China Power Utilities

Turning a lot more bullish

Equities
Electric Utilities

China

- We might be early but we've turned more positive on the sector; lift 2027e earnings (above consensus), TPs and upgrade stocks
- The reason is simple: after two years of falling power prices, we now expect a rebound which will lift power utility margins
- Upgrade CRP, HNP-H/A and HDP-H/A to Buy from Hold, and raise TPs by 20-40%; CGN (Buy) is another beneficiary

Get ready for higher electricity prices … A favourable window is opening up for Chinese power producers, leading us to turn much more positive. After two years of falling power prices, we now expect them to rebound, especially annual contracted prices in East and South China, driven by the rally in coal prices. Spot and monthly power prices since 3Q26 are already rising and we see further increases ahead. In particular, we expect Guangdong, Jiangsu and Zhejiang to see increases of over 10% y-o-y, while regions other than East and South China should see power prices stabilise.

…which leads to earnings recovery: A combination of higher power prices, coal prices remaining stable and gradually easing next year, and higher dark spreads – the margins coal-fired power plants make from selling electricity after accounting for the cost of raw coal – should reverse the falling earnings seen in 2026 and boost earnings in 2027. As a result, we lift our earnings estimates for CRP, HNP and HDP by 16-39%, implying y-o-y growth of 20-41% in 2027, and putting us ahead of consensus which we expect to be revised up in the following months (see table on page 2).

Upgrade CRP, HNP-H/A and HDP-H/A to Buy from Hold: We lift our TPs for the five stocks by 20% to 40%, with higher target PB multiples, to recognise the recovery in earnings next year. Within our coverage, **CRP (836 HK, Buy)** is geographically more exposed to East and South China (see table on page 4) and sees higher tariff upside. **HNP (902 HK/600011 CH, Buy/Buy)** has greater earnings growth potential given its higher sensitivity to increases in power prices (see table on page 2), and therefore is our preferred pick among IPPs. We also like **CGN (1816 HK, Buy)**, another beneficiary of higher power prices in Guangdong.

Defensive value in the volatile market: Apart from potential earnings/valuation uplift next year, we see diversification value in China power utilities in today's increasingly volatile and AI-dominated stock markets. They offer 1) low beta, 2) low correlation with the AI trade, 3) attractive H-share dividend yields of 6-8% for 2027e (except for CGN). We see some **positive catalysts** ahead: 1) the release of 2027 annual contracted power prices from December and 2) upward revisions of consensus estimates. **Downside risk:** the upcoming 3Q26 results in late October for HNP and HDP should be under pressure but this should not be a surprise to investors.

Daniel Yang*
Analyst, Asia Energy Transition
The Hongkong and Shanghai Banking Corporation Limited
daniel.h.yang@hsbc.com.hk
+852 299 66976

Evan Li*
Head, Asia Energy Transition Research
The Hongkong and Shanghai Banking Corporation Limited
evan.m.h.li@hsbc.com.hk
+852 2996 6619

Shayla Xu*
Associate, Asia Energy Transition
The Hongkong and Shanghai Banking Corporation Limited
shayla.b.xu@hsbc.com.hk
+852 2288 7378

Vivian Zhou*
Associate
Guangzhou

** Employed by a non-US affiliate of HSBC Securities (USA) Inc. and is not registered/ qualified pursuant to FINRA regulations*

Less bull, more bite

The 25th edition of the EM Sentiment Survey

Click to view

Disclosures & Disclaimer
This report must be read with the disclosures and the analyst certifications in the Disclosure appendix, and with the Disclaimer, which forms part of it.

Issuer of report: The Hongkong and Shanghai Banking Corporation Limited

View HSBC Global Investment Research at:
https://www.research.hsbc.com

Comparison table

Company	Ticker	Rating	Ccy	TP	Price	Up/dow nside	Mkt cap (USDm)	PE 2026e	PE 2027e	PE 2028e	ROE 2026e	ROE 2027e	ROE 2028e	PB 2026e	PB 2027e	PB 2028e	Div yield 2026e	Div yield 2027e	Div yield 2028e
Utilities H-Share																			
Huaneng Power-H	902 HK	Buy	HKD	7.00	6.09	14.9%	15,196	10.1x	7.2x	7.6x	11%	14%	12%	1.1x	0.9x	0.9x	**5.4%**	**7.6%**	7.2%
CR Power	836 HK	Buy	HKD	24.00	19.70	21.8%	12,996	9.7x	7.1x	6.4x	9%	12%	12%	0.9x	0.8x	0.7x	**4.1%**	**5.6%**	6.3%
Huadian Power-H	1071 HK	Buy	HKD	5.30	4.23	25.4%	8,230	8.2x	6.8x	6.6x	10%	12%	11%	0.8x	0.8x	0.7x	**5.9%**	**7.1%**	7.3%
CGN Power	1816 HK	Buy	HKD	4.20	3.04	38.2%	4,325	12.7x	11.0x	10.5x	8%	9%	9%	1.0x	0.9x	0.9x	**3.6%**	**4.1%**	4.3%
China Power Int.	2380 HK	Hold	HKD	3.10	2.74	12.9%	4,327	12.2x	12.5x	12.3x	5%	5%	5%	0.7x	0.7x	0.6x	**5.1%**	**5.6%**	5.7%
Utilities A-Share																			
Huaneng Power-A	600011 CH	Buy	RMB	8.00	7.04	13.6%	15,196	13.7x	9.7x	10.3x	11%	14%	12%	1.4x	1.3x	1.2x	**4.0%**	**5.6%**	5.4%
Huadian Power-A	600027 CH	Buy	RMB	6.30	4.95	27.3%	8,230	11.2x	9.3x	9.1x	10%	12%	11%	1.1x	1.1x	1.0x	**4.3%**	**5.2%**	5.3%
China Yangtze Power	600900 CH	Buy	RMB	32.00	28.54	12.1%	104,157	19.1x	18.9x	19.0x	16%	15%	15%	3.0x	2.9x	2.7x	**3.7%**	**3.7%**	3.7%

Source: LSEG Datastream, HSBC estimates, priced as of 6 Oct 2026

Summary of changes in ratings and target prices

Company	Ticker	Currency	Rating Old	Rating New	Mkt cap (million)	Current price	Target price Old	Target price New	Upside
Huaneng Power-H	902 HK	HKD	Hold	**Buy**	15,196	6.09	5.00	**7.00**	15%
Huaneng Power-A	600011 CH	RMB	Hold	**Buy**	15,196	7.04	6.00	**8.00**	14%
CR Power	836 HK	HKD	Hold	**Buy**	12,996	19.70	20.00	**24.00**	22%
Huadian Power-H	1071 HK	HKD	Hold	**Buy**	8,230	4.23	4.30	**5.30**	25%
Huadian Power-A	600027 CH	RMB	Hold	**Buy**	8,230	4.95	5.20	**6.30**	27%
CGN Power	1816 HK	HKD	Buy	Buy	4,325	3.04	4.00	**4.20**	38%

Source: LSEG Datastream, HSBC estimates, priced as of 6 Oct 2026

Recovery of earnings in 2027e

(RMBm)	2025 Net profit	2025 y-o-y	2026e Net profit	2026e y-o-y	2027e Net profit	2027e y-o-y	2027e vs. consensus
CRP*	14,519	1%	10,477	-28%	**14,270**	**36%**	**11%**
HNP	11,764	62%	8,054	-32%	**11,336**	**41%**	**39%**
HDP	5,510	10%	5,135	-7%	**6,176**	**20%**	**10%**
CGN	9,765	-10%	10,475	7%	**12,068**	**15%**	**6%**

Source: Company data, Bloomberg, HSBC estimates. Note: * CRP in HKDm

Earnings sensitivity to power price in 2027e

	Baseline tariff growth	Earnings sensitivity for 1% rise in tariff	Total tariff impact on earnings
HNP	3.0%	7.4%	22.1%
CRP	5.0%	3.3%	16.7%
HDP	1.0%	9.8%	9.8%
CGN	1.5%	3.8%	5.6%

Source: HSBC estimates

A cyclical upward reset of power prices in 2027

Annual contracted power prices in China have fallen for two years, and we expect an upward reset in East and South China in 2027, as signalled by recent spot and monthly price trends. We expect Guangdong, Jiangsu and Zhejiang to lead this reversal, with increases of more than 10% y-o-y likely.

