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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 PROVISION FOR ASSET IMPAIRMENT AND RETIREMENT OF ASSETS OF AFFILIATED ENTERPRISES

This announcement is made by Datang International Power Generation Co., Ltd. (the “**Company**” or “**Datang International**”) pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571, 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 fourteenth meeting of the tenth session of the board of directors (the “**Board**”) of the Company was convened on 29 September 2020. The “Resolution on the Impairment Provision and Retirement of Certain Assets of the Alumina System of Hohhot Aluminum and Power Company” was considered and approved at the meeting. In accordance with the work requirements of the State-owned Assets Supervision and Administration Commission of the State Council (the “**SASAC**”) relating to the “Disposal and Governance of Zombie Enterprises and Enterprises with Difficulties”, comprehensively considering the current situation of the asset trading market under the novel coronavirus epidemic, objectively reflecting the Company’s asset status, and ensuring that accounting information is true and reliable, in accordance with the Accounting Standards for Business Enterprises and relevant provisions of the Company’s financial accounting system, the Company made impairment provision and retirement of certain assets of the alumina system of Inner Mongolia Datang International Hohhot Aluminum and Power Co., Ltd. (內蒙古大唐國際呼浩特鋁電有限責任公司) (“**Hohhot Aluminum and Power Company**”), a subsidiary of the Company, the details of which are as follows:

I. OWNERSHIP OF CERTAIN ASSETS OF THE ALUMINA SYSTEM

In order to further integrate the internal resources of the Company and improve economic efficiency, as considered and approved at the fourteenth meeting of the tenth session of the Board of the Company, in December 2019, Inner Mongolia Datang International Renewable Resource Development Company Limited (內蒙古大唐國際再生資源開發有限公司) (“**Renewable Resource Company**”), an original wholly-owned subsidiary of the Company, merged with Inner Mongolia Datang International Hohhot Thermal Power Generation Company Limited (內蒙古大唐國際呼浩特熱電有限責任公司) (“**Hohhot Thermal Power**”).

Generation Company”), another original wholly-owned subsidiary of the Company, and established Hohhot Aluminum and Power Company. After the merger, the original alumina assets of Renewable Resource Company were placed under the ownership of Hohhot Aluminum and Power Company, and the original two 300MW thermal power units of Hohhot Thermal Power Generation Company were operated as power plants of Hohhot Aluminum and Power Company. Hohhot Aluminum and Power Company currently has a production capacity of 282,000 tons of electrolytic aluminum and 60,000 tons of carbon, supporting two 300MW thermal power units.

As of 30 June 2020, the total assets of Hohhot Aluminum and Power Company were approximately RMB4.938 billion, total liabilities were approximately RMB6.693 billion, asset-liability ratio was approximately 135.56%, operating income was approximately RMB1.568 billion, and total profit was approximately RMB-82 million. (The above financial data is unaudited.)

II. IMPAIRMENT PROVISION AND RETIREMENT OF CERTAIN ASSETS OF THE ALUMINA SYSTEM

1. Previous Disposal of Certain Assets of the Alumina System

Given the shortage in bauxite resources in China which led to a strong demand for imported resources and constraints on the development of the aluminium industry, Hohhot Aluminum and Power Company commenced to build its alumina production line in July 2007. Meanwhile, as the Inner Mongolia region is rich in high-aluminium coal and high-aluminium pulverised fuel ash resources, the implementation of the “coal – electricity – ash – aluminium” industry network will not only create synergetic effects with the development strategy of the aluminium products, but also achieve the goals of environmental protection and promote the development of recycling economy.

