operation period.

2. It is assumed that Beijing Company, as the platform management company, and its 11 Tier-1 subsidiaries will no longer receive management service fees from the new energy project operating companies in future years.

In accordance with the requirements of asset appraisal, it is determined that these assumptions are valid on the Appraisal Benchmark Date. When the economic environment changes greatly in the future, no liability will be assumed for deriving different appraisal conclusions due to changes of these assumptions.

VALUATION METHODOLOGIES

Selection of valuation approach

(I) Heilongjiang Company, Shanxi Company, Beijing Company and Fujian Company

- The income approach is built on the theory of expected utility in economics, which means that for investors, the value of an enterprise lies in the income that the enterprise is expected to generate in the future. Although the income approach does not directly use reference available in the real market to demonstrate the present fair market value of the appraised target, it assesses an asset by its expected profitability, which is the essential basis for determining the present fair market value of the asset. As such, it can completely reflect the overall value of an enterprise and its valuation conclusion is more reliable and convincing. From the perspective of the applicable conditions of the income approach, since the enterprise is profitable in its own right and the management of the appraised entity has provided the profit forecast data for the future years, according to the historical operating data of the enterprise and the internal and external operating environment, the future level of profit of the enterprise can be reasonably forecasted. In addition, the risk of future income can be reasonably quantified. Therefore, the income approach is applicable to this appraisal.

- The market approach refers to the valuation approach that determines the value of the appraised target by comparing the appraised target with comparable listed companies or comparable transactions. The underlying premise of the market approach is that there must be a sufficiently public and active trading market for the subject assets and the comparable companies. As the appraised entity is principally engaged in the operation of wind power stations and photovoltaic power stations, there are similar comparable listed companies or comparable transactions in the open market. Therefore, the market approach is applicable for conducting the appraisal of the appraised entity.

- In summary, the income approach and market approach have been adopted for this appraisal. As a limited number of subsidiaries of the appraised entity are pure platform companies that do not generate incomes, costs and expenses, or are projects either at a preliminary stage that have not commenced yet or under construction and thus have uncertainty over their future incomes, these subsidiaries or projects are not qualified for adopting the income approach for valuation. However, since they are able to provide comprehensive financial information, they are qualified for adopting the asset-based approach for valuation. As such, the appraisal of these limited number of subsidiaries were carried out by using the asset-based approach.

(II) Jieyang Company

- Based on our understanding of the enterprise nature, asset scale, historical operating conditions, predictability of future income, adequacy of the valuation information obtained of the appraised entity, as well as the research and analysis of the relevant industries and markets in which it is based, we believe that the company is expected to possess the ability to continue as a going concern and generate profits in the future, and is therefore qualified to adopt the income approach for valuation.

- The market approach refers to the valuation approach that determines the value of the appraised target by comparing the appraised target with comparable listed companies or comparable transactions. Considering that Jieyang Company is an offshore wind power project company with a relatively short operation period after being connected to the power grid, and given the limited number of transactions of similar offshore wind power project within the surrounding areas of the appraised entity in the market and the inadequate information disclosure in relation thereof, the market approach is therefore not applicable to this appraisal.

- Despite the fact that it has only been established for a relatively short period of time, the appraised enterprise has comprehensive financial information and asset management data available. Besides, as an offshore wind power project with a relatively short operation period after being connected to the power grid, it has a relatively wide range of sources of data and information in respect of asset reacquisition costs. Meanwhile, in combination with the purpose of this appraisal, in order to enable the investors to have a more objective understanding of the replacement investment costs of the appraised entity, given that the asset-based approach has a stronger objective basis for its valuation results, the asset-based approach is therefore applicable to this appraisal.

- Based on the above analysis, the income approach and the asset-based approach have been adopted for this appraisal. The final appraised value will be determined by comparing the valuation conclusions derived by the two valuation approaches and analyzing the reasons for the differences arising therefrom.

Determination of valuation approach

(I) Heilongjiang Company, Beijing Company, Shanxi Company and Fujian Company

- According to the future development plan of the appraised entity, it is expected that the development planning for electricity business will outperform its current operating performance. The future power generation forecast provided by the appraised entity can reflect the value of the enterprise based on the income approach. As such, the valuation conclusion sufficiently covers the value of the entire shareholders' equity of the appraised entity. Although the appraisers make sufficient and necessary adjustments to comparable listed companies when conducting the appraisal under the market approach, there are still uncertainties such as the fact that the appraisers are uncertain about the intangible assets or contingent liabilities that are unique to comparable listed companies or factors that are difficult to adjust, leading to the risk of a larger divergence between the valuation results and the actual value of the enterprise. As a result, this valuation adopted the valuation results based on the income approach as the final valuation conclusion.

(II) Jieyang Company

- Asset-based approach is adopted mainly based on the explicit assets and liabilities stated on the financial statements of an enterprise, which may not fully reflect the value of intangible assets owned by an enterprise that contribute to the earnings of a company such as power generation licenses, wind resources and management team, resulting in a material difference in valuation results between asset-based approach and income approach.

- Income approach is a valuation method to determine asset values by discounting the future income of an enterprise to the present value. The valuation technique of the income approach better represents the "expected principle" of assets. The present values of its future income can reflect the contribution of various resources occupied by the enterprise to the enterprise value, which enable the valuation process to fully reflect the profitability and growth ability of the enterprise and reflect the various tangible and intangible assets owned by the enterprise and its profitability in the valuation results, resulting in a fairer valuation result. Meanwhile, from the perspective of investment, the value of an enterprise is determined by the profitability of the enterprise. The return on equity investment is realized by obtaining equity compensation, and the equity compensation is the basis of equity pricing.

- Based on the above reasons, we are of the view that the valuation results based on the income approach are more in line with the value implication of the appraised target corresponding to this economic activity. As a result, this report adopted the valuation results based on the income approach of RMB1,974.0167 million as the final valuation conclusion.

KEY VALUATION INPUTS

The income approach appraisal adopts the discounted cash flow method, and the cash flow selected is the free cash flow of the enterprise, so as to indirectly obtain the value of the entire shareholders' equity through the appraisal of the enterprise value as a whole.

The total shareholders' equity under this appraisal is calculated by adding together the discounted value of the enterprise's total operating assets, surplus assets and non-operating assets, less interest-bearing liabilities. The value of the enterprise's total operating assets is based on the total net free cash flow of the enterprise for a number of years in the future, discounted by an appropriate discount rate. Set out below are the key valuation inputs:

Determination of projected income

The free cash flow of the enterprise is used in this appraisal as a quantitative indicator of expected earnings of the enterprise. The formula is as follows:

The free cash flow of the enterprise = net income after tax + depreciation and amortization + interest expense x (1 – tax rate T) – capital expenditure – change in working capital.