Spot and monthly prices are already leading the repricing

Since 3Q26, spot and monthly contracted prices have risen materially across several major provinces in East and South China, and are now well above 2026 annual contract levels. For instance, Guangdong recorded average spot prices and monthly contracted prices for electricity at RMB422/MWh and RMB440/MWh respectively in 3Q26, which are 13% and 18% higher than the annual contract at RMB372/MWh. As China's electricity market matures, spot prices are increasingly playing a stronger role in price discovery and becoming a leading reference for medium- and long-term contract pricing.

Timing is favorable for a 2027 upward reset

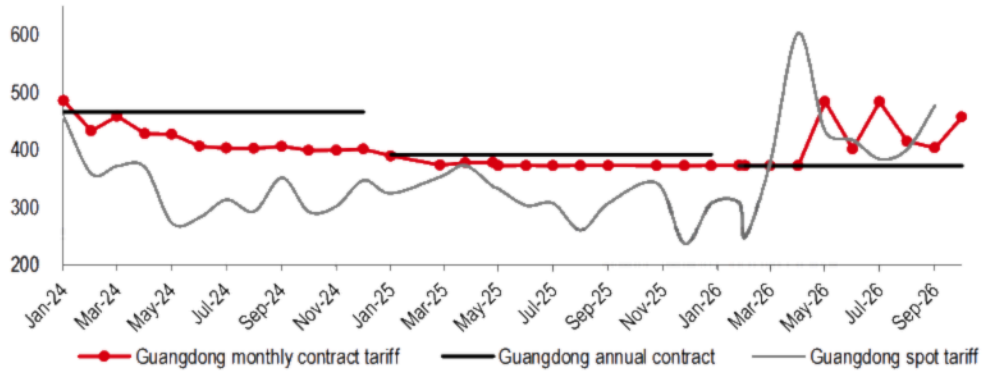
Q4 marks the start of annual contract negotiations, when recent spot and monthly transaction prices become relevant reference points for resetting the annual contracts. For instance, Guangdong normally finalises the annual contract power prices for the next year by the last week of December. We see this type of annual reset as a positive catalyst to share prices.

Strongest upside in East and South China

Based on current price signals, we think Guangdong, Jiangsu and Zhejiang are likely to see over 10% y-o-y increase in annual contract power price in 2027, following a more than 20% decline during 2024-26. Signals are less pronounced in other regions yet. But also see a broad-based decline in power prices in 2027 as less likely.

Within our coverage, CR Power has around 40% of its coal power capacity located in Guangdong, Jiangsu and Zhejiang, and therefore in a better position to benefit from the higher power prices in 2027, followed by Huaneng and Huadian.

Guangdong's spot/monthly power prices suggest higher reset for 2027 annual contract (RMB/MWh)



Source: Guangdong power trading center

Guangdong/Jiangsu/Zhejiang to lead the upward reset of annual contracted power price

Province	2026 annual contract (RMB/MWh)	Decline in 2024-26	Indication for 2027e yoy	Regional exposure CRP	HNP	HDP	CPI
Guangdong	**372**	**-20%**	**10%+**	**14%**	**7%**	**6%**	**2%**
Jiangsu	**344**	**-24%**	**10%+**	**17%**	**8%**	**14%**	**13%**
Zhejiang	**345**	**-26%**	**10%+**	**9%**	**9%**	**-**	**-**
			Sum	**40%**	**24%**	**20%**	**16%**
Anhui	371	-19%	5%	-	2%	10%	31%
Shanxi	303	-4%	5%	-	2%	1%	21%
Shandong	335	-11%	Flat	3%	19%	43%	-
Hubei	400	-14%	Flat	14%	4%	7%	-
Hebei	396	-6%	Flat	13%	3%	-	4%
Henan	402	-2%	Flat	12%	6%	1%	12%
Guizhou	374	-8%	Flat	-	-	-	10%
Shanghai	430	-9%	Flat	-	5%	-	-
Liaoning	304	-25%	Flat	3%	4%	-	-
Gansu	230	-18%	Flat	-	3%	-	-
Hainan	430	-15%	-5%	-	3%	-	-
Hunan	439	-9%	NA	6%	2%	7%	1%
Guangxi	330	-26%	NA	5%	-	3%	-
Fujian	369	-17%	NA	-	5%	-	-
Jiangxi	415	-11%	NA	-	7%	-	-
Heilongjiang	320	-21%	NA	-	3%	-	-
Jilin	342	-17%	NA	-	2%	-	-
Sichuan	395	-19%	NA	-	-	5%	5%
Yunnan	269	-19%	NA	-	3%	-	-
Chongqing	432	-6%	NA	-	3%	3%	-
Tianjin	387	-7%	NA	-	1%	1%	-
Inner Mongolia	269	-8%	NA	5%	-	-	-

Source: CEC, Company data, HSBC estimates

Note: regional exposures are based on installed coal capacity by region/provinces as end Jun-26, except for HNP were based coal power net generation by region in FY25

Coal prices likely peaked, but have set the stage for tariff resets

Coal costs, rather than power consumption, have been the key driver of the recent rise in power prices. China's power consumption growth has remained broadly stable this year, while thermal coal prices have risen sharply since the beginning of 3Q26 – the QHD5,500 spot price has increased by 19% YoY during the period to the latest quote of RMB986/t, putting renewed cost pressure on coal power plants.

While imported coal has also become more expensive amid the broader Middle East-driven energy rally, we believe the domestic supply disruption has been a more important cause of the increase in coal prices. Production curbs following the major Shanxi mining accident in May turned out to be larger and more persistent than we previously expected (see *China Coal: Stringent production inspections to linger through 3Q26*, 14 August 2026).

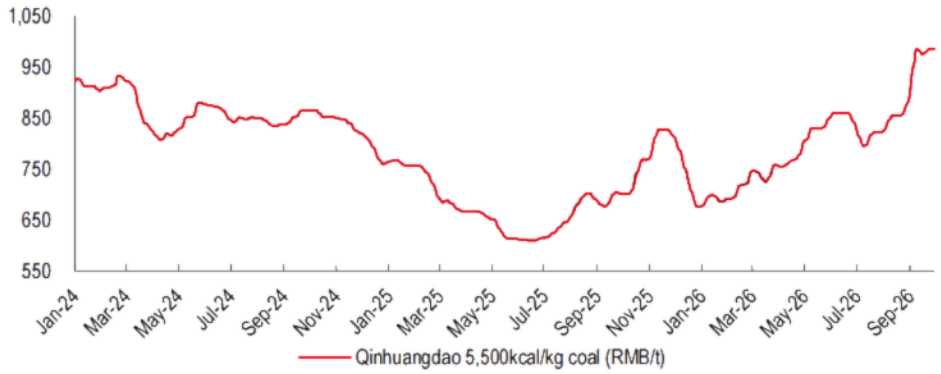
That said, coal prices at current levels have attracted policy attention. The government is working towards production normalisation, and we do not see a structural shortage in domestic coal supply. We therefore expect coal prices to remain stable in the near term before gradually easing in 2027. Importantly, however, the current window provides power plants with a favourable opportunity to reset power prices higher for the next year.

