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大唐国际发电股份有限公司

DATANG INTERNATIONAL POWER GENERATION CO., LTD.

(a sino-foreign joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 00991)

ANNOUNCEMENT

ANNOUNCEMENT ON PROVISIONS FOR ASSET IMPAIRMENT, RETIREMENT OF ASSETS AND WRITE-OFF OF PRELIMINARY EXPENSES AND ASSET LOSSES OF CERTAIN AFFILIATED ENTERPRISES

This announcement is made by Datang International Power Generation Co., Ltd. (the “**Company**”) pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rules 13.09(2)(a) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company convened the twenty-sixth meeting of the eleventh session of the Board of Directors on 22 March 2024, at which the “Resolution on Provisions for Asset Impairment, Retirement of Assets and Write-Off of Preliminary Expenses and Asset Losses of Certain Affiliated Enterprises of the Company” was considered and approved. In order to objectively reflect the assets condition and operating results of the Company and ensure the truthfulness and reliability of the accounting information, in accordance with the requirements of the Accounting Standards for Business Enterprises and relevant financial accounting policies of the Company, after inventorying and sorting the assets of certain affiliated enterprises and taking necessary impairment tests, provisions for assets impairment, retirement of certain fixed assets, inventory supplies and intangible assets and write-off of preliminary expenses and asset losses of certain projects were made for certain affiliated enterprises of the Company. The details are set out as below:

I. ASSETS IMPAIRMENT

(I) Provision for Debt Impairment

1. Datang Anhui Power Generation Co., Ltd. (大唐安徽發電有限公司) (“**Anhui Company**”), a subsidiary of the Company, made a provision for impairment of debt investments of RMB19.7791 million, mainly due to the fact that the entrusted loans provided by Anhui Company to Anhui Electric Power Co., Ltd. had indication of impairment. Upon evaluation, provision for impairment was made accordingly.

2. Datang Heilongjiang Power Generation Co., Ltd. (大唐黑龍江發電有限公司), a subsidiary of the Company, recognised credit impairment losses of RMB6.6127 million, mainly due to the less possibility of recovery of partial account receivables of Datang Harbin No. 1 Thermal Power Plant (大唐哈爾濱第一熱電廠) and Heilongjiang Longtang Electricity Investment Co., Ltd. (黑龍江龍唐電力投資有限公司), both affiliated enterprises of the company.
3. Wencheng Datang New Energy Co., Ltd. (文成大唐新能源有限公司) (“**Wencheng New Energy Company**”), a subsidiary of the Company, recognised credit impairment losses of RMB0.50 million, mainly due to the fact that Yuhu Project under its management was suspended and without possibility of further development due to changes in external conditions such as environmental protection, and thus there is less possibility of recovery of prepaid land lease expenses.
4. Datang Qingyuan Thermal Power Co., Ltd. (大唐清苑熱電有限公司), a subsidiary of the Company, recognised credit impairment losses of RMB0.1342 million, mainly due to the less possibility of recovery of partial account receivables and other receivables.

(II) Provision for Impairment of Construction in Progress

1. Affected by the adjustment of the energy industry policy of Inner Mongolia Autonomous Region, the coal-fired power integration project of the Company located in Inner Mongolia was no longer in the condition of further development. Upon repeated communications with the local government, it agreed to reimburse the cost of coal mine resources paid by the Company amounting to RMB800 million, but no opinion on reimbursement for preliminary investment were put forward. Based on the principle of prudence, a provision for impairment of construction in progress of RMB1,210.7637 million was made.
2. Yuhu Project managed by Wencheng New Energy Company was suspended due to external factors such as environmental protection with no possibility of further development, and there was indication of impairment. According, a provision for impairment of construction in progress of RMB1.1835 million was made.
3. The preliminary work of Cangnan Offshore Wind Power Project managed by Zhejiang Datang International Renewable Power Company Limited (浙江大唐國際新能源有限責任公司) was suspended due to changes in relevant national policies, and there was indication of impairment. According, a provision for impairment of construction in progress of RMB1.3898 million was made.

(III) Provision for Impairment of Fixed Assets

Hebei Datang International Chongli Wind Power Co., Ltd. (河北大唐國際崇禮風電有限責任公司) dismantled inefficient assets such as wind turbines, towers and box transformers as a result of the implementation of efficiency enhancement and reconstruction of Xiqiaoliang Phase II Wind Power Project, and there was indication of impairment after testing. According, a provision for impairment of fixed assets of RMB19.2607 million was made.

(IV) Provision for Impairment of Long-term Equity Investments

The Company holds 15% equity interest in Datang Wealth Management Co., Ltd. (大唐財富投資管理有限公司) (“**Datang Wealth**”). As Zhongzhi Enterprise Group Co., Ltd., (中植企業集團有限公司) has entered into bankruptcy and liquidation procedures, Datang Wealth is currently in an abnormal state of operation, and there was indication of impairment of the equity investment. According, a provision for impairment of long-term equity investment of RMB123.3231 million was made in full.

Taking into account the write-back of impairment loss recognized in the previous years of RMB1.7010 million, as affected by the above asset impairment, in 2023, the total profit of the Company decreased by RMB1,381.2458 million, and net profit attributable to the parent company decreased by RMB1,343.9621 million.