Basis of the projections on key financial figures of the Target Companies

(I) Beijing Company, Shanxi Company, Heilongjiang Company and Fujian Company

A. Forecast of operating income

Operating income is mainly attributable to the income from power generation, which is forecasted based on the following factors.

1. Forecast of future annual power generation

Future annual power generation = power generation utilization hours × (1 – deterioration rate) × installed capacity of the power plants.

This assessment determines the power generation utilization hours of the appraised entity in the future years by analysing the historical annual data with reference to feasibility studies and due diligence conducted, and the budget data of the appraised entity for 2023.

The deterioration rate of photovoltaic power plants is forecasted with reference to feasibility studies and due diligence conducted, and the power generation efficiency of the appraised entity.

The range of power generation utilization hours for power plants under Heilongjiang Company, Beijing Company, Shanxi Company and Fujian Company are as follows:

Target Company	Range of power generation utilization hours
Heilongjiang Company	
Photovoltaic power	986–1,701
Wind power	3,000–3,612
Beijing Company	
Photovoltaic power	1,300–1,876
Wind power	1,435–2,664
Shanxi Company	
Photovoltaic power	1,443–1,605
Wind power	1,947–2,989
Fujian Company	
Photovoltaic power	902–1,608
Wind power	2,200–3,090
Waste power	8,000

2. Forecast of unit price of electricity

Based on the tariff documents implemented by the appraised entity, the forecast is made using the currently implemented tariff level.

The range of unit price of electricity for power plants under Heilongjiang Company, Beijing Company, Shanxi Company and Fujian Company are as follows:

Target Company	Range of unit price of electricity (RMB/kWh)
Heilongjiang Company	
Photovoltaic power	0.31–1.10
Wind power	0.31–0.52
Beijing Company	
Photovoltaic power	0.25–0.97
Wind power	0.33–0.61
Shanxi Company	
Photovoltaic power	0.33–0.75
Wind power	0.33–0.61
Fujian Company	
Photovoltaic power	0.260–1.020
Wind power	0.381–0.600
Waste power	0.606

According to Caijian [2020] No. 4 Guidelines on the Stable Development of Non-Water Renewable Energy Generation (關於促進非水可再生能源發電健康發展的若干意見) and Caijian [2020] No. 426 Supplementary Notice on Matters Relating to Guidelines on the Stable Development of Non-Water Renewable Energy Generation (關於促進非水可再生能源

發電健康發展的若干意見有關事項的補充通知), the amount of national subsidies for renewable energy power generation projects is approved based on the number of reasonable utilization hours. The reasonable utilization hours for type one, type two, type three, and type four wind power projects for each of its entire life cycle are 48,000 hours, 44,000 hours, 40,000 hours and 36,000 hours, respectively. The reasonable utilization hours for type one, type two and type three photovoltaic power generation projects are 32,000, 26,000 and 22,000 hours, respectively.

Subsidised electricity volume for the entire project life cycle = project capacity × reasonable utilization hours of entire project life cycle. Project capacity is based on the capacity determined at the time of project approval (filing). Should the actual capacity of the project be lower than the approved (filed) capacity, the actual capacity shall prevail.

Projects included in the scope of the renewable energy power generation subsidy list in accordance with the Caijian [2020] No. 5 Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加資金管理辦法) will no longer be entitled to the national subsidies for the portion of the power generated in excess of the subsidised electricity volume for the entire project life cycle. Wind power and photovoltaic power generation projects will no longer enjoy the national subsidies after 20 years from the date of grid connection, and biomass power generation projects will no longer enjoy the national subsidies after 15 years from the date of grid connection, regardless of whether the project reaches the subsidised electricity volume.

B. Forecast of operating costs

Operating costs mainly consist of depreciation and amortization, repair and material costs, entrusted operation fees, financial service fees, land lease charges, employee remuneration and other expenses.

1. Depreciation and amortization: the forecast is based on the original book value of fixed assets and intangible assets of the appraised entity which are depreciated and amortized under operating costs as at the Appraisal Benchmark Date, the amount of depreciation and amortization to be provided for in accordance with the current accounting policies of each appraised entity.

2. Repair and material costs: the forecast is made with reference to historical data during the warranty period, and with reference to the parameters of SPIC's other new energy investment and acquisition projects after the warranty period.

3. Entrusted operation fees and financial service fees: entrusted operation fee is forecasted based on the entrusted operation contract, and if no contract has been signed, based on feasibility studies (in respect of Fujian Company, entrusted operation fee was measured based on its parent company's apportionment plan for entrusted operation fees to its subsidiaries, whereas the financial service fee was measured based on Fujian Company's apportionment plan for the financial service fee of its subsidiaries).

4. Land lease charges: the forecast is made based on the amount of lease contracts currently executed by each appraised entity.

5. Employee compensation: the forecast is made on the assumption that stabilization will be reached after an annual increase of 2% for four consecutive years.

6. Other expenses: determined after analysing the historical annual expense levels of each appraised entity and the amount of the financial budget for 2023.

C. Forecast of taxes and surcharges

Taxes and surcharges include urban construction tax of 5% or 7%, education surcharge of 3%, local education surcharge of 2%, property tax of 1.2%, land tax of RMB0.2 per square meter to RMB10 per square meter, stamp duty of 0.3% to 1% and others. Forecasts are based on the assumption that tax rate applicable to each appraised entity as at the Appraisal Benchmark Date will remain unchanged.

D. Forecast of management expenses

None of the project companies of the Target Companies incur management expenses (only the parent company or platform company which perform management functions incur management expenses). The management expenses include depreciation and amortization, employee remuneration, insurance premiums, lease expenses, information technology expenses, hospitality expenses, party organization working expenses and others.

1. Depreciation and amortization: mainly depreciation of fixed assets and amortization of intangible assets. This valuation forecasts depreciation in management expenses based on the original book value of various types of fixed assets and intangible assets of the enterprises which are depreciated and amortized under management expenses as at the Appraisal Benchmark Date, and the amount of depreciation that should be accrued over the period of earnings in accordance with the current accounting policies of the respective companies.

2. Employee remuneration: projections are based on a 2% increase in remuneration per year until 2026 with reference to actual remuneration in 2022 and assumed to remain unchanged from 2027 onward.

3. Insurance premiums: based on insurance contracts executed as at the Appraisal Benchmark Date.

4. Lease payments: based on the amount of lease contracts signed.

5. Other expenses: based on historical annual levels.

E. Forecast of finance costs

Finance costs are mainly interest expenses on borrowings. As the appraisal adopts the corporate free cash flow where R = profit before interest and after tax + depreciation and amortization – capital expenditure – changes in net working capital, no prediction of interest expenses is made.