Stronger and more persistent production curbs in Shanxi

(mt)	Shanxi	Inn. Mongolia	Shaanxi	Xinjiang
Jun-Aug 25	328	311	202	133
Jun-Aug 26	222	327	206	128
YoY change	-33%	5%	2%	-4%

Source: sxcoal, Wind

Surge in coal spot price since 3Q26



Source: sxcoal

Recovery of dark spreads and earnings in 2027e

China's Independent Power Producers (IPPs) with coal power assets recorded various decline in earnings in the first half of this year and are likely to see more downside in the second half. This was dragged down by a narrowing dark spread amid the unexpected coal price rally following the continued decline in annual contract power prices in the beginning of the year.

As mentioned in earlier sections, we expect these trends to reverse: current high coal prices to cool down but annual contract power prices should reset higher, leading to recovery of dark spreads and earnings. In this report, we raise our 2027e earnings estimates by 16-39% for CR Power, Huaneng and Huadian after adjusting our tariff and unit fuel cost assumptions. Our estimates are now ahead of consensus, which we expect to be revised upwards in the following months. In our coverage, we expect CRP to see the highest tariff growth potential, while HNP is likely to see the highest earnings impact given its higher sensitivity.

CGN is another beneficiary

Most of CGN's market-traded electricity is settled annually – in 2026, we expect 32% of its power generation volume in Guangdong (equivalent to c19% of CGN's total on-grid generation) to be based on market transactions, the rest will be settled at fixed tariffs. This is expected to further expand in 2027 as new units (Huizhou) enter market-based transactions. Unlike for thermal power, the monthly Power Purchase Agreements (PPAs) for nuclear have been stable MoM in Guangdong, but we see potential upside when annual contracts are re-negotiated for 2027, given the spillover effect from higher thermal power prices. We now expect CGN's annual PPAs in Guangdong to be +10% y-o-y in 2027.

Recovery of earnings in 2027e

	2025		2026e		2027e		
(RMBm)	Net profit	y-o-y	Net profit	y-o-y	Net profit	y-o-y	vs. consensus
CRP*	14,519	1%	10,477	-28%	14,270	36%	11%
HNP	11,764	62%	8,054	-32%	11,336	41%	39%
HDP	5,510	10%	5,135	-7%	6,176	20%	10%
CGN	9,765	-10%	10,475	7%	12,068	15%	6%

Source: Company data, Bloomberg, HSBC estimates. Note: * CRP in HKDm

Earnings sensitivity to power price in 2027e

	Baseline tariff growth	Earnings sensitivity for 1% rise in tariff	Total tariff impact on earnings
HNP	3.0%	7.4%	22.1%
CRP	5.0%	3.3%	16.7%
HDP	1.0%	9.8%	9.8%
CGN	1.5%	3.8%	5.6%

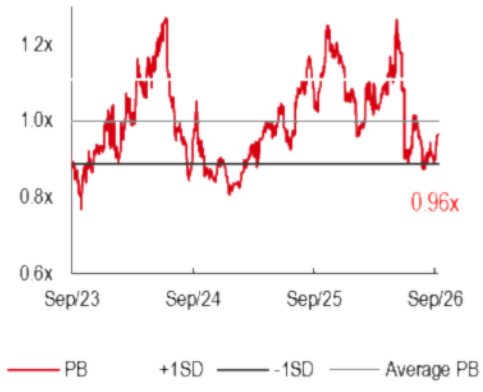
Source: HSBC estimates

Earnings revision table

	2026e	2027e	2028e
CRP (HKDm)			
New	10,477	14,270	15,881
Old	11,488	12,288	14,079
% chg	-9%	16%	13%
HNP (RMBm)			
New	8,054	11,336	10,754
Old	8,315	8,148	8,247
% chg	-3%	39%	30%
HDP (RMBm)			
New	5,135	6,176	6,304
Old	4,792	4,822	4,902
% chg	7%	28%	29%
CGN (RMBm)			
New	10,475	12,068	12,670
Old	10,272	11,441	12,583
% chg	2%	5%	1%

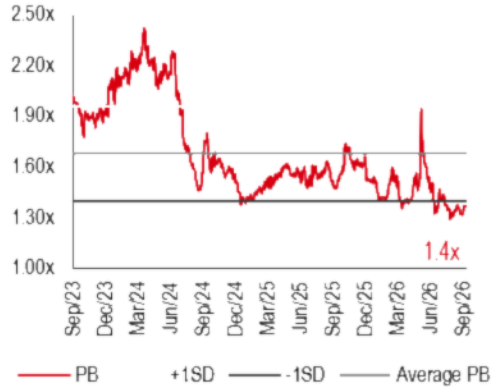
Source: HSBC estimates

HNP-H forward 12m PB



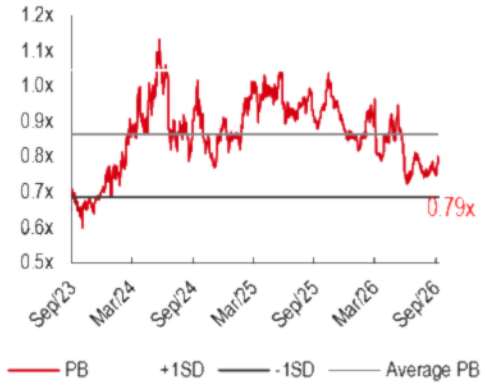
Source: HSBC estimates, LSEG Datastream

HNP-A forward 12m PB



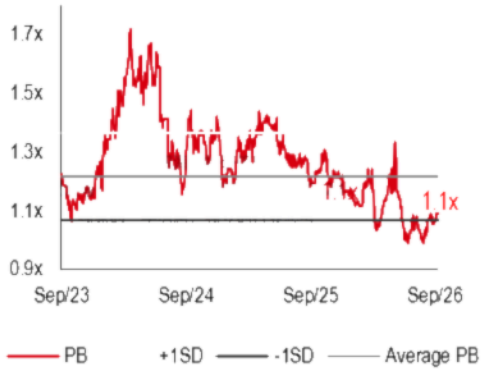
Source: HSBC estimates, LSEG Datastream

HDP-H forward 12m PB



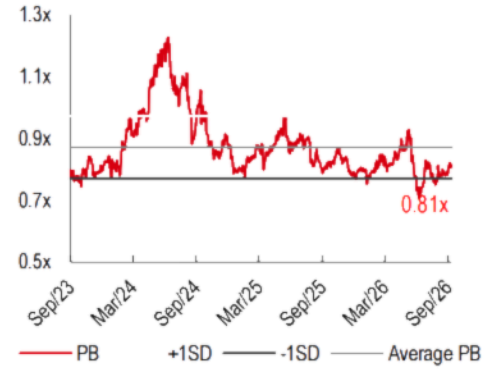
Source: HSBC estimates, LSEG Datastream

HDP-A forward 12m PB



Source: HSBC estimates, LSEG Datastream

CRP forward 12m PB



Source: HSBC estimates, LSEG Datastream

CGN forward 12m PB



Source: HSBC estimates, LSEG Datastream

ESG disclosure

Where is CR Power on the Energy Transition journey? CR Power currently has 76%/26% of its revenue/net profit derived from coal-related activities. The coal operation mainly engages in coal power generation and sales to the grid and business users. CR Power has set itself green energy transition goals which is aims to meet by reducing coal capacity exposure to <50% (from the current share of 62%), by adding c40GW of wind/solar capacity during 2021-25. Over the past two years, CR Power has invested cHKD67bn (equivalent to cUSD8.6bn) on green energy projects. With a strong commitment to the green transition, the company plans to invest HKD35bn (equivalent to USD4.6bn) in green energy-related projects in 2026.