The alumina production line of Hohhot Aluminum and Power Company pioneered in producing alumina from high-aluminium pulverised fuel ash. After repeated experiments and trial production over the past years, Hohhot Aluminum and Power Company succeeded technically on the “pre-desiliconization – soda lime sintering process”, which was granted a number of major awards including the “First Prize of Scientific and Technological Progress of the Inner Mongolia Autonomous Region for 2013 (2013年度內蒙古自治區科技進步一等獎)” and the “Second Prize of National Scientific and Technological Progress for 2018 (2018年國家科技進步二等獎)”. However, since the production line utilized a number of new processing techniques and new equipment and a considerable amount of efforts had been made on equipment and technology improvement during the construction and commissioning period, the investment amount for the project was increased, resulting in production costs for alumina that were far higher than the market prices. Coupled with the persistently low market prices of electrolytic aluminium, the alumina project has continued to sustain losses since its commencement of production.

In December 2018, in response to the work requirements of the SASAC relating to the “Disposal and Governance of Zombie Enterprises and Enterprises with Difficulties”, Hohhot Aluminum and Power Company came up with the comprehensive governance proposals mainly consisting of asset impairment, capital replenishment, debt restructuring and securing policy support. The specific proposals are as follows: it was decided to suspend production of the alumina branch due to the high R&D cost of the alumina project, the large initial investment, the long trial production cycle and the production cost far higher than the market price; in accordance with the minimum capital (40%) requirement of the electrolytic aluminum industry regulated in the Notice of the State Council on Adjusting the Proportions of Capital Fund in Fixed Asset Investment Projects of the State Council (Guo Fa [2009] No. 27), the Company made up capital of RMB2.737 billion to be used to repay internal entrusted loans, pay arrears and supplement other rigid capital needs for Hohhot Aluminum and Power Company; the debt restructuring method of debt maturity extension and interest reduction is adopted for the debts of Hohhot Aluminum and Power Company. The above comprehensive governance proposals have been reviewed and approved by the 30th meeting of the ninth session of the Board and the second extraordinary general meeting in 2018. For details of specific matters, please refer to the relevant announcement of the Company dated 5 December 2018.

In 2018, considering that the alumina production line was in a state of suspension and maintenance at that time, and it could still be used, the Company conducted impairment test on assets with signs of impairment in accordance with accounting standards based on the actual use of the assets, continued operation, expectations for policy and aluminum product market expectations. The Company identified all fixed assets of the original Renewable Resource Company as an asset group, and used the income method for impairment testing. The Company compared the present value of the estimated future cash flow of the asset with the book value, and the portion where the recoverable amount is lower than the book value is recognized as asset impairment loss. After testing, the original Renewable Resource Company made a provision for impairment of fixed assets of RMB180,112,100. ShineWing Certified Public Accountants (Special General Partnership), the auditor for the financial report of the Company, was of the opinion that the above provision for asset impairment is appropriate and complies with the relevant provisions of accounting standards. For specific details, please refer to the relevant announcement of the Company dated 28 March 2019.

In 2019, following completion of capital replenishment and debt restructuring, Hohhot Aluminum and Power Company made proactive efforts to obtain policy support from the relevant government authorities in relation to the accounting treatment by way of writing off equity interest for the loss of assets arising from the disposal of assets of the alumina production line in accordance with the requirement under the Notice on the Financial Treatment with Respect to the Losses Arising from Disposal of State-owned Assets in Reducing Over-capacity in the Steel and Coal Industries Issued by the Ministry of Finance and the State-owned Assets Supervision and Administration Commission of the State Council (Cai Zi [2018] No. 1). After finally confirming that this document did not apply

to the alumina production line, and in order to complete the work task of the “Disposal and Governance of Zombie Enterprises and Enterprises with Difficulties”, Hohhot Aluminum and Power Company formulated the disposal proposal by way of listing and transferring in respect of the relevant assets of the alumina system in November 2019. Hohhot Aluminum and Power Company engaged a professional valuer to appraise the alumina assets, and the assessed value amounted to RMB1.342 billion. In order to fully reflect the actual financial position of Hohhot Aluminum and Power Company, according to the valuation report of Guo Zhong Lian Ping Bao Zi (2019) No. 2-1190 issued by Guozhonglian Asset Valuation and Land and Real Estate Appraisal Co., Ltd. and accounting standards for the identification of asset groups, the relevant assets of the alumina system were identified as an asset group, and the impairment test was conducted by adopting the net fair value of the assets after deducting the disposal expenses, resulting in an impairment amount of approximately RMB1,258 million. ShineWing Certified Public Accountants (Special General Partnership), the auditor for the financial report of the Company, was of the opinion that the above provisions for asset impairment were appropriate and compliant with the relevant requirements of the accounting standards. As of the end of September 2019, the assets of the alumina production workshop for which the provision for impairment is to be made are set out as follows:

