

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the content of this announcement, make no representation to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the content of this announcement.



中国神华能源股份有限公司
CHINA SHENHUA ENERGY COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 01088)

**DISCLOSEABLE TRANSACTION
CONNECTED TRANSACTION**

ENTERING INTO JOINT VENTURE AGREEMENT

Financial Advisers to the Company



**Goldman
Sachs**

The Board is pleased to announce that, on 1 March 2018, the Company and GD Power entered into the Joint Venture Agreement.

Pursuant to the Joint Venture Agreement, the Company and GD Power intend to establish the Joint Venture Company. GD Power proposes to contribute the equities and assets of the relevant coal-fired power generation companies held by GD Power and the Company proposes to contribute the equities and assets of the relevant coal-fired power generation companies held by the Company.

As at the date hereof, CHNENERGY holds 73.06% interest in the Company, and is the controlling shareholder of the Company. As approved by *the Notice regarding the Reorganization of China Guodian Corporation and Shenhua Group Corporation Limited* (Guo Zi Fa Gai Ge [2017] No. 146) issued by SASAC, Shenhua Group Co and Guodian Group Co will be reorganized. Shenhua Group Co has changed its company name to China Energy Investment Corporation Limited. CHNENERGY will be the parent company after the reorganization, and merge with Guodian Group Co by way of merger by absorption of Guodian Group Co. After the completion of the Merger of the Group Companies, GD Power will become a subsidiary of CHNENERGY. As such, GD Power is a connected person of the Company under the Hong Kong Listing Rules, and the Joint Venture Agreement and the transaction contemplated thereunder constitute a connected transaction of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. As one or more of the applicable percentage ratios in respect of the transaction will exceed 5%, but all will be below 25%, therefore, the Company shall comply with reporting, announcement and independent shareholders' approval requirements under the Hong Kong Listing Rules. The transaction also constitutes a discloseable transaction.

The Company will seek approval from the Independent Shareholders for the Joint Venture Agreement and the transaction contemplated thereunder at a general meeting to be convened. According to the Hong Kong Listing Rules, CHNENERGY and its respective associates shall abstain from voting in respect of relevant resolutions.

The Company and the Independent Board Committee have reviewed the Joint Venture Agreement and transaction contemplated thereunder. An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and Independent Shareholders in accordance with the Hong Kong Listing Rules.

A circular containing, among other things, further details regarding the transaction contemplated under the Joint Venture Agreement, a letter from the Independent Board Committee and an opinion of the independent financial adviser will be dispatched to the Shareholders within 15 business days.

Background

The Company is a world-leading coal-based integrated energy company. The main business of the Group includes production and sales of coal and power, railway, port and ship transportation, and coal-to-olefins and other coal related chemical processing business.

CHNENERGY and its subsidiaries are principally engaged in the coal liquefaction, coal based chemical processing business, coal production and power generation business as well as investment and finance activities. CHNENERGY is the controlling shareholder of the Company. As at the date hereof, CHNENERGY holds 73.06% equity interest in the Company.

GD Power is principally engaged in the generation and sale of electricity and heating. As at the end of 2014, 2015 and 2016, the controlled installed capacity of GD Power was 40.836 million kW, 46.3035 million kW and 50.8815 million kW, respectively, and the accumulated power generation by the wholly-owned and controlling electricity companies of GD Power was 179.022 billion kWh, 168.657 billion kWh and 196.885 billion kWh. As at 30 September 2017, the controlled installed capacity of GD Power was 53.0004 million kW, including coal-fired power installed capacity of 33.7475 million kW, hydropower installed capacity of 13.6878 million kW, wind power installed capacity of 5.3531 million kW and solar power installed capacity of 212,000 kW. As at 31 December 2016, the audited total assets of GD Power was RMB271,266.95 million, the equity attributable to equity holders was RMB52,020.42 million. In 2016, the revenue was RMB58,416.05 million, and net profit attributable to the parent was RMB4,727.28 million. As at 30 September 2017, the unaudited total assets of GD Power was RMB276,680.8555 million, equity attributable to equity holders was RMB52,288.3991 million. For the nine months ended on 30 September 2017, the unaudited revenue was RMB 44,281.9198 million, and net profit attributable to the parent was RMB2,431.2235 million. As the date hereof, the controlling shareholder of GD Power is Guodian Group Co, and Guodian Group Co directly and indirectly holds 46.09% equity of GD Power. The ultimate controller of GD Power is SASAC. The shares of GD Power are listed on the Shanghai Stock Exchange.

On 28 August 2017, the Company and GD Power entered into the Joint Venture Framework Agreement. The parties proposed to contribute the equities and assets of the relevant coal-fired power generation companies directly and indirectly held by the Company and GD Power, and establish the Joint Venture Company. After the completion of the Joint Venture Transaction, GD Power will control the Joint Venture Company. The shareholding percentage of the Joint Venture Company would be determined by the parties through negotiations taking into account the valuation of the Subject Assets filed with competent authorities. The registered capital of the Joint Venture Company would be determined by the parties through negotiations taking into account the final valuation of the Subject Assets filed with competent authorities.

As disclosed, according to the Shanghai Listing Rules, the Company and GD Power agreed to choose 30 June 2017 as the valuation reference date for CEA to prepare preliminary valuation of the Subject Assets. The preliminary valuation results were considered and approved by the board of directors of the Company and GD Power on the board meetings respectively held on 28 August 2017. On 31 December 2017, CEA finalized the valuation of the Subject Assets and issued valuation reports (File No.: Zhong Qi Hua Ping Bao Zi (2017) No. 1386–01 to 1386–18 and Zhong Qi Hua Ping Bao Zi (2017) No. 1388–01 to 1388–22), with 30 June 2017 as the valuation reference date. The valuation reports have been filed with competent authorities of the PRC. CEA is an appraisal institution engaged in and qualified for the securities and futures business in the PRC.