Where is Huaneng Power on the energy transition journey? Huaneng Power (902 HK/600011 CH) generates 61% of its revenue from coal related activities. These activities include coal power generation and sales to downstream users and the grid. The company is the largest coal-fired independent power producer in China, with coal power accounting for 59% of total installed capacity. The company has strived to achieve energy transition, by adding 38GW of wind/solar capacity in 2020-25, investing more than RMB114bn over the same period. Huaneng Power is an early leader in hydrogen technologies among China's five major power state-owned enterprise (SOE) groups, and was the first to launch a 1,300 standard cubic metre

per hour alkaline water electrolysis hydrogen production system globally. The company plans to invest RMB37.7bn in renewable power projects in 2026.

Where is Huadian Power on the Energy Transition journey? 88% of Huadian Power's net profit stems from the coal power segment. The coal power segment includes coal-fired power generation and sales to downstream users. The company has previously spun off its renewable energy assets into an associate, Huadian Renewable (HDR), which completed an A-share IPO to raise financing to support and accelerate its renewables expansion. As a result, Huadian Power is seeking to reduce its heavy reliance on coal by investing in HDR, thereby diversifying its earnings mix over time. During the 15th Five-Year-Plan (2026-30), HDP aims to have 10GW of pump hydro power projects under construction and expects them to become operational from 2030s onward, as part of its continuing efforts to support the energy transition.

CR Power's SOTP valuation

New		Old	
(HKD/share)	**2027e**	**(HKD/share)**	**2026e**
Thermal operations		**CR Power's BVPS (HKD/share)**	**22.73**
-BVPS of thermal asset	4.92	-Renewables	18.18
-Target PB (H share thermal IPPs)	1.0x	-Thermal	4.55
Thermal assets fair value per share	**4.92**	**Benchmark PB (x)**	
Renewable operations		-Renewables (A share RE operators' average PB)	1.30x
- CR Renewable market cap (RMB bn)	153	-Thermal (Huaneng- H)	0.70x
- CRP's shareholding	83.8%	**SOTP valuation**	
- RMB/HKD assumptions	1.19	-Renewables	23.6
- Fair value of CRP's renewable operations (HKD bn)	152	-Thermal	3.2
Renewable assets fair value per share	**29.0**	Environmental discount	5%
Environmental discount	5%	Holding company discount	25%
Holding company discount	25%	TP (HKD)	20.00
TP (HKD)	24.00		

Source: HSBC estimates

Valuation and risks

		Valuation	Risks
CR Power 836 HK **Upgrade to Buy (from Hold)**	Current price: HKD19.70 Target price: HKD24.00 Up/downside: +21.8%	**Methodology**: 2027e SOTP valuation (rolled forward from 2026e) **Assumptions:** ◆ **Renewable assets** are based on the current market cap of A-share listed subsidiary CR Renewable (001248 CH, not rated), with respective shareholding of 83.8% and arriving at a fair value of HKD29.0 per share (it was previously based on 1.30x 2026e PB of the A-share renewable sector average PB). We have revised our valuation following CR Power's renewable assets being listed on the A-share market, using the current market capitalisation to better reflect the intrinsic value of its green operations. ◆ **Thermal assets**: 1.0x 2027e PB (from 0.7x 2026e PB), still referencing H-share thermal utilities' average trading 2027e PB multiple. We continue to apply an environmental discount of 5% and a holding discount of 25% to the sum of CR Power's total fair value, arriving at a rounded TP of HKD24.00 (from HKD20.00). Our new TP implies c22% upside from current levels. We view CRP as a key beneficiary of the renewed contract tariff from 2027e, given its significant exposure to the South and East regions. With an improved tariff and earnings outlook ahead, we upgrade the stock to Buy from Hold. **Daniel Yang*** | daniel.h.yang@hsbc.com.hk | +852 299 66976	**Downside risks:** (1) Stronger-than-expected coal prices. (2) Lower-than-expected tariffs due to lower market-based trading tariff. (3) Weaker-than-expected thermal utilisation due to strong hydro power output.
HNP H/A 902 HK 600011 CH **H: Upgrade to Buy (from Hold)** **A: Upgrade to Buy (from Hold)**	Current price: HKD6.09 RMB7.04 Target price: HKD7.00 RMB8.00 Up/downside: H: +14.9% A: +13.6%	**Methodology:** 2027e P/B valuation (rolled forward from 2026e), and A/H price premium or A-share TP conversion. **Target valuation:** 1.15x 2027e at 1.0SD above past three-year average P/B valuation (from 0.98x 2026e P/B at past three-year average P/B multiple) and 30% (from 40%) A/H price premium referencing the latest A/H price premium. We raise our valuation multiple in view of earnings raise and valuation re-rate. **Target prices:** We continue to assign a 10% environmental discount to reflect the existing substantial coal-fired units held by Huaneng and apply HSBC's 2027e RMB/HKD FX rate assumption of 1.19 (from 1.17), arriving at our rounded HNP-H/A TPs of HKD7.00/RMB8.00 (from HKD5.00/RMB6.00). Our revised HNP H/A target prices imply c15%/14% upsides. We upgrade the stocks to Buy/Buy (from Hold/Hold) on an earnings increase expected in 2027 and a better coal tariff outlook. **Daniel Yang*** | daniel.h.yang@hsbc.com.hk | +852 299 66976	**Downside risks for H/A shares:** (1) Higher-than-expected coal costs. (2) Lower-than-expected tariffs. (3) Weaker-than-expected utilisation.
HDP H/A 1071 HK 600027 CH **H: Upgrade to Buy (from Hold)** **A: Upgrade to Buy (from Hold)**	Current price: HKD4.23 RMB4.95 Target price: HKD5.30 RMB6.30 Up/downside: H: +25.2% A: +27.3%	**Methodology:** Target PB multiple valuation; A/H premium for A-share TP **Target valuation:** 1.06x 2027e PB, referencing to 1.0SD above the past three-year average PB (0.95x 2026e PB previously, benchmarked to the past three-year PB mean). **H-share TP assumptions:** We use HSBC's 2027e RMB/HKD FX rate assumption of 1.19 (from 1.16) and an additional environmental discount of 10%, arriving at our TP of HKD5.30 (from HKD4.30). This implies c25% upside from current price levels, and therefore we upgrade the stock to Buy (from Hold), given that an improved outlook for tariffs bodes well for earnings and operating cash flow growth in 2027e. **A-share TP assumptions:** We derive our A-share TP by applying an unchanged 40% A/H premium over the H-share TP, and we use HSBC's 2027e RMB/HKD FX rate assumption of 1.19 (from 1.16). Our revised TP of RMB6.30 (from RMB5.20) implies c27% upside, and we therefore upgrade the stock to Buy rating (from Hold); supported by a more favourable valuation and earnings re-rate driven by an improved outlook for annual contract tariffs. **Daniel Yang*** | daniel.h.yang@hsbc.com.hk | +852 299 66976	**Downside risks for H/A shares:** (1) Stronger-than-expected coal prices; lower-than-expected tariffs. (2) Weaker-than-expected utilisation. (3) No change in capacity payment may drag on the company's thermal earnings outlook and the dark spread going forward.
CGN Power 1816 HK **Buy**	Current price: HKD3.04 Target price: HKD4.20 Up/downside: +38.2%	**Methodology:** Discounted cash flow **Assumptions:** We use a WACC of 4.7%, based on a risk-free rate of 4.25% and an equity risk premium of 4.75% according to our equity strategy team's forecasts, an equity beta of 0.7, and a cost of debt of 2.3% (all unchanged). Our terminal growth rate of 0% is unchanged. We use HSBC FX strategists' 2027e RMB-HKD FX rate assumption of 1.19 (from 1.17) to derive our target price of HKD4.20 (from HKD4.00). Our target price implies 38% upside. We maintain our Buy rating as we believe CGN provides defensive value with stable utilisations and visible long-term growth, while the potential introduction of nuclear power CfD across China is an upside risk to watch. **Evan Li*** | evan.m.h.li@hsbc.com.hk | +852 2996 6619	**Downside risks:** (1) Slower-than-expected completion of new units. (2) Weaker-than-expected utilisation. (3) More-than-expected refuelling outages. (4) Higher-than-expected fuel costs. (5) Lower-than-expected tariffs from market trading of power, which may result in lower average tariffs.