Unit: RMB0'000

Name	Original book value	Accumulative depreciation	Provision for impairment	Carrying value
Total properties and structures	158,690.15	20,549.01	7,337.75	130,803.39
Fixed assets- properties and buildings	122,310.52	16,037.26	5,655.57	100,617.69
Fixed assets- structures and other ancillary facilities	36,379.63	4,511.75	1,682.18	30,185.70
Total equipment	230,830.11	82,863.67	10,673.46	137,292.98
Fixed assets- machinery and equipment	<u>230,830.11</u>	<u>82,863.67</u>	<u>10,673.46</u>	<u>137,292.98</u>
Total	<u><u>389,520.26</u></u>	<u><u>103,412.68</u></u>	<u><u>18,011.21</u></u>	<u><u>268,096.37</u></u>

According to the valuation report of Guo Zhong Lian Ping Bao Zi (2019) No. 2-1190 issued by Guozhonglian Asset Valuation and Land and Real Estate Appraisal Co., Ltd., Hohhot Aluminum and Power Company listed and transferred certain assets of the alumina system at RMB1.342 billion in the Shanghai Assets and Equity Exchange at the end of 2019. For details of specific matters, please refer to the overseas regulatory announcement of the Company dated 24 December 2019.

2. Impairment Provision and Retirement of Certain Assets of the Alumina System

In view of the fact that Hohhot Aluminum and Power Company's production of alumina with high-aluminum pulverized fuel ash is the first demonstration project in the world, and it applies new technologies, new processes and new equipment and most of which are non-standardized equipment, relevant assets cannot be used for production of other products as a complete set of equipment, and are not much acceptable in the market. In addition, due to the impact of the COVID-19 epidemic, the investment willingness in the market has been greatly reduced this year. There was no inquiry from any interested party during the listing and transferring period from listing and transferring for certain assets of the alumina system, and the overall transfer of assets became impossible.

According to the "Notice on Further Consolidating the Quality of Disposal and Governance of Zombie Enterprises and Enterprises with Difficulties of Central Enterprises" issued by the SASAC, since the disposal of assets of alumina system has not yet been completed, the Company has not yet satisfied the completion standard of the "Disposal and Governance of Zombie Enterprises and Enterprises with Difficulties" of the SASAC. In order to ensure the timely completion of the task goal of the "Disposal and Governance of Zombie Enterprises and Enterprises with Difficulties" and taking into consideration of factors including the professionalism, non-commonality of certain assets of the alumina system and lower recycle value of equipment after removal, certain assets of the alumina system will be further revitalized, and relevant assets will be transferred to other members of the Company for other purposes through internal agreements. The main assets to be revitalized are as shown in the table below:

Unit: RMB0'000

Name	Original book value	Accumulative depreciation	Impairment provided	Carrying value
Total properties and buildings	47,746.49	6,910.49	18,802.45	22,033.55
Fixed assets - properties and buildings	35,159.70	5,245.34	13,843.50	16,070.86
Fixed assets - structures and other ancillary facilities	12,586.79	1,665.15	4,958.95	5,962.69
Total equipment	62,423.36	24,292.00	22,934.84	15,196.52
Fixed assets - machinery and equipment	<u>62,423.36</u>	<u>24,292.00</u>	<u>22,934.84</u>	<u>15,196.52</u>
Total	<u><u>110,169.85</u></u>	<u><u>31,202.49</u></u>	<u><u>41,737.29</u></u>	<u><u>37,230.07</u></u>