Based on the Joint Venture Framework Agreement, the parties have negotiated and agreed to enter into the Joint Venture Agreement in relation to various matters of establishment of the Joint Venture Company.

Joint Venture Agreement

On 1 March 2018, the Company and GD Power entered into the Joint Venture Agreement.

The major clauses of the Joint Venture Agreement are set out below:

Date

1 March 2018

Parties

The Company

GD Power

Joint venture proposal

The Company and GD Power intend to establish the Joint Venture Company. GD Power proposes to contribute the equities and assets of the relevant coal-fired power generation companies held by GD Power and the Company proposes to contribute the equities and assets of the relevant coal-fired power generation companies held by the Company.

The parties have confirmed that pursuant to the valuation of the Subject Assets that is filed with the relevant authorities, as at the Valuation Reference Date, the value of the Shenhua Contributed Assets is RMB27,709.8369 million, and the value of the GD Contributed Assets is RMB37,449.2712 million.

Based on the value of the Subject Assets that is filed with the competent authorities, the parties have negotiated and agreed that GD Power will hold 57.47% of equity interests in the Joint Venture Company, and the Company will hold 42.53% of equity interests in the Joint Venture Company.

The parties shall use their best endeavours to jointly procure the parties to complete the internal reorganization of the Subject Assets before the Completion Date (i.e. the last day of the month in which the completion date of commercial and industrial registration of the Joint Venture Company established by the Subject Assets falls).

The parties agree that the accumulated undistributed profits of the Subject Assets as at the Valuation Reference Date shall be retained by the Joint Venture Company.

Completion and business registration

The parties agree that since the Completion Date, the Joint Venture Company has all the corresponding rights and the liabilities of the Subject Assets.

The parties shall set up the Joint Venture Company as soon as practical after the effective date of the Joint Venture Agreement and GD Power shall be responsible for carrying out the commercial and industrial registration of establishment for the Joint Venture Company with assistance of the Company.

The parties shall carry out the relevant formalities for the transfer of the Subject Assets to the Joint Venture Company as soon as possible from the Completion Date.

Company name, registered capital, scope of business and purpose of the Joint Venture Company

The company name of the Joint Venture Company is the name finally registered in the business license. The Joint Venture Company is registered in Chaoyang District, Beijing, with a registered capital of RMB10 billion, in which GD Power will contribute RMB5,747.3579 million with the GD Contributed Assets and the Company will contribute RMB4,252.6421 million with the Shenhua Contributed Assets.

The purpose of the Joint Venture Company is: in compliance with laws and regulations to implement national and regional policies, to adhere to principles of reform, development, innovation and efficiency, to enhance management and make use of the overall advantages of the Joint Venture Company, to promote the development of electric power, the structure adjustment, and the optimization of resources allocation, to increase the competitiveness of the Joint Venture Company and to ensure the increase in the value of state-owned assets; the scope of business of the Joint Venture Company is the production and sale of electronic power and thermal power (subject to the scope of business registered in the business license).

Corporate governance of the Joint Venture Company

The board of directors of the Joint Venture Company shall consist of five directors, among whom three of the directors shall be nominated by GD Power and two by the Company. The term of the directors shall be three years and can be extended after the renomination by the parties. If a director resigns or be removed, the party that previously nominated such director shall have the right to nominate another person to replace him.

The chairman of the board of directors shall be elected among candidates nominated by GD Power; the vice chairman shall be elected among candidates nominated by the Company. Both the chairman and vice chairman shall be approved by more than half of all the directors. The chairman is the legal representative of the Joint Venture Company.

The board of supervisors of the Joint Venture Company shall consist of three supervisors, among whom one supervisor shall be nominated by GD Power, one supervisor shall be nominated by the Company, and one supervisor as staff representatives shall be elected democratically by the staff and workers' congress of the Company. The chairman of the board of the supervisors shall be nominated by the Company and elected by more than half of the all the supervisors.

The general manager of the Joint Venture Company shall be appointed or dismissed by the board of directors. The deputy general manager, the person in charge of financial affairs (chief accountant/chief financial officer) and other senior management personnel shall be nominated by the general manager and appointed or dismissed by the board of directors.

The shareholders' meeting of the Joint Venture Company is the authority organ of the Joint Venture Company and shall exercise the following functions and powers:

- (1) to decide on the company's operational policies and investment plans;
- (2) to elect and replace directors and supervisors who are not employee representatives, and to decide on matters relating to the remuneration of directors and supervisors;
- (3) to examine and approve the reports of the board of directors;
- (4) to examine and approve the reports of the board of supervisors;
- (5) to examine and approve the annual financial budget plan and final account plan of the company;
- (6) to examine and approve the profit distribution plans and plan for making up losses of the company;

- (7) to adopt resolutions on the issuance of corporate bonds and various debt financing instruments;
- (8) to adopt resolutions on the increase or reduce of the company's registered capital;
- (9) to adopt resolutions on merger, division, dissolution, liquidation or the alteration of the form of the company;
- (10) to amend the articles of association;
- (11) other functions and powers stipulated by the articles of association.

The resolutions set out in item (6), item (8), item (9) and item (10) above shall be passed by shareholders representing more than two-thirds of the voting rights, and resolutions of the rest of the matters shall be approved by shareholders representing more than half of the voting rights. The place of the shareholders' meeting can be determined according to the specific circumstances when the time comes.

The board of directors is accountable to the shareholders' meeting and shall exercise the following functions and powers:

- (1) to convene and report to the shareholders' meeting;
- (2) to implement the resolutions approved by the shareholders' meetings;
- (3) to determine the company's business plans and investment proposals;
- (4) to formulate the company's annual financial budget and final account plan;
- (5) to formulate the company's profit distribution plan and plan for making up losses;
- (6) to formulate plans for the company to issue corporate bonds and various debt financing instruments;
- (7) to formulate plans for the company to increase or decrease the company's registered capital;
- (8) to prepare plans for the company on merger, division, dissolution or alteration of the Company form;
- (9) to decide the establishment of the company's internal management structure;
- (10) to decide on the appointment or dismissal and the remuneration of the company's general manager, and to decide on the appointment or dismissal of the company's deputy general manager, the person in charge of financial affairs and other senior management personnel and their remuneration according to the nominations of the general manager;

- (11) to formulate the company's basic management system;
- (12) to formulate the proposal for amendment of the articles of association;
- (13) other functions and powers stipulated by the articles of association.