Priced as of 6 Oct 2026. Source: HSBC estimates
* Employed by a non-US affiliate of HSBC Securities (USA) Inc, and is not registered/ qualified pursuant to FINRA regulations

Financials & valuation: China Resources Power

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (HKDm)				
Revenue	102,010	107,846	119,484	120,920
EBITDA	37,747	36,054	44,512	45,697
Depreciation & amortisation	-18,076	-18,961	-20,512	-17,619
Operating profit/EBIT	19,671	17,093	24,000	28,078
Net interest	-2,168	-2,493	-2,673	-4,445
PBT	20,212	15,284	22,287	24,756
HSBC PBT	20,212	15,284	22,287	24,756
Taxation	-3,706	-3,342	-4,873	-5,413
Net profit	14,519	10,477	14,270	15,881
HSBC net profit	14,137	10,477	14,270	15,881
Cash flow summary (HKDm)				
Cash flow from operations	44,651	30,915	37,075	40,865
Capex	-47,030	-47,200	-26,187	-35,121
Cash flow from investment	-45,913	-46,215	-24,920	-33,602
Dividends	-6,455	-5,835	-4,210	-5,734
Change in net debt	11,964	20,885	-3,041	5,247
FCF equity	-2,379	-16,285	10,889	5,744
Balance sheet summary (HKDm)				
Intangible fixed assets	6,470	6,467	6,464	6,461
Tangible fixed assets	278,785	301,451	306,463	323,276
Current assets	59,926	64,524	73,593	76,758
Cash & others	11,884	13,891	17,527	20,022
Total assets	409,010	437,070	452,037	472,968
Operating liabilities	66,096	65,427	66,866	66,716
Gross debt	209,186	232,079	232,674	240,416
Net debt	197,303	218,188	215,147	220,394
Shareholders' funds	111,296	116,654	127,474	138,647
Invested capital	267,203	293,125	302,127	319,757

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	-3.1	5.7	10.8	1.2
EBITDA	4.8	-4.5	23.5	2.7
Operating profit	0.4	-13.1	40.4	17.0
PBT	0.1	-24.4	45.8	11.1
HSBC EPS	7.3	-25.9	36.2	11.3
Ratios (%)				
Revenue/IC (x)	0.4	0.4	0.4	0.4
ROIC	6.2	4.8	6.3	7.1
ROE	13.4	9.2	11.7	11.9
ROA	5.1	3.6	4.7	5.3
EBITDA margin	37.0	33.4	37.3	37.8
Operating profit margin	19.3	15.8	20.1	23.2
EBITDA/net interest (x)	17.4	14.5	16.7	10.3
Net debt/equity	147.6	156.4	141.2	133.0
Net debt/EBITDA (x)	5.2	6.1	4.8	4.8
CF from operations/net debt	22.6	14.2	17.2	18.5
Per share data (HKD)				
EPS Rep (diluted)	2.80	2.02	2.76	3.07
HSBC EPS (diluted)	2.73	2.02	2.76	3.07
DPS	1.13	0.81	1.11	1.23
Book value	21.50	22.53	24.62	26.78

Key forecast drivers

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Total consolidated capacity (GW)	87	94	97	102
Coal-fired capacity (GW)	42	44	44	44
Coal-fired utilisation hour growth (%)	-7	-4	-2	0
Coal-fired on grid tariff growth (%)	-8	-11	4	0
Unit fuel cost growth (%)	-14	7	-3	0

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	2.7	2.8	2.5	2.5
EV/EBITDA	7.3	8.3	6.7	6.7
EV/IC	1.0	1.0	1.0	1.0
PE*	7.2	9.7	7.1	6.4
PB	0.9	0.9	0.8	0.7
FCF yield (%)	-2.3	-16.0	10.7	5.6
Dividend yield (%)	5.7	4.1	5.6	6.3

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2024a
GHG emission intensity*	10,849.5
Energy intensity*	49,267.5
CO_2 reduction policy	Yes
Social Indicators	**12/2024a**
Employee costs as % of revenues	7.4
Employee turnover (%)	n/a
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	10
Average board tenure (years)	n/a
Female board members (%)	10
Board members independence (%)	40

Source: Company data, HSBC

* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (HKD)	19.70	Free float	37%
Target price (HKD)	24.00	Sector	Electric Utilities
RIC (Equity)	0836.HK	Country/Region	China
Bloomberg (Equity)	836 HK	Analyst	Daniel Yang
Market cap (USDm)	12,996	Contact	+852 299 66976

Price relative



Source: HSBC

Note: Priced at close of 06 Oct 2026

Financials & valuation: Huaneng Power Intl

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (CNYm)				
Revenue	226,529	220,111	225,444	226,340
EBITDA	56,913	50,644	58,526	59,051
Depreciation & amortisation	-27,791	-28,745	-30,504	-31,908
Operating profit/EBIT	29,121	21,899	28,023	27,143
Net interest	-6,705	-6,087	-7,070	-7,098
PBT	23,533	16,643	22,025	21,083
HSBC PBT	21,421	16,643	22,025	21,083
Taxation	-4,003	-2,831	-3,747	-3,586
Net profit	11,764	8,054	11,336	10,754
HSBC net profit	11,764	8,054	11,336	10,754
Cash flow summary (CNYm)				
Cash flow from operations	67,213	48,186	51,923	55,298
Capex	-57,550	-62,137	-44,140	-40,691
Cash flow from investment	-57,292	-61,532	-43,365	-39,941
Dividends	-6,652	-6,279	-4,430	-6,235
Change in net debt	13,643	39,101	3,033	-1,903
FCF equity	9,663	-13,951	7,783	14,607
Balance sheet summary (CNYm)				
Intangible fixed assets	14,650	14,650	14,650	14,650
Tangible fixed assets	427,239	460,631	474,267	483,050
Current assets	91,469	83,312	88,811	89,862
Cash & others	19,456	11,331	15,088	15,846
Total assets	619,678	645,000	664,294	674,277
Operating liabilities	76,180	76,026	74,715	74,615
Gross debt	311,824	342,800	349,590	348,444
Net debt	292,368	331,469	334,502	332,599
Shareholders' funds	71,014	76,587	86,862	95,211
Invested capital	437,723	471,237	487,926	497,102