F. Forecast of other income

According to the relevant provisions of the ''Notice of the Ministry of Finance and the State Administration of Taxation on the Value-added Tax Policy for Wind Power Generation (Cai Shui [2015] No. 74) (《財政部、國家稅務總局關於風力發電增值稅政策的通知》(財稅[2015]74號))'', ''starting from 1 July 2015, taxpayer who sell self-produced power products using wind power will be subject to the policy of immediate 50% value-added tax (VAT) refund upon collection''. The impact of this policy has been considered in this appraisal and it is assumed that this policy will continue until the end of the operation period of the project.

G. Forecast of corporate income tax

Forecast is made based on income tax policies and corresponding tax rates applicable to the appraised entity. The main tax incentives are:

1. The income derived by an enterprise from investment and operation of projects such as ports and terminals, airports, railroads, highways, urban public transportation, electric power and water conservancy projects shall be fully exempt from enterprise income tax for the first to the third year (0% tax rate), and shall be payable in half from the fourth to the sixth year (12.5% tax rate), after which the applicable tax rate will be forecast at 25%.

2. According to "Announcement on Extension of Enterprise Income Tax Policy for the Development of the Western Regions (Announcement [2020] No. 23 of the Ministry of Finance) (《關於延續西部大開發企業所得稅政策的公告》(財政部公告2020年第23號))" issued by the Ministry of Finance (MOF), the State Administration of Taxation (SAT) and the National Development and Reform Commission (NDRC), "from 1 January 2021 to 31 December 2030, enterprise income tax shall be levied at a reduced rate of 15% on enterprises engaging in the encouraged industries and established in the Western Regions". According to the "Announcement on Preferential Income Tax Policies for Small and Micro Enterprises and Individual Businesses (Announcement [2023] No. 6 of the MOF and the SAT) (《關於小微企業和個體工商戶所得稅優惠政策的公告》(財政部稅務總局公告2023年第6號))" and the "Announcement on Further Implementing the Preferential Income Tax Policies for Small and Micro Enterprises (Announcement [2022] No. 13 of the MOF and the SAT)《關於進一步實施小微企業所得稅優惠政策的公告》(財政部稅務總局公告2022年第13號)", the portion of the annual taxable income of small and micro enterprises not exceeding RMB3 million can enjoy 25% taxable income deduction and are subject to corporate income tax at a rate of 20% until 31 December 2024. Considering that the Enterprise Income Tax Policy for the Development of the Western Regions and the Preferential Income Tax Policies for Small and Micro Enterprises have been extended for several times, this appraisal assumes that the above policies will continue throughout the forecast period.

H. Forecast of depreciation and amortization

Depreciation is forecasted based on the size of fixed assets and the depreciation policy implemented by the appraised entity. Amortization is forecasted based on the book balance and the original recorded amount as at the Appraisal Benchmark Date, and future additions of each appraised entity. Depreciation of fixed assets is calculated using the straight-line method over their estimated useful lives as follows:

Buildings	45 years
Plant and equipment	5–20 years
Transportation facilities	6 years
Furniture, fixtures and office equipment	5 years
Other equipment	5 years
Land use rights	40–50 years

I. Forecast of capital expenditures

Capital expenditures refer to expenditures for the renewal of existing fixed assets and equipment and the possible increase of capital expenditures in the future as well as the investment of long-term assets for more than one year, which are required by the appraised entity to meet its future business plan. Based on one of the assumptions of the income approach in this appraisal, which assumes that the term of future earnings is of limited duration, capital expenditures are the renewal expenditures that must be invested in order to meet the project's plans to put the project into operation and to maintain ongoing operations. It is assumed in this appraisal that the appraised entity will not consider continuing to expand its scale of operation.

J. Determination of additional working capital

Additional working capital refers to the cash used for obtaining commercial credit from others and the cash required to be maintained for normal operations in accordance with the changes in the business activities of the appraised entity. Estimating the increase in working capital requires, in principle, consideration of the major factors such as cash required to be maintained for normal operations, accounts receivable, prepayments and accounts payable.

With reference to the annual turnover of various current assets and liabilities involved in the operation of the appraised entity over the years, the forecast of working capital for future years is measured by the following:

1. Receivables for the forecast period, the receivable benchmark settlement income is settled with the State Grid once every month and is recognized on the basis of 1 month's tax-inclusive income;

2. If the collection cycle of national subsidies for new energy projects directly or indirectly held by the appraised entity is about 1 year as at the Appraisal Benchmark Date, it is assumed that the collection cycle of national subsidies for 2023 to 2029 shall be 1 year;

3. If the collection cycle of national subsidies for new energy projects directly or indirectly held by the appraised entity is about 2 years as at the Appraisal Benchmark Date, it is assumed that the collection cycle of national subsidies for 2023 to 2029 shall be 2 years;

4. If the collection cycle of national subsidies for new energy projects directly or indirectly held by the appraised entity is about 3 years as at the Appraisal Benchmark Date, it is assumed that the collection cycle of national subsidies for 2024 to 2029 shall be 2 years;

5. The collection cycle of national subsidies for all new energy projects in 2030 and thereafter is assumed to be 1 year.

6. Forecast annual prepayment = annual operating cost / number of forecast prepayment made in the year.

7. Forecast annual accounts payable = annual operating costs / number of payment for forecast accounts payable in the year.

8. Forecast operating cash flow = (operating costs + tax + expenses – depreciation and amortization) in the year / the average number of cash payments in the year.

9. Forecast working capital = working capital + receivables + prepayments – payables – taxes payable – employee compensation payable in the year.

10. Additional working capital = working capital required in the year – working capital required in the previous year.

(II) Jieyang Company

A. Forecast of operating income

Operating income mainly refers to income attributable to wind power generation. Forecasts of operating income are based on the appraised entity's total installed capacity, historical annual power generation, utilization hours, consolidated plant power rate, and future business plans. Combined with the actual power generation in historical years, the utilisation hours of wind power generation are expected to remain at the 2022 level of 3,752.4 hours in the future years.

According to the subsidy list of renewable energy power generation projects (Phase XII, Phase XIII and Phase XV) published by Guangdong Power Grid Co., Ltd.* (廣東電網有限責任公司), [2019] No. 882 Notice of the National Development and Reform Commission on Improving the Policy on On-grid Tariff for Wind Power (國家發展改革委關於完善風電上網電價政策的通知), and [2021] No. 433 Letter of the Development and Reform Commission of Guangdong Province on Clarifying the Tax-inclusive On-Grid Tariff of Coal-fired Power Generating Enterprises (廣東省發展和改革委員會關於明確燃煤發電企業含税上網電價的函), the appraised entity implemented an on-grid tariff of RMB0.85 per kWh including tax. The settlement tariff, i.e. the benchmark price for coal-fired units in Guangdong Province (including desulphurization, denitrification and dedusting), is RMB0.453 per kWh including tax; and the renewable energy subsidy standard is RMB0.397 per kWh including tax.