The resolutions set out in item (5), item (7), item (8) and item (12) above shall be passed by more than two-thirds of the directors, and resolutions of the rest of the matters shall be passed by more than half of the directors.

The general manager is accountable to the board of directors and shall exercise the following functions and powers:

- (1) to be in charge of the company's production, operation and management, and to organize the implementation of the board resolutions;
- (2) to organize the implementation of the company's annual business plan and investment proposal;
- (3) to formulate plans for the establishment of the company's internal management structure;
- (4) to formulate the company's basic management system;
- (5) to formulate specific rules and regulations for the company;
- (6) to propose the appointment or dismissal of the company's deputy general managers, the person in charge of financial affairs and other senior management personnel;
- (7) to decide on the appointment or dismissal of management personnel other than those required to be appointed or dismissed by the board of directors;
- (8) other functions and powers conferred by the board of directors.

Transition period

Apart from the matters that have obtained the prior written consent of or known to the parties on the date of the Joint Venture Agreement, during the transition period (i.e. the period between the Valuation Reference Date and the Completion Date) all aspects of the coal-fired power generation companies involved in the Subject Assets shall remain stable without significant adverse changes.

During the transition period, GD Power continues to be responsible for all work in relation to the GD Contributed Assets, and the Company continues to be responsible for all work in relation to the Shenhua Contributed Assets.

During the transition period, the parties shall perform the obligation of properly managing the Subject Assets and ensure that no circumstance exists to impede the transfer of the title of any of the Subject Assets; the parties shall reasonably and cautiously operate and manage the Subject Assets and will not engage in any activity which is outside the scope of normal operation and without duly authorization, and may damage the interest of the Joint Venture Company or shareholders.

During the transition period, the profits or losses associated with operating activities of the Subject Assets is retained or borne by the Joint Venture Company.

During the transition period, apart from the profits or losses associated with operating activities, the parties shall, respectively, make their best endeavours that the rights and interests of the Subject Assets will remain unchanged. To maintain the agreed shareholding percentages of the Company and GD Power in the Joint Venture Company, when the rights and interests of the Subject Assets decrease due to capital reduction, changes in ownership, distribution of interest or forth, the relevant party shall, by cash or other legally allowed methods, make up the contributed amount corresponding to the deduction of the rights or interests aforementioned. When the rights and interests of the Subject Assets increase due to capital increase, changes in ownership and so forth, the Joint Venture Company shall, by cash or other legally allowed methods, return such amount to the relevant party to ensure that both parties will hold the interests of the Joint Venture Company as negotiated and agreed.

The parties will conduct a supplemental audit for auditing the Subject Assets with the Completion Date as the reference date for the purpose of differentiating the profits and losses due to other reasons apart from operating activities during the transition period.

Credits and debts

As confirmed by the parties, the Subject Assets in the transaction include equities and assets of the relevant coal-fired power generation companies. The transaction will not change position of the Subject Assets as independent legal entities of the coal-fired power generation companies. The creditor's rights and debts of those companies shall continue to be carried out by those companies after the transaction.

As for the branch companies contained the Subject Assets, according to the "Debts go with the Assets" principle, since the Completion Date, the creditor's rights and debts in relation to the non-equity assets of the Subject Assets shall be transferred together with the relevant assets to the Joint Venture Company and the relevant party shall be responsible for the related procedures of such transfer. As for the transferred creditor's rights and debts, the relevant party shall carry out the notification obligation and/or approval procedures that are required by law and regulations in relation to the transfer of the creditor's rights and debts.

Condition precedent to the effectiveness of the Joint Venture Agreement

The Joint Venture Agreement shall be formulated from the date on which the legal representative or authorized representative of the parties affix their signatures and common seals of their companies, and will become effective upon satisfaction of all of the following conditions:

1. The transaction is considered and approved by the board of directors and the general meeting of GD Power.
2. The transaction is considered and approved by the board of directors and the general meeting of the Company;
3. The approvals from competent authorities for this transaction are obtained.

Liabilities for breach of contract

1. If a party to the Joint Venture Agreement breaches any of its representations, warranties, undertakings, makes any misstatements, or fails to perform any of its responsibilities or obligations under the Joint Venture Agreement, the party commits a breach of the agreement. The defaulting party shall, at the request of the other party, continue to perform its obligations or take measures to remedy the breach or give full, prompt, adequate and effective compensation.
2. If the Joint Venture Agreement fails to become effective or to be completed for reasons not attributable to the parties, none of the parties shall be liable for breach of contract.

Governing law and dispute resolution

The Joint Venture Agreement is governed by the laws of the PRC.

Any dispute between the parties in relation to the context or the execution of the Joint Venture Agreement shall be settled first through negotiations. If the dispute fails to be resolved within 60 days after it arises, either party shall have the right to submit the dispute to the China International Economic and Trade Arbitration Commission for arbitration in Beijing in accordance with the prevailing effective arbitration rules. The arbitral award is conclusive and binding on both parties.

The terms of the Joint Venture Agreement were arrived after arm's length negotiation between the parties.