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	-7.0	-2.8	2.4	0.4
EBITDA	13.1	-11.0	15.6	0.9
Operating profit	21.4	-24.8	28.0	-3.1
PBT	32.1	-29.3	32.3	-4.3
HSBC EPS	28.8	-31.5	40.7	-5.1
Ratios (%)				
Revenue/IC (x)	0.5	0.5	0.5	0.5
ROIC	5.5	4.0	4.8	4.6
ROE	17.5	10.9	13.9	11.8
ROA	3.8	3.0	3.7	3.5
EBITDA margin	25.1	23.0	26.0	26.1
Operating profit margin	12.9	9.9	12.4	12.0
EBITDA/net interest (x)	8.5	8.3	8.3	8.3
Net debt/equity	133.2	154.9	146.8	139.1
Net debt/EBITDA (x)	5.1	6.5	5.7	5.6
CF from operations/net debt	23.0	14.5	15.5	16.6
Per share data (CNY)				
EPS Rep (diluted)	0.75	0.51	0.72	0.69
HSBC EPS (diluted)	0.75	0.51	0.72	0.69
DPS	0.40	0.28	0.40	0.38
Book value	4.52	4.88	5.53	6.07

Key forecast drivers

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Total consolidated capacity (GW)	156	162	168	173
Coal-fired capacity (GW)	92	92	92	92
Coal-fired utilisation hour growth (%)	-8	-4	0	0
Coal-fired on grid tariff growth (%)	-3	0	0	0
Unit fuel cost growth (%)	-11	7	-3	0

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	2.3	2.5	2.4	2.4
EV/EBITDA	9.1	10.8	9.4	9.3
EV/IC	1.2	1.2	1.1	1.1
PE*	6.9	10.1	7.2	7.6
PB	1.2	1.1	0.9	0.9
FCF yield (%)	9.5	-13.7	7.6	14.3
Dividend yield (%)	7.7	5.4	7.6	7.2

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2024a
GHG emission intensity*	n/a
Energy intensity*	33,129.3
CO_2 reduction policy	Yes
Social Indicators	**12/2024a**
Employee costs as % of revenues	7.7
Employee turnover (%)	0.3
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	15
Average board tenure (years)	n/a
Female board members (%)	13.3
Board members independence (%)	33.3

Source: Company data, HSBC

* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (HKD)	6.09	Free float	87%
Target price (HKD)	7.00	Sector	Electric Utilities
RIC (Equity)	0902.HK	Country/Region	China
Bloomberg (Equity)	902 HK	Analyst	Daniel Yang
Market cap (USDm)	15,196	Contact	+852 299 66976

Price relative



Source: HSBC

Note: Priced at close of 06 Oct 2026



Financials & valuation: Huaneng Power Int'l A

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (CNYm)				
Revenue	226,529	220,111	225,444	226,340
EBITDA	56,913	50,644	58,526	59,051
Depreciation & amortisation	-27,791	-28,745	-30,504	-31,908
Operating profit/EBIT	29,121	21,899	28,023	27,143
Net interest	-6,705	-6,087	-7,070	-7,098
PBT	23,533	16,643	22,025	21,083
HSBC PBT	21,421	16,643	22,025	21,083
Taxation	-4,003	-2,831	-3,747	-3,586
Net profit	11,764	8,054	11,336	10,754
HSBC net profit	11,764	8,054	11,336	10,754
Cash flow summary (CNYm)				
Cash flow from operations	67,213	48,186	51,923	55,298
Capex	-57,550	-62,137	-44,140	-40,691
Cash flow from investment	-57,292	-61,532	-43,365	-39,941
Dividends	-6,652	-6,279	-4,430	-6,235
Change in net debt	13,643	39,101	3,033	-1,903
FCF equity	9,663	-13,951	7,783	14,607
Balance sheet summary (CNYm)				
Intangible fixed assets	14,650	14,650	14,650	14,650
Tangible fixed assets	427,239	460,631	474,267	483,050
Current assets	91,469	83,312	88,811	89,862
Cash & others	19,456	11,331	15,088	15,846
Total assets	619,678	645,000	664,294	674,277
Operating liabilities	76,180	76,026	74,715	74,615
Gross debt	311,824	342,800	349,590	348,444
Net debt	292,368	331,469	334,502	332,599
Shareholders' funds	71,014	76,587	86,862	95,211
Invested capital	437,723	471,237	487,926	497,102

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	-7.0	-2.8	2.4	0.4
EBITDA	13.1	-11.0	15.6	0.9
Operating profit	21.4	-24.8	28.0	-3.1
PBT	32.1	-29.3	32.3	-4.3
HSBC EPS	28.8	-31.5	40.7	-5.1
Ratios (%)				
Revenue/IC (x)	0.5	0.5	0.5	0.5
ROIC	5.5	4.0	4.8	4.6
ROE	17.5	10.9	13.9	11.8
ROA	3.8	3.0	3.7	3.5
EBITDA margin	25.1	23.0	26.0	26.1
Operating profit margin	12.9	9.9	12.4	12.0
EBITDA/net interest (x)	8.5	8.3	8.3	8.3
Net debt/equity	133.2	154.9	146.8	139.1
Net debt/EBITDA (x)	5.1	6.5	5.7	5.6
CF from operations/net debt	23.0	14.5	15.5	16.6
Per share data (CNY)				
EPS Rep (diluted)	0.75	0.51	0.72	0.69
HSBC EPS (diluted)	0.75	0.51	0.72	0.69
DPS	0.40	0.28	0.40	0.38
Book value	4.52	4.88	5.53	6.07

Key forecast drivers

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Total consolidated capacity (GW)	156	162	168	173
Coal-fired capacity (GW)	92	92	92	92
Coal-fired utilisation hour growth (%)	-8	-4	0	0
Coal-fired on grid tariff growth (%)	-3	0	0	0
Unit fuel cost growth (%)	-11	7	-3	0

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	2.3	2.5	2.4	2.4
EV/EBITDA	9.1	10.8	9.4	9.3
EV/IC	1.2	1.2	1.1	1.1
PE*	9.4	13.7	9.7	10.3
PB	1.6	1.4	1.3	1.2
FCF yield (%)	9.5	-13.7	7.6	14.3
Dividend yield (%)	5.7	4.0	5.6	5.4

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2024a
GHG emission intensity*	0.0
Energy intensity*	33,129.3
CO_2 reduction policy	Yes
Social Indicators	**12/2024a**
Employee costs as % of revenues	7.7
Employee turnover (%)	0.3
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	15
Average board tenure (years)	n/a
Female board members (%)	13.3
Board members independence (%)	33.3

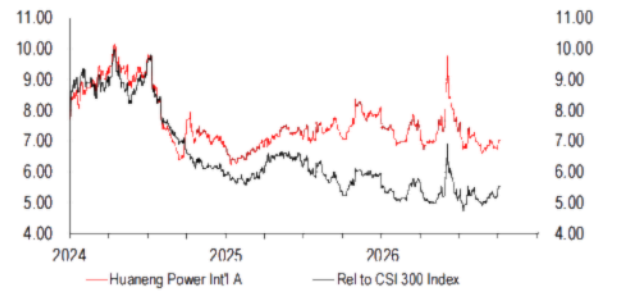
Source: Company data, HSBC

* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (CNY)	7.04	Free float	19%
Target price (CNY)	8.00	Sector	Electric Utilities
RIC (Equity)	600011.SS	Country/Region	China
Bloomberg (Equity)	600011 CH	Analyst	Daniel Yang
Market cap (USDm)	15,196	Contact	+852 299 66976