According to Caijian [2020] No. 4 Guidelines on the Stable Development of Non-Water Renewable Energy Generation (關於促進非水可再生能源發電健康發展的若干意見) and Caijian [2020] No. 426 Supplementary Notice on Matters Relating to Guidelines on the Stable Development of Non-Water Renewable Energy Generation (關於促進非水可再生能源發電健康發展的若干意見有關事項的補充通知), the amount of national subsidies for renewable energy power generation projects is approved based on the number of reasonable utilization hours. The reasonable utilization hours for type one, type two, type three, and type four wind power projects for each of its entire life cycle are 48,000 hours, 44,000 hours, 40,000 hours and 36,000 hours, respectively. The reasonable utilization hours of offshore wind power plants in its entire life cycle is 52,000 hours. Subsidised electricity volume for the entire project life cycle = project capacity × reasonable utilization hours of entire project life cycle. Future annual tariffs are projected to remain constant at the level as at the Appraisal Benchmark Date.

B. Forecast of operating costs

Operating costs consist of utility rates, material costs, maintenance fees, employee remuneration, depreciation and amortization (depreciation of fixed assets, amortization of intangible assets and amortization of long-term amortization expenses), insurance and other expenses.

1. Utility rates: expected to be consistent with the level of the year ended 31 December 2022.

2. Material costs: according to the engineering, procurement and construction contract signed by the appraised entity pursuant to which a warranty period of five years is agreed, the appraised entity was connected to the power grid at full capacity in December 2021. The material costs within the warranty period are forecasted according to the historical annual level and the material costs after the warranty period are forecasted with reference to the data in the feasibility study report.

3. Maintenance fees: according to the engineering, procurement and construction contract signed by the appraised entity pursuant to which a warranty period of five years is agreed, the appraised entity was connected to the power grid at full capacity in December 2021. The maintenance fees within the warranty period are forecasted according to the historical annual level and the maintenance fees after the warranty period are forecasted with reference to the data in the feasibility study report.

4. Depreciation and amortization expenses: the forecast is made based on the accounting system provided by the appraised entity, taking into account the depreciation of the existing fixed assets and new assets to be added in the future years, and the existing value of the intangible assets and long-term amortization expenses and the amortization policy for the respective years.

5. Employee remuneration: the forecast is made according to the current remuneration level with an annual increase of 2% until 2030 (considering the harsher working conditions for offshore wind power projects), which will remain unchanged thereafter.

6. Insurance expenses: forecasted at 0.59% of net fixed assets for the future years.

7. Consulting service fees: according to the consulting service contract signed by the appraised entity, the fee refers to the consulting service fee incurred by the appraised entity in the early stage of operation. After communicating with the appraised entity, it is understood that it is uncertain as to whether such expenses will be incurred in the coming years, therefore the forecast of 2023 is based on the appraised entity's historical position as at the valuation benchmark date, and the expense will not be taken into account in 2024 and future years.

8. Other expenses: other expenses are mainly daily sporadic expenditure costs, the fluctuation of which are not significant, and other expenses in future years are forecasted in accordance with the level of 2022.

C. Forecast of other income

The appraised entity will apportion the amount of management fees, operation and inspection fees, repair fees, etc. payable by the project companies to the appraised entity according to their respective installed capacity on an annual basis. The appraised entity will also apportion the amount of depreciation or amortization in accordance with the installed capacity of each project company, and will charge leasing fees from each project company for their use of the appraised entity's assets.

D. Forecast of taxes and surcharges

The taxes and surcharges of the appraised entity consist of land use tax, vehicle and vessel use tax, stamp duty, water conservancy construction fund and urban construction and maintenance tax, education surcharge and local education surcharge calculated on the basis of the amount of value-added tax payable. As at the Appraisal Benchmark Date, the tax rates were: stamp duty mainly levied at 0.03% of revenue, urban construction and maintenance tax rate of 7%, education surcharge of 3% and local education surcharge of 2%. Land use tax and property tax: Currently, the appraised entity is in a stable operation stage, and there is no plan to add new land and property in the future, therefore, this recognition is based on the level of occurrence in historical years.

E. Forecast of finance costs

Finance costs are mainly interest expenses on borrowings. As the appraisal adopts the corporate free cash flow where R = profit before interest and after tax + depreciation and amortization – capital expenditure – changes in net working capital, no prediction of interest expenses is made.

F. Forecast of other gains

According to the relevant provisions of the "Notice of the Ministry of Finance and the State Administration of Taxation on the Value-added Tax Policy for Wind Power Generation (Cai Shui [2015] No. 74) (《財政部、國家稅務總局關於風力發電增值稅政策的通知》(財稅[2015]74號))", "starting from 1 July 2015, taxpayer who sell self-produced power products using wind power will be subject to the policy of immediate 50% value-added tax (VAT) refund upon collection". The impact of this policy has been considered in this appraisal and it is assumed that this policy will continue until the end of the operation period of the project.

G. Forecast of corporate income tax

The applicable enterprise income tax rate for the appraised entity is 25%. According to Guo Shui Fa [2009] No. 80 Circular of the State Administration of Taxation on the Implementation of Preferential Issues on Enterprise Income Tax for Public Infrastructure Projects with Key State Support' (國家稅務總局關於實施國家重點扶持的公共基礎設施項目企業所得稅優惠問題的通知) and Cai Shui [2014] No. 55 "Supplementary Circular of the State Administration of Taxation on the Implementation of Preferential Issues on the Enjoyment of Enterprise Income Tax for Public Infrastructure Projects with Key State Support (國家稅務總局關於實施國家重點扶持的公共基礎設施項目享受企業所得稅優惠問題的補充通知), the appraised entity's offshore wind power project is eligible for the preferential policy of three full exemptions and three reductions in income tax from the year in which the appraised entity first records its revenue. The appraised entity will enjoy a three-year exemption period from 2021 to 2023, and will be entitled to a reduced enterprise income tax rate by 50% (12.5%) from 2024 to 2026.

H. Depreciation and amortization projections

Depreciation of fixed assets includes depreciation of existing fixed assets, depreciation of renewed fixed assets and depreciation of new fixed assets. Depreciation of fixed assets is forecasted based on the scale of existing fixed assets, the condition of existing fixed assets, the scale of investment in new fixed assets and the depreciation policy implemented by the appraised entity. Depreciation is provided in accordance with the established amortization method of the appraised entity based on the book balance and original recorded amount as at the Appraisal Benchmark Date. Depreciation of fixed assets is calculated using the straight-line method over their estimated useful lives as follows:

Buildings	30 years
Plant and equipment	12–20 years
Transportation facilities	6 years
Furniture, fixtures and office equipment	5 years
Land use rights	40–50 years

I. Forecast of capital expenditures

Capital expenditures refer to expenditures for the renewal of existing fixed assets and equipment and the possible increase of capital expenditures in the future as well as the investment of long-term assets for more than one year, which are required by the appraised entity to meet its future business plan. Based on one of the assumptions of the income approach in this appraisal, which assumes that the term of future earnings is of limited duration, capital expenditures are the renewal expenditures that must be invested in order to meet the project's plans to put the project into operation and to maintain ongoing operations. It is assumed in this appraisal that the enterprise will not consider continuing to expand its scale of operation.