II. RETIREMENT OF FIXED ASSETS

The Company conducted a statistical survey on the retirement of fixed assets made by its affiliated enterprises. In 2023, the original value of fixed assets retired amounted to RMB359.0827 million, with accumulated depreciation of RMB309.4869 million, and net value of RMB49.5958 million (RMB38.7326 million of which has already been provided for impairment). Fixed assets were mainly power generation and heating equipment, automation control equipment and instruments, production and management instruments, manufacturing and maintenance equipment, transportation equipment and buildings and structures. The main reasons for the retirement are: firstly, machinery and equipment and transportation vehicles, that cannot be repaired due to long-term wear and tear and damage or have no value in use and have been fully depreciated; secondly, machinery and equipment that have been dismantled due to technological reforms required by national environmental protection requirements, eliminated by technological upgrading, have no value in use or pose a serious danger if continued to be used; and thirdly, buildings and structures whose main structures are seriously deteriorated, beyond repair or pose safety hazards and are to be demolished.

As affected by the above retirement of fixed assets, in 2023, the total profit of the Company decreased by RMB10.8632 million, and the net profit attributable to the parent company decreased by RMB8.9768 million.

III. RETIREMENT OF INVENTORY SUPPLIES

The Company conducted a statistical survey on the inventories of its affiliated enterprises, and retired inventory supplies of RMB48.1938 million in 2023 (RMB13.2360 million of which has already been provided for impairment). The retired supplies mainly include supplies and parts and components which have been eliminated by technological upgrading, or could not be continued to use or have no value in use due to exceeding the specified storage period or long-term backlog.

As affected by the above retirement of supplies, in 2023, the total profit of the Company decreased by RMB34.9578 million, and net profit attributable to the parent company decreased by RMB23.1872 million.

IV. LOSSES OF INTANGIBLE ASSETS

Hebei Datang Power Fuel Co., Ltd. (河北大唐電力燃料有限公司) wrote off the intangible assets at original amount of RMB2.0847 million, with the net value of RMB0.3978 million, as its office system and software are all specially developed and used by the Company and have no value in use or value in transfer.

As affected by the loss of intangible assets, in 2023, the total profit of the Company decreased by RMB0.3978 million, and net profit attributable to the parent company decreased by RMB0.2983 million.

V. WRITE-OFF OF PRELIMINARY EXPENSES

1. The preliminary work of Cangnan Offshore Wind Power Project managed by Datang International Power Generation Co., Ltd. Zhejiang Branch was suspended due to changes in relevant national policies. The preliminary expenses of RMB19.8710 million (including provision for impairment of construction in progress of RMB1.3898 million) were wrote off.
2. The preliminary work of Qinghai Datang International Minhe Heat and Power Cogeneration Project managed by Datang International Power Generation Co., Ltd. Qinghai Branch was unable to continue due to significant changes in development conditions. The preliminary expenses of RMB2.2185 million were wrote off.

As affected by the above write-off of preliminary expenses, in 2023, the total profit of the Company decreased by RMB20.6997 million, and net profit attributable to the parent company decreased by RMB20.6997 million.

VI. IMPACT ON PROFITS FOR THE CURRENT PERIOD

Based on the foregoing, due to the aggregate impact of the above provisions for (recognition of) asset impairment, retirement of fixed assets and inventory supplies, losses of intangible assets and write-off of preliminary expenses, in 2023, the consolidated total profit of the Company decreased by approximately RMB1,448.1643 million and net profit attributable to the parent company decreased by approximately RMB1,397.1241 million.

VII. PROCEDURES FOR CONSIDERATION AND APPROVAL OF PROVISIONS FOR ASSET IMPAIRMENT, RETIREMENT OF ASSETS AND WRITE-OFF OF PRELIMINARY EXPENSES

The Company convened the twenty-sixth meeting of the eleventh session of the Board of Directors and the twelfth meeting of the eleventh session of the supervisory committee on 22 March 2024, at which the “Resolution on Provisions for Asset Impairment, Retirement of Assets and Write-Off of Preliminary Expenses and Asset Losses of Certain Affiliated Enterprises” was considered and approved.

The directors (including independent non-executive directors) are of the view that the provisions for (recognition of) asset impairment, retirement of fixed assets, retirement of inventory supplies, losses of intangible assets and write-off of preliminary expenses are in compliance with the provisions of the Accounting Standards for Business Enterprises and the relevant accounting policies of the Company, objectively and fairly reflect the assets condition of the Company, and ensure the truthfulness and accuracy of the accounting information without prejudicing the legitimate interests of the shareholders of the Company.

The supervisory committee is of the view that the provisions for (recognition of) asset impairment, retirement of fixed assets, retirement of inventory supplies, losses of intangible assets and write-off of preliminary expenses made by the Company in accordance with the provisions of the Accounting Standards for Business Enterprises and the relevant financial policies of the Company are in line with the actual condition of the Company and provide an objective and fair presentation of the assets condition and operating results of the Company as at 31 December 2023.

By order of the Board
Sun Yanwen
Joint Company Secretary

Beijing, the PRC, 22 March 2024

As at the date of this announcement, the Directors of the Company are:

Wang Shunqi, Ying Xuejun, Xu Guang, Ma Jixian, Tian Dan, Zhu Shaowen, Cao Xin, Zhao Xianguo, Jin Shengxiang, Sun Yongxing, Niu Dongxiao, Zong Wenlong*, Zhao Yi*, Zhu Dahong*, You Yong**

** Independent non-executive Directors*