Price relative



Source: HSBC

Note: Priced at close of 06 Oct 2026

Financials & valuation: Huadian Power Intl

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (CNYm)				
Revenue	126,013	111,194	113,296	114,800
EBITDA	7,091	6,374	8,431	8,631
Depreciation & amortisation	-13,244	-12,596	-12,254	-12,594
Operating profit/EBIT	-6,153	-6,222	-3,823	-3,963
Net interest	-3,162	-3,022	-2,930	-2,838
PBT	10,648	9,926	11,756	11,980
HSBC PBT	10,648	9,926	11,756	11,980
Taxation	-2,431	-2,283	-2,704	-2,755
Net profit	5,510	5,135	6,176	6,304
HSBC net profit	5,510	5,135	6,176	6,304
Cash flow summary (CNYm)				
Cash flow from operations	27,221	20,155	22,422	22,215
Capex	-15,063	-10,000	-10,000	-10,000
Cash flow from investment	-14,262	-7,772	-7,685	-7,674
Dividends	-2,148	-2,671	-2,489	-2,994
Change in net debt	-3,500	-4,791	-8,807	-8,199
FCF equity	12,158	10,155	12,422	12,215
Balance sheet summary (CNYm)				
Intangible fixed assets	8,613	8,286	7,959	7,632
Tangible fixed assets	168,860	166,039	164,112	161,845
Current assets	32,712	35,659	39,947	44,460
Cash & others	6,983	9,774	14,581	18,780
Total assets	264,231	264,029	266,063	267,982
Operating liabilities	28,138	25,476	25,458	25,657
Gross debt	132,847	130,847	126,847	122,847
Net debt	125,864	121,073	112,266	104,067
Shareholders' funds	48,162	50,627	54,314	57,624
Invested capital	182,047	184,508	186,560	188,280

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	-10.9	-11.8	1.9	1.3
EBITDA	71.0	-10.1	32.3	2.4
Operating profit				
PBT	21.7	-6.8	18.4	1.9
HSBC EPS	-3.2	-6.8	20.3	2.1
Ratios (%)				
Revenue/IC (x)	0.7	0.6	0.6	0.6
ROIC	-2.5	-2.6	-1.6	-1.6
ROE	11.7	10.4	11.8	11.3
ROA	4.0	3.8	4.3	4.3
EBITDA margin	5.6	5.7	7.4	7.5
Operating profit margin	-4.9	-5.6	-3.4	-3.5
EBITDA/net interest (x)	2.2	2.1	2.9	3.0
Net debt/equity	123.3	113.6	99.7	88.0
Net debt/EBITDA (x)	17.7	19.0	13.3	12.1
CF from operations/net debt	21.6	16.6	20.0	21.3
Per share data (CNY)				
EPS Rep (diluted)	0.47	0.44	0.53	0.54
HSBC EPS (diluted)	0.47	0.44	0.53	0.54
DPS	0.23	0.21	0.26	0.26
Book value	4.15	4.36	4.68	4.96

Key forecast drivers

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Total consolidated capacity (GW)	77.9	78.9	81.3	81.3
Coal-fired capacity (GW)	54.4	54.4	55.7	55.7
Coal-fired utilisation hour growth (%)	-5.2	-13.0	0.0	0.0
Coal-fired on grid tariff growth (%)	-3.0	0.0	0.0	0.0
Unit fuel cost growth (%)	0.0	5.0	-2.0	0.0

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	1.5	1.6	1.5	1.5
EV/EBITDA	26.0	28.5	20.8	19.6
EV/IC	1.0	1.0	0.9	0.9
PE*	7.6	8.2	6.8	6.6
PB	0.9	0.8	0.8	0.7
FCF yield (%)	22.0	18.4	22.5	22.1
Dividend yield (%)	6.4	5.9	7.1	7.3

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2024a
GHG emission intensity*	9,007.6
Energy intensity*	29,583.6
CO_2 reduction policy	Yes
Social Indicators	**12/2024a**
Employee costs as % of revenues	6.1
Employee turnover (%)	0.6
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	12
Average board tenure (years)	n/a
Female board members (%)	8.3
Board members independence (%)	33.3

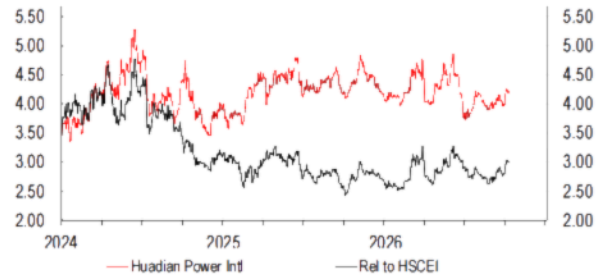
Source: Company data, HSBC

* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (HKD)	4.23	Free float	95%
Target price (HKD)	5.30	Sector	Electric Utilities
RIC (Equity)	1071.HK	Country/Region	China
Bloomberg (Equity)	1071 HK	Analyst	Daniel Yang
Market cap (USDm)	8,230	Contact	+852 299 66976

Price relative



Source: HSBC

Note: Priced at close of 06 Oct 2026

Financials & valuation: Huadian Power Intl A

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (CNYm)				
Revenue	126,013	111,194	113,296	114,800
EBITDA	7,091	6,374	8,431	8,631
Depreciation & amortisation	-13,244	-12,596	-12,254	-12,594
Operating profit/EBIT	-6,153	-6,222	-3,823	-3,963
Net interest	-3,162	-3,022	-2,930	-2,838
PBT	10,648	9,926	11,756	11,980
HSBC PBT	10,648	9,926	11,756	11,980
Taxation	-2,431	-2,283	-2,704	-2,755
Net profit	5,510	5,135	6,176	6,304
HSBC net profit	5,510	5,135	6,176	6,304
Cash flow summary (CNYm)				
Cash flow from operations	27,221	20,155	22,422	22,215
Capex	-15,063	-10,000	-10,000	-10,000
Cash flow from investment	-14,262	-7,772	-7,685	-7,674
Dividends	-2,148	-2,671	-2,489	-2,994
Change in net debt	-3,500	-4,791	-8,807	-8,199
FCF equity	12,158	10,155	12,422	12,215
Balance sheet summary (CNYm)				
Intangible fixed assets	8,613	8,286	7,959	7,632
Tangible fixed assets	168,860	166,039	164,112	161,845
Current assets	32,712	35,659	39,947	44,460
Cash & others	6,983	9,774	14,581	18,780
Total assets	264,231	264,029	266,063	267,982
Operating liabilities	28,138	25,476	25,458	25,657
Gross debt	132,847	130,847	126,847	122,847
Net debt	125,864	121,073	112,266	104,067
Shareholders' funds	48,162	50,627	54,314	57,624
Invested capital	182,047	184,508	186,560	188,280

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	-10.9	-11.8	1.9	1.3
EBITDA	71.0	-10.1	32.3	2.4
Operating profit				
PBT	21.7	-6.8	18.4	1.9
HSBC EPS	-3.2	-6.8	20.3	2.1
Ratios (%)				
Revenue/IC (x)	0.7	0.6	0.6	0.6
ROIC	-2.5	-2.6	-1.6	-1.6
ROE	11.7	10.4	11.8	11.3
ROA	4.0	3.8	4.3	4.3
EBITDA margin	5.6	5.7	7.4	7.5
Operating profit margin	-4.9	-5.6	-3.4	-3.5
EBITDA/net interest (x)	2.2	2.1	2.9	3.0
Net debt/equity	123.3	113.6	99.7	88.0
Net debt/EBITDA (x)	17.7	19.0	13.3	12.1
CF from operations/net debt	21.6	16.6	20.0	21.3
Per share data (CNY)				
EPS Rep (diluted)	0.47	0.44	0.53	0.54
HSBC EPS (diluted)	0.47	0.44	0.53	0.54
DPS	0.23	0.21	0.26	0.26
Book value	4.15	4.36	4.68	4.96