J. Determination of additional working capital

Additional working capital refers to the cash used for obtaining commercial credit from others and the cash required to be maintained for normal operations in accordance with the changes in the business activities of the appraised entity. Estimating the increase in working capital requires, in principle, consideration of the major factors such as cash required to be maintained for normal operations, accounts receivable, prepayments and accounts payable.

According to Caijian [2020] No. 426 Supplementary Notice on Matters Relating to Guidelines on the Stable Development of Non-Water Renewable Energy Generation (關於促進非水可再生能源發電健康發展的若干意見有關事項的補充通知), the reasonable utilization hours of offshore wind power plants in its entire life cycle is 52,000 hours. The collection cycle of national subsidies for 2030 and before is delayed by two years, and collection cycle of national subsidies for 2030 and after is delayed by one year. With reference to the annual turnover of various current assets and liabilities involved in the operation of the appraised entity over the years, the forecast of working capital for future years is measured by the following:

1. Forecast annual prepayment = annual operating cost / number of forecast prepayment made in the year.

2. Forecast annual accounts payable = annual operating costs / number of payment for forecast accounts payable in the year.

3. Forecast operating cash flow = (operating costs + tax + expenses – depreciation and amortization) in the year / the average number of cash payments in the year.

4. Forecast working capital = working capital + receivables + prepayments – payables – taxes payable – employee compensation payable in the year.

5. Additional working capital = working capital required in the year – working capital required in the previous year.

Forecast period

	Beijing Company	Heilongjiang Company	Fujian Company	Shanxi Company	Jieyang Company
Forecast period	April 2023 to 31 December 2048	April 2023 to 31 December 2047	April 2023 to August 2050	April 2023 to 31 December 2048	April 2023 to June 2046
Basis for the forecast period	This appraisal assumes that the appraised entity and its subsidiaries will not develop or invest in any new projects based of the existing investment projects in future years, and that the existing projects will exit at maturity and cease to operate upon the expiry of the operation period of the last project in which it has invested. This appraisal assumes that no further costs in relation to the development and investment of new projects will be incurred in future years. The designed lives of wind power stations is 20 years, and the designed lives of photovoltaic power stations is 25 years. The forecast period is determined from the date of its grid-connection to the end of its designed lives.				Based on the designed lives of offshore wind power stations of 25 years.

Discount rate

This evaluation adopts the free cash flow of the appraised entity, and the discount rate is the weighted average cost of capital (WACC) of the corresponding standard. The WACC of the Target Companies is in the range of 6.96% to 7.72%.

The weighted average cost of capital (WACC) model is used in this evaluation to determine the discount rate r.

$r = (1 - \mathrm{t}) \times r_d \times w_d + r_e \times w_e$

t: income tax rate

Wd：Debt ratio

$$\mathrm{w_d} = \frac{D}{(E + D)}$$

We：Equity capital ratio

$$\mathrm{w_e} = \frac{E}{(E + D)}$$

It should be noted that:

t income tax rate: public infrastructure projects enjoy preferential enterprise income tax i.e. from the tax year when the project derives the first production and operational income, enterprise income tax is exempted for the first three years (0% tax rate) and subject to a 50% reduction for the subsequent three years (12.5% tax rate).

w_d debt ratio and w_e equity capital ratio: assuming 40% debt and 60% equity as the target capital structure of the appraised entity, which references the average value of the capital structure of comparable listed companies.

r_d cost of debt: determined by reference to the LPR rate published by the People's Bank of China with a maturity term of 5 years or more, the fact that the cost of debt for state-owned enterprises is lower than the benchmark data, and the weighted average effective borrowing rate of the target company. The cost of debt for each of the Target Companies was determined as follows:

(1) Fujian Company: 3.36% considering its consolidated weighted average actual borrowing rate.

(2) Jieyang Company: 3.47% considering its consolidated weighted average actual borrowing rate.

(3) Beijing Company, Shanxi Company and Heilongjiang Company: 3.44% considering the LPR rate of over 5 years published by the People's Bank of China, and that the cost of debt of SOEs was lower than the benchmark data and calculated based on a downward fluctuation of 20%.

r_e cost of equity capital: determined in accordance with the Capital Asset Pricing Model (CAPM).

$r_e = r_f + \beta e \times (r_m - r_f) + \varepsilon$

(1) r_f risk-free rate: determined by reference to the yield to maturity of China treasury bonds at the valuation reference date is used to determine the risk-free rate of return. The risk-free rate for each of the Target Companies was determined as follows:

  (1) Fujian Company and Jieyang Company: with reference to the average yield to maturity of treasury bonds with a remaining maturity of 10 years or more of 3.67% as at the Appraisal Benchmark Date.

  (2) Beijing Company, Shanxi Company and Heilongjiang Company: with reference to the information disclosed on the official website of the China Appraisal Society, the yield to maturity of treasury bonds with a maturity of 10 years was 2.85% per annum as at the Appraisal Benchmark Date.

(2) r_m expected market return: determined by reference to Shenzhen CSI 300 Index, which is used as an index to measure the change in volatility of China's stock market and as a measurement of its market risk reward rate. The expected market return for each of the Target Companies was determined as follows:

  (1) Fujian Company and Jieyang Company: 9.06% by taking the average return of CSI 300 closing index at the end of each year retrieved from Wind financial database* (Wind資訊統計數據).

  (2) Beijing Company, Shanxi Company and Heilongjiang Company: 9.92% by taking the average return of the stock investment market based on the historical data of CSI 300 index and the monthly data up to the valuation benchmark date retrieved from Wind financial database* (Wind資訊統計數據).

(3) ε : specific risk adjustment of 1%: based on the differences in terms of enterprise operational environment, enterprise scale, business model, risk resistance capability etc. between the enterprise to be valuated and comparable listed companies that have been selected.

(4) βe: expected equity risk coefficient. the estimated value of the expected equity risk coefficient was determined by the average beta coefficients of four comparable listed companies in the A-share market (excluding financial leverage in the past five years). A range from 0.8515 to 1.0669 was used. The average value of the capital structure of comparable listed companies was selected as the target capital structure of the appraised entity.

(5) principles for screening comparable companies in determining the βe coefficient:

- comparable companies must be listed for at least two years in China;
- new energy power generation industry is the industry or main business in which the comparable company is engaged in; and
- there is no major asset reorganization or other events affecting share price volatility of the comparable company in the past two years.