Information of the Shenhua Contributed Assets

Basic information of the Shenhua Contributed Assets

No.	Company	Shareholding percentage	Date of establishment	Registered capital (RMB0'000)	Address	Principal activities in recent three years
1	Guohua Taicang Power Co., Ltd.	50%	2005.1.26	200,000	No. 1 Taicang Port Power Plant Road, Taicang City	Generation and sale of electricity
2	Jiangsu Guohua Chenjiagang Power Co., Ltd.	55%	2007.11.16	133,574	No. 188 Huanghai Avenue, Chenjiagang Town, Xiangshui County	Generation and sale of electricity
3	Guohua Xuzhou Power Generation Co., Ltd.	100%	2004.3.30	179,043	Northern suburb of Xuzhou	Generation and sale of electricity
4	Inner Mongolia Guohua Hulunbeier Power Generation Co., Ltd.	80%	2008.9.12	92,223	Baorixile Town, Chenbaerhu Banner, Hulunbeier City, Inner Mongolia Autonomous Region	Generation and sale of electricity and heating
5	Ningxia Guohua Ningdong Power Generation Co., Ltd.	100%	2009.2.2	54,000	Hanjiagou, Majiatan Town, Lingwu City, Ningxia	Generation and sale of electricity and heating
6	Shenhua Guohua Ningdong Power Generation Co., Ltd. ^{Note 1}	56.77%	2016.9.1	100,000	Corporate Headquarter, Ningdong Town, Ningxia	Investment, construction, operation and management of electricity project
7	Zhejiang Guohua Zheneng Power Generation Co., Ltd.	60%	2002.7.25	325,478.24	No. 155 Miduqiao Road, Hangzhou City (27/F of New Century Mansion, Zhejiang)	Generation and sale of electricity
8	Shenhua Guohua (Zhoushan) Power Generation Co., Ltd. ^{Note 2}	51%	1996.7.16	80,351.8243	Waishanzui, Baiquan Town, Dinghai District, Zhoushan City	Generation and sale of electricity
9	Zhejiang Guohua Yuyao Gas-fired Power Co., Ltd.	80%	2003.12.15	47,500	No. 588 Fengshan West Road, Yuyao	Generation and sale of electricity
10	Shenhua Guohua International Power Co., Ltd.	70%	2001.1.22	400,996.5366	No.3, Liyuanli, Chaoyang District, Beijing	Generation and sale of electricity and heating
11	Shenwan Energy Co., Ltd.	51%	2011.7.8	469,649.745	No. 8 Ma'anshan Road, Baohe District, Hefei, Anhui	Generation and sale of electricity
12	Baode Shendong Power Generation Co., Ltd. ^{Note 4}	91.3%	2004.5.19	23,000	Xialiuqi Village, Qiaotou Twon, Baode County	Generation and sale of electricity
13	Shenhua Shendong Power Shanxi Hequ Power Generation Co., Ltd. ^{Note 4}	80%	2014.3.13	64,000	Gaomao Village West, Louziying Town, Hequ County, Xinzhou City (within the yard of former Aoda Power Company)	Generation and sale of electricity

No.	Company	Shareholding percentage	Date of establishment	Registered capital (RMB0'000)	Address	Principal activities in recent three years
14	Shenhua Shendong Power Xinjiang Zhudong Wucaiwan Power Generation Co., Ltd. ^{Note 4}	100%	2013.12.5	11,000	Wucaiwan Area, Xinjiang Zhudong Economic and Technological Development Zone, Jimusaer County, Changji Prefecture, Xinjiang	Generation and sale of electricity
15	Shenhua Shendong Power Co., Ltd. Salaqi Power Plant ^{Note 4}	-	2009.12.3	-	Xiao'aodui Village, Salaqi Town, Tuyou Banner, Baotou City, Inner Mongolia Autonomous Region	Generation and sale of electricity
16	Shenhua Shendong Power Co., Ltd. Shangwan Thermal Power Plant ^{Note 4}	-	2009.7.24	-	Shangwan Thermal Power Plant, Wulanmulun Town, Yi Banner, Erdos City, Inner Mongolia Autonomous Region	Generation and sale of electricity and heating
17	Shenhua Shendong Power Co., Ltd. Xinjiang Midong Thermal Power Plant ^{Note 4}	-	2008.8.26	-	North of Shengli West Road, Gumudi West Road Subdistrict Office, Midong District, Urumqi, Xinjiang	Generation and sale of electricity and heating
18	Zhejiang Zheneng Jiahua Power Generation Co., Ltd.	20%	2001.7.9	342,219	Room 1401, 1501 and 1601, No. 85, Jiefang Road, Hangzhou City	Generation and sale of electricity

Note 1: In January 2018, the registered capital of Shenhua Guohua Ningdong Power Generation Co., Ltd. increased from RMB400,000,000 to RMB1,000,000,000.

Note 2: In October 2017, the registered capital of Shenhua Guohua (Zhoushan) Power Generation Co., Ltd. increased from RMB755,424,020 to RMB803,518,243.

Note 3: In January 2018, the registered capital of Shenhua Shendong Power Xinjiang Zhudong Wucaiwan Power Generation Co., Ltd. increased from RMB30,000,000 to RMB110,000,000.

Note 4: For the purpose of this transaction, the 9th meeting of the fourth session of the board of directors of the Company approved Shenhua Shendong Power Co., Ltd., a wholly-owned subsidiary of the Company, to transfer 91.3% of the shareholdings it holds in Baode Shendong Power Generation Co., Ltd., 80% of the shareholdings it holds in Shenhua Shendong Power Shanxi Hequ Power Generation Co., Ltd., all of the shareholdings it holds in Shenhua Shendong Power Xinjiang Zhudong Wucaiwan Power Generation Co., Ltd., and all of the assets and liabilities it holds as at 31 December 2016 in Shenhua Shendong Power Co., Ltd. Salaqi Power Plant, Shenhua Shendong Power Co., Ltd. Shangwan Thermal Power Plant and Shenhua Shendong Power Co., Ltd. Xinjiang Midong Thermal Power Plant to the Company.

The Shenhua Contributed Assets are with good and clear title, free from mortgage, pledge or other rights of third party. None of the Shenhua Contributed Assets has been involved in any litigation, arbitration or subject to seizure, freezing or any other judicial action which has significant impacts on the transaction.

For any equity contribution in the Shenhua Contributed Assets which requires the waiver of right of first refusal, other shareholders have waived right of first refusal in written.