Key forecast drivers

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Total consolidated capacity (GW)	78	79	81	81
Coal-fired capacity (GW)	54	54	56	56
Coal-fired utilisation hour growth (%)	-5	-13	0	0
Coal-fired on grid tariff growth (%)	-3	0	0	0
Unit fuel cost growth (%)	0	5	-2	0

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	1.5	1.6	1.5	1.5
EV/EBITDA	26.0	28.5	20.8	19.6
EV/IC	1.0	1.0	0.9	0.9
PE*	10.4	11.2	9.3	9.1
PB	1.2	1.1	1.1	1.0
FCF yield (%)	22.0	18.4	22.5	22.1
Dividend yield (%)	4.6	4.3	5.2	5.3

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2024a
GHG emission intensity*	9,007.6
Energy intensity*	29,583.6
CO_2 reduction policy	Yes
Social Indicators	**12/2024a**
Employee costs as % of revenues	6.1
Employee turnover (%)	0.6
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	12
Average board tenure (years)	n/a
Female board members (%)	8.3
Board members independence (%)	33.3

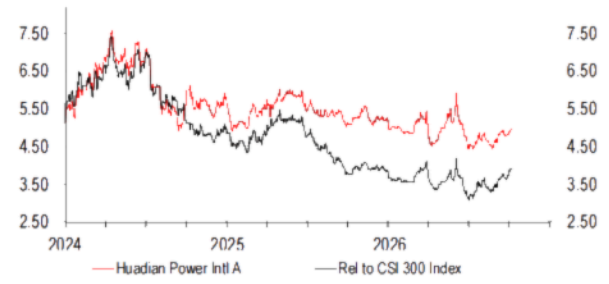
Source: Company data, HSBC

* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (CNY)	4.95	Free float	36%
Target price (CNY)	6.30	Sector	Electric Utilities
RIC (Equity)	600027.SS	Country/Region	China
Bloomberg (Equity)	600027 CH	Analyst	Daniel Yang
Market cap (USDm)	8,230	Contact	+852 299 66976

Price relative



Source: HSBC

Note: Priced at close of 06 Oct 2026

Financials & valuation: CGN Power

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (CNYm)				
Revenue	75,697	83,414	93,063	100,392
EBITDA	32,103	35,310	41,500	44,683
Depreciation & amortisation	-13,603	-14,272	-16,362	-18,064
Operating profit/EBIT	18,500	21,038	25,139	26,618
Net interest	-4,523	-4,462	-5,374	-5,570
PBT	18,603	20,083	23,360	24,677
HSBC PBT	18,603	20,083	23,360	24,677
Taxation	-3,872	-3,715	-4,205	-4,565
Net profit	9,765	10,475	12,068	12,670
HSBC net profit	9,113	10,329	11,913	12,516
Cash flow summary (CNYm)				
Cash flow from operations	33,842	38,965	43,245	46,559
Capex	-34,057	-49,626	-43,626	-40,626
Cash flow from investment	-31,453	-49,626	-43,626	-40,626
Dividends	-4,343	-4,659	-5,367	-5,635
Change in net debt	26,090	23,497	15,328	9,837
FCF equity	421	-10,661	-382	5,933
Balance sheet summary (CNYm)				
Intangible fixed assets	9,044	10,877	12,582	14,158
Tangible fixed assets	252,541	286,061	311,621	332,607
Current assets	77,891	87,501	90,466	90,561
Cash & others	20,827	29,241	27,846	23,460
Total assets	505,656	550,620	580,849	603,507
Operating liabilities	85,778	87,122	89,629	92,360
Gross debt	242,021	273,932	287,866	293,316
Net debt	221,194	244,692	260,019	269,856
Shareholders' funds	123,188	130,682	139,369	148,489
Invested capital	232,871	268,077	297,193	321,507

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	-4.1	10.2	11.6	7.9
EBITDA	-13.1	10.0	17.5	7.7
Operating profit	-21.2	13.7	19.5	5.9
PBT	-14.0	8.0	16.3	5.6
HSBC EPS	-15.1	13.3	15.3	5.1
Ratios (%)				
Revenue/IC (x)	0.3	0.3	0.3	0.3
ROIC	6.1	6.8	7.3	7.0
ROE	7.2	8.1	8.8	8.7
ROA	3.7	3.8	4.2	4.2
EBITDA margin	42.4	42.3	44.6	44.5
Operating profit margin	24.4	25.2	27.0	26.5
EBITDA/net interest (x)	7.1	7.9	7.7	8.0
Net debt/equity	125.5	130.2	128.9	124.8
Net debt/EBITDA (x)	6.9	6.9	6.3	6.0
CF from operations/net debt	15.3	15.9	16.6	17.3
Per share data (CNY)				
EPS Rep (diluted)	0.19	0.21	0.24	0.25
HSBC EPS (diluted)	0.18	0.20	0.24	0.25
DPS	0.09	0.09	0.11	0.11
Book value	2.44	2.59	2.76	2.94

Key forecast drivers

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Cumulative capacity (GW)	31.8	35.2	37.5	0.0
New capacity (GW)	0.0	3.3	2.3	0.0
Total power generation (GWh)	7,768	7,517	7,713	0
Power generation YoY (%)	2.4	2.3	9.7	0.0

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	3.8	3.8	3.6	3.5
EV/EBITDA	8.9	8.9	8.0	7.8
EV/IC	1.2	1.2	1.1	1.1
PE*	14.4	12.7	11.0	10.5
PB	1.1	1.0	0.9	0.9
FCF yield (%)	1.5	-36.8	-1.3	20.5
Dividend yield (%)	3.3	3.6	4.1	4.3

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2025a
GHG emission intensity*	3.0
Energy intensity*	6.0
CO_2 reduction policy	Yes
Social Indicators	**12/2025a**
Employee costs as % of revenues	2.7
Employee turnover (%)	1.2
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	8
Average board tenure (years)	3.2
Female board members (%)	25
Board members independence (%)	37.5

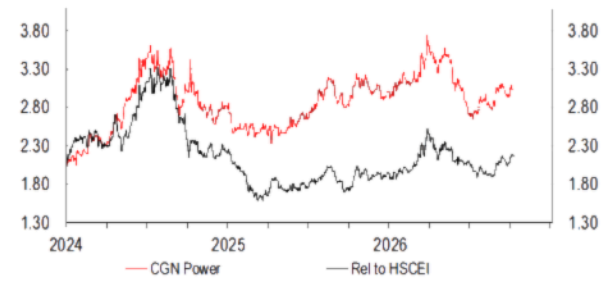
Source: Company data, HSBC

* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (HKD)	3.04	Free float	22%
Target price (HKD)	4.20	Sector	Electric Utilities
RIC (Equity)	1816.HK	Country/Region	China
Bloomberg (Equity)	1816 HK	Analyst	Evan Li
Market cap (USDm)	4,325	Contact	+852 2996 6619

Price relative



Source: HSBC

Note: Priced at close of 06 Oct 2026