Determination of the appraised value of interest-bearing debts

Interest-bearing debts include short-term and long-term borrowings, the value of which is based on market value.

Determination of the appraised value of surplus assets and non-operating assets

Surplus assets refer to excess assets that are not directly related to corporate income and exceed the needs of corporate operations, and generally refer to excess monetary funds and transactional financial assets, etc. Non-operating assets refer to assets that are not directly related to corporate income, do not produce benefits, or are not considered in operating assets estimated by discounted cash flow.

According to PCAA and Zhongtianhua, the valuation assumptions and conditions are made in accordance with the relevant laws and regulations of the PRC, and are in line with market practice and standard. The profit forecasts made are in line with the actual situation of the appraised entities and are not significantly different from the parameters of comparable companies.

For details, please refer to the Asset Appraisal Reports which will be published on the websites of the Company (www.chinapower.hk) and the Stock Exchange (www.hkexnews.hk) during the period of 14 days from the date of this circular.

Sensitivity Analysis

No sensitivity analysis has been conducted for the valuation of the Target Companies.

LETTER FROM JOINT FINANCIAL ADVISERS

The following is the full text of the report from the Joint Financial Advisers, for the purpose of, among other things, incorporation into this circular.

The Board of Directors
China Power International Development Limited
Suite 6301, 63/F, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

26 July 2023

Ladies and Gentlemen:

We refer to the announcement of China Power International Development Limited (the "**Company**") dated 26 July 2023 (the "**Announcement**") in relation to (i) the acquisition of 55.15% equity interest in SPIC Beijing Electric Power Co., Ltd. ("**Beijing Company**"), 100% equity interest in SPIC Fujian Electric Power Co., Ltd. ("**Fujian Company**"), SPIC Heilongjiang Power Co., Ltd. ("**Heilongjiang Company**") and SPIC Shanxi Power Co., Ltd. ("**Shanxi Company**") (the "**Equity Interest I**") by the Company from State Power Investment Corporation Limited (國家電力投資集團有限公司); and (ii) the acquisition of 100% equity interest in Jieyang Qianzhan Wind Power Co., Ltd. ("**Jieyang Company**") (the "**Equity Interest II**") by the Company from SPIC Guangdong Electric Power Co., Ltd. (國家電投集團廣東電力有限公司) and China Power Complete Equipment Co., Ltd. (中國電能成套設備有限公司). Unless otherwise defined or if the context otherwise requires, all terms defined in the Announcement shall have the same meaning when used in this letter.

The Announcement refers to the valuation of Beijing Company, Heilongjiang Company and Shanxi Company by the independent appraiser, Pan-China Assets Appraisal Co., Ltd (北京天健興業資產評估有限公司) and the valuation of Fujian Company and Jieyang Company by the independent appraiser, Beijing Zhongtianhua Assets Appraisal Co., Ltd. (北京中天華資產評估有限責任公司) (together, the "**Independent Appraisers**"), which are contained in the respective asset appraisal reports (the "**Asset Appraisal Reports**"), all dated 25 July 2023 except for the asset appraisal report regarding the valuation of Beijing Company which was dated 26 July 2023, prepared by the Independent Appraisers for the purpose of the acquisition of Equity Interest I and Equity Interest II (together, the "**Proposed Acquisition**"). We understand that the Asset Appraisal Reports and certain other documents relevant to the Proposed Acquisition have been provided to you as directors of the Company (the "**Directors**") in connection with your consideration of the Proposed Acquisition. We understand that the Independent Appraisers have adopted income approach in arriving at the valuation results in the Asset Appraisal Reports, which is regarded as profit forecast (the "**Profit Forecast**") under Rule 14.61 of the Hong Kong Listing Rules (the "**Listing Rules**").

For the purpose of this letter, we have (1) reviewed the Profit Forecast included in the Asset Appraisal Reports and disclosed in the Announcement, for which you as the Directors are solely responsible, (2) made enquiries with you, the management of the Company and the Independent Appraisers regarding the qualifications, bases and assumptions upon which the Profit Forecast in the Asset Appraisal Reports has been made, and (3) reviewed the reports to the Directors from Ernst & Young, dated 26 July 2023, as set forth in Appendix III to the Announcement regarding the calculations of discounted future cash flows on which the Profit Forecast is based. The Profit Forecast is based on a number of bases and assumptions. As the relevant bases and assumptions are about future events which may or may not occur, the actual financial performance of the business of the Target Companies may or may not achieve as expected and the variation may be material.

On the basis of the foregoing and without giving any opinion on the reasonableness of the valuation methods, bases and assumptions selected by the Independent Appraisers and the Company, for which the Independent Appraisers and the Company are solely responsible, we are of the opinion that the Profit Forecast disclosed in the Announcement have been made after due and careful enquiry by you. The Directors are responsible for such Profit Forecast, including the preparation of the discounted future cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Asset Appraisal Reports. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Asset Appraisal Reports and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. For the avoidance of doubt, this letter does not constitute an independent valuation or fairness opinion and is expressly limited to the matters described herein.

The work undertaken by us is for the purpose of reporting solely to you under Rule 14.62(3) of the Listing Rules and for no other purpose. We have not independently verified the assumptions or computations leading to the valuation as set out in the Asset Appraisal Reports. We have had no role or involvement and have not provided and will not provide any assessment of the valuation as set out in the Asset Appraisal Reports. We have assumed that all information, materials and representations provided to us by the Company and the Independent Appraisers, including all information, materials, and representations referred to or contained in the Announcement were true, accurate, complete and not misleading at the time they were supplied or made, and remained so up to the date of this letter and that no material fact or information has been omitted from the information and materials supplied. No representation or warranty, whether express or implied, is made by us on the accuracy, truthfulness or completeness of such information, materials or representations. Accordingly, we accept no responsibility, whether expressly or implicitly, on the valuation as set out in the Asset Appraisal Reports.

Yours faithfully,

For and on behalf of

China Securities (International) Corporate Finance Company Limited

George Yen
Executive Director

CITIC Securities (Hong Kong) Limited

Edmund Chan
Managing Director, Head of M&A

REPORT FROM ERNST & YOUNG

The following is the full text of the report from Ernst & Young, for the purpose of, among other things, incorporation into this circular.