Valuation of the Shenhua Contributed Assets

CEA considered both asset-based approach and income approach to make valuation of the Subject Assets. At present, the market price of electricity is still governed by the state, while thermal coal price has been completely market-oriented. In recent years, the market price of coal has recorded relatively significant fluctuations and the coal-electricity price linkage policy has not been comprehensively implemented in a timely manner. In the meantime, the utilization hours for power generation has also been fluctuating in recent years. All the above factors led to the difficulties in accurately reflecting the enterprise value of the power generation enterprises in the short term based on the income approach. Therefore, CEA concluded that asset-based approach is an appropriate approach.

According to the valuation results prepared by CEA, as at the Valuation Reference Date, the valuations of the Shenhua Contributed Assets are set out as below:

Unit: RMB0'000

No.	Contributed assets	Book value of the net assets A	Estimated value B	Estimated appreciated value C = B - A	Estimated appreciation rate D = C/A × 100%
1	50% equity in Guohua Taicang Power Co., Ltd.	136,771.96	137,058.98	287.02	0.21%
2	55% equity in Jiangsu Guohua Chenjiagang Power Co., Ltd.	91,979.25	46,528.77	-45,450.48	-49.41%
3	100% equity in Guohua Xuzhou Power Generation Co., Ltd.	249,488.87	279,016.05	29,527.18	11.84%
4	80% equity in Inner Mongolia Guohua Hulunbeier Power Generation Co., Ltd.	87,221.42	75,409.22	-11,812.20	-13.54%
5	100% equity in Ningxia Guohua Ningdong Power Generation Co., Ltd.	32,183.08	32,537.05	353.97	1.10%
6	56.77% equity in Shenhua Guohua Ningdong Power Generation Co., Ltd.	21,743.88	24,650.50	2,906.63	13.37%
7	60% equity in Zhejiang Guohua Zheneng Power Generation Co., Ltd.	352,072.87	361,938.07	9,865.20	2.80%
8	51% equity in Shenhua Guohua (Zhoushan) Power Generation Co., Ltd.	49,747.59	66,613.68	16,866.09	33.90%
9	80% equity in Zhejiang Guohua Yuyao Gas-fired Power Co., Ltd.	32,562.24	30,973.45	-1,588.79	-4.88%
10	70% equity in Shenhua Guohua International Power Co., Ltd.	430,744.51	596,469.45	165,724.94	38.47%
11	51% equity in Shenwan Energy Co., Ltd.	312,722.23	497,869.97	185,147.74	59.21%
12	91.3% equity in Baode Shendong Power Generation Co., Ltd.	16,125.06	14,544.03	-1,581.03	-9.80%

No.	Contributed assets	Book value of	Estimated	Estimated	Estimated
		the net assets	value	appreciated	appreciation
		A	B	C = B - A	D = C/A × 100%
13	80% equity in Shenhua Shendong Power Shanxi Hequ Power Generation Co., Ltd.	46,055.58	51,380.46	5,324.88	11.56%
14	100% equity in Shenhua Shendong Power Xinjiang Zhudong Wucaiwan Power Generation Co., Ltd.	144,453.30	141,541.33	-2,911.97	-2.02%
15	Shenhua Shendong Power Co., Ltd. Salaqi Power Plant	87,049.81	97,427.82	10,378.01	11.92%
16	Shenhua Shendong Power Co., Ltd. Shangwan Thermal Power Plant	55,720.99	59,776.09	4,055.10	7.28%
17	Shenhua Shendong Power Co., Ltd. Xinjiang Midong Thermal Power Plant	102,649.81	103,626.52	976.71	0.95%
18	20% equity in Zhejiang Zheneng Jiahua Power Generation Co., Ltd.	111,516.43	153,622.26	42,105.83	37.76%
	Total	2,360,808.88	2,770,983.69	410,174.81	17.37%

Note: the above book value of the net assets is the book value of the equity in the accounts of each subject company multiplied by respective shareholding percentage.

There are various title defects in some of the Shenhua Contributed Assets. Considering that these defected assets only account for less than 5% of the total assets of the Shenhua Contributed Assets and there is no dispute involved, the Directors consider that these defected assets will not have material impact on the Joint Venture Company and it is fair and reasonable to contribute them to the Joint Venture Company.

With respect to the Shenhua Contributed Assets, the difference between the book value and the appraised value were mainly presented in four accounting items, including the long term equity investment, the fixed assets, land use right and other non-current liabilities.

(1) Long-term equity investment

The decrease and increase of the long term equity investment was caused by the difference between the appraised value of net assets and the entry value of long term equity investment in the subsidiaries of power plant which the Company is entitled to according to its percentage of shareholding. The decrease and increase in the appraised value of net assets of such subsidiaries are mainly presented in three accounting items, including the fixed assets, the land use right and other non-current liabilities.

(2) *Fixed assets*

In this valuation, the decrease in the original value of the fixed assets were caused by the gradually declining cost of thermal power generating unit in recent years; the construction and installation projects were depreciated due to the change from business tax to the value added tax in 2016; part of the equipment and facilities bought before 2008 were depreciated due to the consumptive value-added tax reform in 2009; the economic service life used in net value calculation is usually different from the period of depreciation, which decreases or increases the net value of the fixed assets (but the depreciation decrease is lower than the original value decrease).

There are decreases in the appraised value of the fixed assets of Guohua Taicang Power Co., Ltd., Jiangsu Guohua Chenjiagang Power Co., Ltd., Guohua Xuzhou Power Generation Co., Ltd., Inner Mongolia Guohua Hulunbeier Power Generation Co., Ltd., Ningxia Guohua Ningdong Power Generation Co., Ltd., Shenhua Guohua Ningdong Power Generation Co., Ltd., Zhejiang Guohua Zheneng Power Generation Co., Ltd., Zhejiang Guohua Yuyao Gas-fired Power Co., Ltd., Sanhe Power Generation Co., Ltd and Suizhong Power Generation Co., Ltd. (controlling subsidiaries of Shenhua Guohua International Power Co., Ltd., “**Shenhua Guohua International**”), Shenhua Shendong Power Co., Ltd. Xinjiang Midong Thermal Power Plant, Baode Shendong Power Generation Co., Ltd., Shenhua Shendong Power Xinjiang Zhundong Wucaiwan Power Generation Co., Ltd. and Shenwan Hefei Lujiang Power Generation Co., Ltd (a wholly-owned subsidiary of Shenwan Energy Co., Ltd., “**Shenwan Energy**”).