In accordance with the Accounting Standards for Business Enterprises and relevant financial and accounting system of the Company, for the residual assets, the Company decided to make provision for impairment and retirement of fixed assets. In order to fully reflect the actual financial condition of Hohhot Aluminum and Power Company, according to the audit report of ShineWing (2020) Zhengzhou A No. 30557 issued by ShineWing Certified Public Accountants (Special General Partnership) (信永中和會計師事務所(特殊普通合夥)), the Company recognized relevant assets of alumina system as an asset group in accordance with the standard of recognition of asset group under the accounting standards, and conducted impairment test under the approach of applying the net amount of recoverable value minus demolition and disposal expenses. After the test, the amount of impairment to be provided is approximately RMB840 million, and retirement will be made after impairment provision. As of the end of July 2020, the assets of the alumina production system involved in the provision for impairment and retirement are set out in the table below:

Unit: RMB0'000

Name	Original book value	Accumulative depreciation	Impairment provided	Impairment provision	Carrying value
Total properties and buildings	110,943.66	16,500.91	43,684.51	48,378.85	2,379.39
Fixed assets - properties and buildings	87,150.83	12,998.44	34,314.58	37,847.29	1,990.52
Fixed assets - structures and other ancillary facilities	23,792.83	3,502.47	9,369.93	10,531.56	388.87
Total equipment	168,406.75	65,002.57	61,871.61	35,349.86	6,182.71
Fixed assets - machinery and equipment	<u>168,406.75</u>	<u>65,002.57</u>	<u>61,871.61</u>	<u>35,349.86</u>	<u>6,182.71</u>
Total	<u><u>279,350.41</u></u>	<u><u>81,503.48</u></u>	<u><u>105,556.12</u></u>	<u><u>83,728.71</u></u>	<u><u>8,562.10</u></u>

The Company will make an open listing and transferring for the above-mentioned retired assets in accordance with the relevant provisions on the transfer of state-owned assets, so as to reduce the impact of the asset impairment and retirement on the current profit and loss of the Company. Hohhot Aluminum and Power Company engaged Guozhonglian Asset Valuation and Land and Real Estate Appraisal Co., Ltd. (國眾聯資產評估土地房地產估價有限公司) to assess the residual value of the above-mentioned retired assets using the market approach. The Company will make an open listing and transferring for these certain assets based on their valuation results, and the estimated recoverable amount is approximately RMB84 million.

III. IMPACT ON THE COMPANY

The provisions for asset impairment and retirement of assets resulted in the decrease of approximately RMB840 million in total assets in the consolidated statements of the Company, the decrease of approximately RMB840 million in total profits and the decrease of approximately RMB840 million in net profit attributable to the shareholders of the parent.

IV. PROCEDURES FOR CONSIDERATION AND APPROVAL OF PROVISIONS FOR ASSET IMPAIRMENT AND RETIREMENT OF ASSETS

The Company convened the fourteenth meeting of the tenth session of the Board and the ninth meeting of the tenth session of the supervisory committee on 29 September 2020, at which the “Resolution on the Impairment Provision and Retirement of Certain Assets of the Alumina System of Hohhot Aluminum and Power Company” has been considered and approved.

The directors (including independent non-executive directors) are of the view that the provisions for asset impairment and retirement of assets are in compliance with the provisions of the Accounting Standards for Business Enterprises and relevant accounting policies of the Company, fairly reflect the value of the Company’s assets and ensure the standardized operation of the Company without prejudicing the legitimate interests of the shareholders of the Company.

The supervisory committee is of the view that the impairment provision and retirement of assets 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 conditions of the Company and provide fair reflection of the assets condition of the Company upon impairment provision and retirement of assets.

By order of the Board
Jiang Jinming
Company Secretary

Beijing, the PRC, 29 September 2020

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

Chen Feihu, Qu Bo, Liang Yongpan, Ying Xuejun, Zhu Shaowen, Cao Xin, Zhao Xianguo, Zhang Ping, Jin Shengxiang, Liu Jizhen, Luo Zhongwei*, Liu Huangsong*, Jiang Fuxiu*, Niu Dongxiao*.*

* *Independent non-executive directors*