26 July 2023

The Board of Directors
China Power International Development Limited
Suite 6301, 63/F., Central Plaza
18 Harbour Road,
Wanchai,
Hong Kong

REPORT FROM REPORTING ACCOUNTANTS ON THE DISCOUNTED CASH FLOW FORECAST IN CONNECTION WITH THE VALUATION OF EQUITY INTERESTS IN THE TARGET COMPANIES

Dear Sirs,

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast (the "**Forecast**") on which the valuation dated 31 March 2023 prepared by Pan-China Assets Appraisal Co., Ltd. and Beijing Zhongtianhua Assets Appraisal Co., Ltd. in respect of certain companies (the "**Target Companies**") set out in the "**List of Target Companies**" below as at 31 March 2023 is based. The valuation is set out in the announcement of China Power International Development Limited (the "**Company**") dated 26 July 2023 (the "**Announcement**") in connection with the proposed acquisition of equity interests in the Target Companies. The valuation based on the Forecast is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' responsibilities

The directors of the Company (the "**Directors**") are solely responsible for the Forecast. The Forecast has been prepared using a set of bases and assumptions (the "**Assumptions**"), the completeness, reasonableness and validity of which are the sole responsibility of the Directors. The key Assumptions are set out in Appendix I (Key Assumptions of the Asset Appraisal Reports) to the Announcement.

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality control including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the Forecast based on our work. The Forecast does not involve the adoption of accounting policies.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast in accordance with the Assumptions adopted by the Directors. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecast prepared based on the Assumptions made by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the Assumptions on which the Forecast are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the Target Companies. The Assumptions used in the preparation of the Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Forecast has been properly compiled in all material respects in accordance with the Assumptions adopted by the Directors.

Yours faithfully,

Certified Public Accountants
Hong Kong

List of Target Companies

1. SPIC Fujian Electric Power Co., Ltd.

2. SPIC Heilongjiang Power Co., Ltd.

3. SPIC Beijing Electric Power Co., Ltd.

4. SPIC Shanxi Power Co., Ltd.

5. Jieyang Qianzhan Wind Power Co., Ltd.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, save as the share options granted to our Directors under a share option incentive scheme pursuant to the ordinary resolution passed by the Shareholders on 15 June 2022 as disclosed in the table below, none of the Directors or the chief executive has any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Name of Director	Capacity	Name of company in which interests are held	Date of grant	Number of underlying shares interested under physically settled equity derivatives	Percentage of issued share capital of the Company (%)	Long/short position
HE Xi	beneficial owner	the Company	5 July 2022	1,100,000	0.009	Long
GAO Ping	beneficial owner	the Company	5 July 2022	1,100,000	0.009	Long

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Enlarged Group which was not determinable by the employing company within one year without payment of compensation other than statutory compensation.

4. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, save as disclosed below, none of the Directors and their associates had any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group:

Name of the Director	Position(s) within the Company	Other Interests
HE Xi	Chairman of the Board and Executive Director	Chief engineer of new energy of SPIC
ZHOU Jie	Non-executive Director	Special duty director of SPIC
		Director of CPI Holding
		Director of SPIC Guangdong
		Director of Qinghai Huanghe Hydropower Development Co., Ltd.* (青海黃河上游水電開發有限責任公司)

Name of the Director	Position(s) within the Company	Other Interests
HUANG Qinghua	Non-executive Director	Special duty director of SPIC Director of SPIC Guizhou Jinyuan Co., Ltd.* (國家電投集團貴州金元股份有限公司) Director of SPIC Chongqing Electric Power Co., Ltd.* (國家電投集團重慶電力有限公司) Director of State Nuclear Zhanjiang Nuclear Power Co., Ltd.* (國核湛江核電有限公司)

5. DIRECTOR'S INTERESTS IN CONTRACTS

None of the Directors was materially interested in any contract or arrangement entered into by any member of the Enlarged Group since 31 December 2022, being the date to which the latest published audited financial statements of the Group were made up or subsisting at the Latest Practicable Date, and which was significant in relation to the business of the Enlarged Group.

6. EXPERTS AND CONSENTS

The following are the qualifications of the professional adviser who has given opinions or advice contained in this circular:

Name	Qualifications
Baker Tilly Hong Kong Limited	certified public accountants
BDO Limited	certified public accountants
CITICS	a licensed corporation to carry out Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Confucius International CPA Limited	certified public accountants
CSCI	registered institution under the SFO, licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
Ernst & Young	certified public accountants
Gram Capital	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Grant Thornton Hong Kong Limited	certified public accountants
PCAA	independent and qualified PRC appraiser
Zhongtianhua	independent and qualified PRC appraiser

As at the Latest Practicable Date, all of the experts set out above:

(i) did not have any beneficial shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in any member of the Group; and

(ii) did not have any direct or indirect interests in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up.

All of the experts set out above had given and had not withdrawn their written consents to the issue of this circular with the inclusions of their reports, opinions or statements (as the case may be) as set out in this circular and references to their name in the form and context in which they are included.

7. INTERESTS IN ASSETS

As at the Latest Practicable Date, (i) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Enlarged Group subsisting at the Latest Practicable Date and which was significant in relation to the business of the Enlarged Group; and (ii) none of the Directors or expert named in paragraph 6 of this Appendix had any direct or indirect interest in any assets which had been, since 31 December 2022 (being the date of which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position or prospect of the Group since 31 December 2022, the date to which the latest published audited consolidated financial statements of the Group were made up.

9. LITIGATION

As at the Latest Practicable Date, none of the members of the Enlarged Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Enlarged Group.

10. MISCELLANEOUS

(a) The company secretary of the Company is Ms. CHEUNG Siu Lan, who is a fellow member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute, holding Chartered Secretary and Chartered Governance Professional dual designations. She is also a fellow member of Hong Kong Institute of Certified Public Accountants and CPA Australia.

(b) The registered office of the Company is Suite 6301, 63/F. Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

(c) Computershare Hong Kong Investor Services Limited, the share registrar of the Company, is located at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(d) This circular has been prepared in both English and Chinese. In the case of inconsistency, the English text of this circular will prevail over the Chinese text.

11. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Enlarged Group within the two years immediately preceding the date of this circular and are, or may be, material:

(a) Agreement I; and

(b) Agreement II.

12. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Company (www.chinapower.hk) and the Stock Exchange (www.hkexnews.hk) during the period of 14 days from the date of this circular:

(i) the Acquisition Agreements;

(ii) the Asset Appraisal Reports;

(iii) FS Framework Agreement Supplemental Agreement;

(iv) the letter dated 18 August 2023 from the Independent Board Committee, the text of which is set out in this circular;

(v) the letter dated 18 August 2023 from Gram Capital, the text of which is set out in this circular;

(vi) the accountants' reports on the Target Companies, the text of which is set out in Appendix II;

(vii) Unaudited pro forma financial information of the Enlarged Group set out in Appendix IV;

(viii) the letter on profit forecast of the Target Companies dated 26 July 2023 from the Joint Financial Advisers, the text of which is set out in Appendix VI;

(ix) the letter on profit forecast of the Target Companies dated 26 July 2023 from Ernst & Young, the text of which is set out in Appendix VII; and

(x) the written consents referred to in the section headed "6. Experts and Consents" in this Appendix.