There are increases in the appraised value of the fixed assets of Shenhua Guohua (Zhoushan) Power Generation Co., Ltd., Inner Mongolia Guohua Power Zhunge'er Power Generation Co., Ltd. and Tianjin Guohua Panshan Power Generation Co., Ltd. (controlling subsidiaries of Shenhua Guohua International), Shenhua Shendong Power Co., Ltd. Salaqi Power Plant, Shenhua Shendong Power Co., Ltd. Shangwan Thermal Power Plant, Anhui Chizhou Jihua Power Generation Co., Ltd., Anhui Anqing Wanjiang Power Generation Co., Ltd. and Anhui Ma'anshan Wannengda Power Generation Co., Ltd (wholly-owned subsidiaries of Shenwan Energy), Zhejiang Zheneng Jiahua Power Generation Co., Ltd. and Shenhua Shendong Power Shanxi Hequ Power Generation Co., Ltd.

(3) *Land use rights*

The reason for increase in land use rights is that the land was obtained in early years, and the land market price rises as of the Valuation Reference Date. Part of the land was allocated with no or lower book value, thus the increase is quite large.

(4) *Other non-current liabilities*

With respect to Zhejiang Guohua Zheneng Power Generation Co., Ltd, Shenhua Guohua (Zhoushan) Power Generation Co. Ltd., Sanhe Power Generation Co., Ltd., Suizhong Power Generation Co., Ltd, Inner Mongolia Guohua Power Zhunge'er Power Generation Co., Ltd., and Tianjin Guohua Panshan Power Generation Co., Ltd. (subsidiaries of Shenhua Guohua International), and Zhejiang Zheneng Jiahua Power Generation Co., Ltd., the decrease in the other non-current liabilities is resulted from the deferred income when the enterprise receives the allowances and subsidies, in the valuation, the appraised value was determined according to the future income taxes, and therefore the decrease is formed.

Major financial indicators of the Shenhua Contributed Assets

According to the audited financial statements of the Shenhua Contributed Assets for the year ended on 31 December 2015, the year ended on 31 December 2016 and nine months ended on 30 September 2017 (KPMG Huazhen Shen Zi No.1800020 to 1800037), which are prepared under Enterprise Accounting Standards of the PRC by KPMG Huazhen Certified Public Accountants (Special Limited Partnership), which is qualified for the securities and futures business, the major financial indicators of the Shenhua Contributed are set out below:

Unit: RMB0'000

No.	Company	Financial period	Total assets	Net assets	Revenue	Net profit before taxation	Net profit after taxation
1	Guohua Taicang Power Co., Ltd.	The year of 2015/as at 31 December 2015	352,488.37	271,425.36	216,205.31	55,323.93	41,455.40
		The year of 2016/as at 31 December 2016	344,486.50	262,891.58	200,159.01	38,746.31	28,776.08
		January to September 2017/as at 30 September 2017	329,140.70	279,668.77	165,360.03	22,815.96	16,777.19
2	Jiangsu Guohua Chenjiagang Power Co., Ltd.	The year of 2015/as at 31 December 2015	570,664.36	170,624.11	225,874.56	46,466.45	34,519.01
		The year of 2016/as at 31 December 2016	554,893.82	159,764.49	204,062.39	27,919.06	20,207.49
		January to September 2017/as at 30 September 2017	523,997.46	153,305.23	163,436.30	15,268.55	11,727.47
3	Guohua Xuzhou Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	726,661.27	312,859.87	406,967.61	85,216.22	63,230.87
		The year of 2016/as at 31 December 2016	598,237.48	249,918.76	317,352.14	29,128.57	20,959.61
		January to September 2017/as at 30 September 2017	579,378.77	249,986.15	247,100.49	-869.46	-1,051.14
4	Inner Mongolia Guohua Hulunbeier Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	372,930.62	104,926.34	103,257.08	12,492.15	8,264.98
		The year of 2016/as at 31 December 2016	348,424.34	104,350.62	97,990.29	9,611.56	6,862.75
		January to September 2017/as at 30 September 2017	335,938.01	107,802.32	74,788.18	9,186.62	6,539.94
5	Ningxia Guohua Ningdong Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	349,121.62	37,081.57	72,591.68	337.77	337.31
		The year of 2016/as at 31 December 2016	474,142.71	37,438.92	64,176.10	345.09	357.35
		January to September 2017/as at 30 September 2017	398,325.34	27,673.94	50,314.49	-9,764.98	-9,764.98
6	Shenhua Guohua Ningdong Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	-	-	-	-	-
		The year of 2016/as at 31 December 2016	274,036.85	38,740.77	-	-1,678.96	-1,259.23
		January to September 2017/as at 30 September 2017	377,341.02	89,268.70	5,058.84	-821.42	-616.07
7	Zhejiang Guohua Zheneng Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	1,177,735.87	595,215.76	727,470.81	216,739.10	161,840.60
		The year of 2016/as at 31 December 2016	1,161,550.42	552,932.23	647,569.71	134,699.48	103,373.01
		January to September 2017/as at 30 September 2017	1,174,903.45	606,486.55	521,655.18	74,526.48	53,554.32

No.	Company	Financial period	Total assets	Net assets	Revenue	Net profit before taxation	Net profit after taxation
8	Shenhua Guohua (Zhoushan) Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	280,840.96	105,843.84	149,386.12	30,827.57	23,823.66
		The year of 2016/as at 31 December 2016	281,633.48	94,756.44	143,214.53	14,155.31	10,353.89
		January to September 2017/as at 30 September 2017	287,139.80	96,035.81	123,084.42	7,985.87	5,788.45
9	Zhejiang Guohua Yuyao Gas-fired Power Co., Ltd.	The year of 2015/as at 31 December 2015	176,227.12	36,958.13	122,446.25	-2,018.46	-508.04
		The year of 2016/as at 31 December 2016	151,009.36	36,559.54	94,873.58	340.99	-398.59
		January to September 2017/as at 30 September 2017	158,294.94	41,174.07	75,205.54	5,348.55	4,614.53
10	Shenhua Guohua International Power Co., Ltd.	The year of 2015/as at 31 December 2015	2,222,848.86	1,084,254.56	1,064,493.26	100,451.20	58,531.44
		The year of 2016/as at 31 December 2016	2,057,176.30	1,071,913.07	979,439.19	75,372.34	46,576.96
		January to September 2017/as at 30 September 2017	1,921,278.79	1,028,640.26	771,260.06	22,540.08	10,046.96
11	Shenwan Energy Co., Ltd.	The year of 2015/as at 31 December 2015	1,349,877.77	772,876.55	585,943.34	164,483.40	121,227.10
		The year of 2016/as at 31 December 2016	1,343,740.48	811,467.37	632,384.05	104,432.30	88,590.82
		January to September 2017/as at 30 September 2017	1,343,537.18	823,235.24	517,601.32	45,666.24	33,167.87
12	Baode Shendong Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	87,844.72	26,174.89	24,483.16	-864.64	-864.64
		The year of 2016/as at 31 December 2016	83,120.27	22,188.08	21,471.80	-3,986.81	-3,986.81
		January to September 2017/as at 30 September 2017	80,778.58	15,081.63	18,022.98	-7,106.46	-7,106.46
13	Shenhua Shendong Power Shanxi Hequ Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	266,341.55	55,523.74	806.59	-6,129.86	-6,142.00
		The year of 2016/as at 31 December 2016	270,443.91	59,139.68	54,043.74	4,678.49	3,615.94
		January to September 2017/as at 30 September 2017	273,260.32	56,134.09	53,947.82	-4,080.28	-3,005.59
14	Shenhua Shendong Power Xinjiang Zhudong Wucaiwai Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	249,416.67	135,359.58	59,405.69	5,902.90	4,890.17
		The year of 2016/as at 31 December 2016	260,396.54	135,577.11	41,313.72	248.72	217.52
		January to September 2017/as at 30 September 2017	272,432.94	145,198.54	35,807.25	2,178.95	1,823.91
15	Shenhua Shendong Power Co., Ltd. Salaqi Power Plant	The year of 2015/as at 31 December 2015	247,232.81	104,025.03	58,375.06	-3,254.36	-3,254.36
		The year of 2016/as at 31 December 2016	221,411.40	96,096.74	40,465.07	-7,928.29	-7,928.29
		January to September 2017/as at 30 September 2017	219,220.25	82,488.91	33,461.86	-13,607.83	-13,607.83
16	Shenhua Shendong Power Co., Ltd. Shangwan Thermal Power Plant	The year of 2015/as at 31 December 2015	115,621.02	53,707.02	38,515.14	9,817.39	7,363.04
		The year of 2016/as at 31 December 2016	103,865.60	53,707.02	33,154.82	4,053.69	3,040.27
		January to September 2017/as at 30 September 2017	99,781.79	54,717.67	22,270.31	2,008.08	1,010.65
17	Shenhua Shendong Power Co., Ltd. Xinjiang Midong Thermal Power Plant	The year of 2015/as at 31 December 2015	209,216.28	105,600.00	55,109.83	1,442.11	1,225.79
		The year of 2016/as at 31 December 2016	202,968.51	102,438.22	36,817.60	-3,161.78	-3,161.78
		January to September 2017/as at 30 September 2017	199,347.29	102,476.89	29,830.56	45.49	38.67
18	Zhejiang Zheneng Jiahua Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	1,247,346.79	571,098.23	722,842.02	205,017.73	153,397.39
		The year of 2016/as at 31 December 2016	1,154,421.25	543,705.18	675,192.72	131,704.30	98,414.60
		January to September 2017/as at 30 September 2017	1,146,307.80	579,274.07	552,400.05	47,834.63	35,568.89

Power generators in the Shenhua Contributed Assets

As at 30 September 2017, details of the power generators in the Shenhua Contributed Assets are set out as below:

No.	Company	Regional grid	Location of the power plant	Installed capacity of power generations in operation (Unit: 0'000KW)	Installed capacity of power generations in construction (Unit: 0'000KW)	Components of power generators
Wholly-owned/controlling subsidiary						
1	Guohua Taicang Power Co., Ltd.	Jiangsu Power Grid	Jiangsu	126	-	2×630MW
2	Jiangsu Guohua Chenjiagang Power Co., Ltd.	Jiangsu Power Grid	Jiangsu	132	-	2×660MW
3	Guohua Xuzhou Power Generation Co., Ltd.	Jiangsu Power Grid	Jiangsu	200	-	2×1,000MW
4	Inner Mongolia Guohua Hulunbeier Power Generation Co., Ltd.	Liaoning Power Grid	Inner Mongolia	120	-	2×600MW
5	Ningxia Guohua Ningdong Power Generation Co., Ltd.	Zhejiang Power Grid	Ningxia	66	-	2×330MW
6	Shenhua Guohua Ningdong Power Generation Co., Ltd.	Ningxia Power Grid	Ningxia	66	66	1×660MW+1×660MW (under construction)
7	Zhejiang Guohua Zheneng Power Generation Co., Ltd.	Zhejiang Power Grid	Zhejiang	449	-	1×600MW+3×630MW +2×1,000MW
8	Shenhua Guohua (Zhoushan) Power Generation Co., Ltd. <i>Note 1</i>	Zhejiang Power Grid	Zhejiang	91	-	1×125MW+1×135MW +1×300MW+1×350MW
9	Zhejiang Guohua Yuyao Gas-fired Power Co., Ltd.	Zhejiang Power Grid	Zhejiang	78	-	1×780MW
10	Shenhua Guohua International Power Co., Ltd.	Jingjintang Power Grid	Hebei	744	-	Sanhe Power: 2×350MW+2×300MW
		Liaoning Power Grid and Jingjintang Power Grid	Liaoning			Suizhong Power: 2×880MW+2×1,000MW
		West Inner Mongolia Power Grid	Inner Mongolia			Zhunge'er Power: 2×330MW+2×330MW
		Jingjintang Power Grid	Tianjin			Panshan Power: 2×530MW
11	Shenwan Energy Co., Ltd.	Anhui Power Grid	Anhui	460	132	Lujiang Power: 2×660MW (under construction) Chizhou Power: 2×320MW Ma'anshan Power: 2×330MW+2×330MW Anqing Wanjiang Power: 2×320MW+2×1,000MW