CHINA POWER INTERNATIONAL DEVELOPMENT LIMITED
中國電力國際發展有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 2380)

NOTICE IS HEREBY GIVEN that a general meeting of China Power International Development Limited (the "**Company**") will be held on Wednesday, 6 September 2023 at 10:30 a.m. at Salon 5, JW Marriott Ballroom, 3/F, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong (the "**General Meeting**" or "**GM**"), for the purposes of considering and, if thought fit, passing, with or without modifications, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**:

a. the conditional sale and purchase agreement (the "**Agreement I**") dated 26 July 2023 between the Company and State Power Investment Corporation Limited* (國家電力投資集團有限公司) ("**SPIC**"), pursuant to which the Company has conditionally agreed to acquire, and SPIC has conditionally agreed to sell, 55.15% equity interest in SPIC Beijing Power Co., Ltd.* (國家電投集團北京電力有限公司), 100% equity interest in SPIC Fujian Electric Power Co., Ltd.* (國家電投集團福建電力有限公司), SPIC Heilongjiang Power Co., Ltd.* (國家電投集團黑龍江電力有限公司) and SPIC Shanxi Power Co., Ltd.* (國家電投集團山西電力有限公司) at a total consideration of RMB8,811,044,100 (equivalent to approximately HK$9,682,466,000), a copy of which has been produced to the meeting marked "A" and has been initialled by the chairman of this meeting for the purpose of identification, and all the transactions contemplated thereunder, be and are hereby generally and unconditionally approved, confirmed and ratified;

b. the conditional sale and purchase agreement (the "**Agreement II**") dated 26 July 2023 between the Company and SPIC Guangdong Electric Power Co., Ltd. * (國家電投集團廣東電力有限公司) ("**SPIC Guangdong**"), China Power Complete Equipment Co., Ltd.* (中國電能成套設備有限公司) ("**CPCEC**"), pursuant to which the Company has conditionally agreed to acquire, and SPIC Guangdong and CPCEC has conditionally agreed to sell 100% equity interest in Jieyang Qianzhan Wind Power Co., Ltd.* (揭陽前詹風電有限公司) at a total consideration of RMB1,974,016,700 (equivalent to approximately HK$2,169,249,000), a copy of which has been produced to the meeting marked "B" and has been initialled by the chairman of this meeting for the purpose of identification, and all the transactions contemplated thereunder, be and are hereby generally and unconditionally approved, confirmed and ratified; and

c. any director(s) of the Company be and is/are hereby authorised to enter into any agreement, deed or instrument and/or to execute and deliver all such documents and/or do all such acts on behalf of the Company as he/she may consider necessary, desirable or expedient for the purpose of, or in connection with (i) the implementation and completion of Agreement I and Agreement II and transactions contemplated thereunder and (ii) any amendment, variation or modification of Agreement I and Agreement II and the transactions contemplated thereunder."

2. "**THAT**:

a. the entering into of the financial services framework agreement supplemental agreement (the "**FS Framework Agreement Supplemental Agreement**") between the Company and SPIC Financial Company Limited* (國家電投集團財務有限公司) ("**SPIC Financial**") dated 17 August 2023 (a copy of the FS Framework Agreement Supplemental Agreement has been produced to the meeting marked "C" and has been initialled by the chairman of this meeting for the purpose of identification) and all other matters of and incidental thereto or in connection therewith be and are hereby approved and confirmed;

b. the annual cap of the deposit services contemplated under the FS Framework Agreement Supplemental Agreement, being the proposed revised maximum daily balance of deposits (including accrued interests) placed by the Company and its subsidiaries from time to time with SPIC Financial during the term of the FS Framework Agreement as more particularly set out in the circular of the Company dated 18 August 2023 (a copy of which has been produced to the meeting marked "D" and has been initialled by the chairman of this meeting for the purpose of identification), be and is hereby approved and confirmed; and

c. any director(s) of the Company be and is/are hereby authorized for and on behalf of the Company, amongst other matters, to sign, seal, execute, perfect, deliver, do or to authorize signing, executing, perfecting and delivering and doing all such documents, deeds, acts, matters and things as he/she may in his/her discretion consider necessary, expedient or desirable to give effect to and implement the terms of the FS Framework Agreement Supplemental Agreement and to make and agree such variations of a non-material nature in or to the terms of the FS Framework Agreement Supplemental Agreement as he/she may in his discretion consider to be desirable and in the interests of the Company."

* *English or Chinese translation, as the case may be, is for identification only*

By Order of the Board
China Power International Development Limited
HE Xi
Chairman

Hong Kong, 18 August 2023

Registered Office:
Suite 6301, 63/F., Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Notes:

1. Each of the resolutions set out in this notice will be voted by way of a poll. A member of the Company entitled to vote at the GM is entitled to appoint one or more proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.

2. To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority must be deposited (i) at the Company's share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, **or (ii) electronically via the Company's email address at eproxy@chinapower.hk** not less than 48 hours before the time appointed for the holding of the GM or any adjournment thereof (as the case may be). This email address is provided solely for receiving proxy forms relating to the GM and shall not be used for any other purposes.

3. **Closure of register of members of the Company for the GM:** The register of members of the Company will be closed from Friday, 1 September 2023 to Wednesday, 6 September 2023, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to **qualify to vote at the GM**, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong **not later than 4:30 p.m. on Thursday, 31 August 2023**.

4. In the event that a gale warning (tropical cyclone no. 8 or above) or black rainstorm warning is in effect at any time between 9:00 a.m. and 10:30 a.m. on the day of the above meeting, the above meeting will be automatically postponed to a later date. In this event, the Company will, as soon as practicable, post an announcement on its website and on the website of the Stock Exchange to notify the Shareholders that the above meeting has been postponed (however, a failure to post such an announcement shall not affect the automatic postponement of such meeting). Shareholders may also telephone the Company's hotline on (852) 2862 8555 to enquire whether the meeting has been cancelled. When the date, time and location of the rescheduled meeting has been fixed, the Company will post a further announcement on its website and on the website of the Stock Exchange to notify the Shareholders of the date, time and location of the rescheduled meeting. At least seven clear days' notice shall be given of the rescheduled meeting.

5. As at the date of this notice, the directors of the Company are: executive directors HE Xi and GAO Ping, non-executive directors ZHOU Jie and HUANG Qinghua, and independent non-executive directors LI Fang, YAU Ka Chi and HUI Hon Chung, Stanley.

If Shareholders have any questions relating to the GM, please contact the share registrar of the Company as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong
Tel: (852) 2862 8555
Fax: (852) 2865 0990
Online Enquiries: www.computershare.com/hk/en/online_feedback

Please note that there will be NO serving of any refreshments or beverages and NO distribution of gifts, souvenirs or bakery vouchers at the GM.