No.	Company	Regional grid	Location of the power plant	Installed capacity of power generations in operation (Unit: 0'000KW)	Installed capacity of power generations in construction (Unit: 0'000KW)	Components of power generators
12	Baode Shendong Power Generation Company Limited ^{Note 2}	Shanxi Power Grid	Shanxi	27	-	2×135MW
13	Shenhua Shendong Power Shanxi Hequ Power Generation Co., Ltd.	Shanxi Power Grid	Shanxi	70	-	2×350MW
14	Shenhua Shendong Power Xinjiang Zhudong Wucaiwan Power Generation Co., Ltd.	Xinjiang Power Grid	Xinjiang	70	132	2×350MW+2×660MW (under construction)
Sub-total				2,699.00	330.00	
Branch company						
15	Shenhua Shendong Power Co., Ltd. Salaqi Power Plant	West Inner Mongolia Power Grid	Inner Mongolia	60	-	2×300MW
16	Shenhua Shendong Power Co., Ltd. Shangwan Thermal Power Plant	West Inner Mongolia Power Grid	Inner Mongolia	30	-	2×150MW
17	Shenhua Shendong Power Co., Ltd. Xinjiang Midong Thermal Power Plant	Xinjiang Power Grid	Xinjiang	60	-	1×300MW+1×300MW
Sub-total				150.00	-	
Associated company						
18	Zhejiang Zheneng Jiahua Power Generation Co., Ltd.	Zhejiang Power Grid	Zhejiang	464	-	4×660MW+2×1000MW
Sub-total				464	-	
Total				3,313.00	330.00	

Note 1: According to the Publicity of the Plan to Eliminate Outdated Production Capacities in the Power Sector during the “13th Five-Year” in Zhejiang Province issued by Zhejiang Provincial Development and Reform Commission on 12 February 2018, the No. 1 and No. 2 generating units (125 MW and 135 MW respectively) owned by Shenhua Guohua (Zhoushan) Power Generation Co., Ltd. were included in the Schedule to Eliminate Outdated Production Capacities in the Power Sector during the “13th Five-Year” in Zhejiang Province, and they are to be discontinued by the end of December 2020.

Note 2: Pursuant to the requirements of relevant documents on the limits of ultra-low emission standards in Shanxi Province, the relevant generating units of Baode Shendong Power Generation Co., Ltd. were temporarily suspended on 1 January 2018 and relevant coping schemes and solutions are being actively studied. This matter is a temporary factor and did not have a material impact on the operation of Baode Shendong Power Generation Co., Ltd.

Information of the GD Contributed Assets

Basic information of the GD Contributed Assets

No.	Company	Shareholding percentage	Date of establishment	Registered Capital (RMB0'000)	Address	Principal activities in recent three years
1	Guodian Jiangsu Power Generation Co., Ltd. ^{Note 1}	100%	2008.12.31	366,453.025632	37F Building 2, No. 272 Jiqingmen Ave., Gulou District, Nanjing	Coal-fired power generation business
2	Guodian Anhui Power Co., Ltd. ^{Note 2}	100%	2010.12.15	175,707.17976	No.12 Mengyuan Road, Gaoxin District, Hefei, Anhui	Coal-fired power generation business
3	Guodian Xinjiang Power Co., Ltd. ^{Note 3}	100%	2007.12.13	345,882.4487	No.358, Xihong Dong Road, Shuimogou District, Urumchi, Xinjiang	Coal-fired power generation business
4	GD Power Datong Power Generation Co., Ltd.	60%	2002.4.26	190,277.6	No.1, Guanghua Road, Datong City, Shanxi Province	Coal-fired power generation business
5	Guodian Inner Mongolia Dongsheng Thermal Power Co., Ltd.	55%	2005.12.8	50,000	No.18, Fuxing Bei Road, Dongsheng District, Erdos City	Coal-fired power generation business
6	GD Power Dalian Zhuanghe Power Generation Co., Ltd	51%	2004.12.23	105,200	Leng Village, Heidao Town, Zhuanghe City, Liaoning Province	Coal-fired power generation business
7	GD Power Chaoyang Thermal Power Co., Ltd. ^{Note 4}	100%	2009.7.30	64,463.70	No.225 of Wudian, Huanghe Road, Longcheng District, Chaoyang City, Liaoning Province	Coal-fired power generation business
8	Guodian Jiangsu Jianbi Power Generation Co., Ltd.	100%	2001.12.29	48,000	Within Jianbi Power Plant, Zhenjiang City	Coal-fired power generation and coal sale business

No.	Company	Shareholding percentage	Date of establishment	Registered Capital (RMB0'000)	Address	Principal activities in recent three years
9	Guodian Zhejiang Beilun No. 1 Power Generation Co., Ltd.	70%	2000.4.6	85,000	Room 1701, Block 1, EAC World Trade Lijing Building, No.18 Jiaogong Road, Hangzhou City	Coal-fired power generation business
10	Guodian Zhejiang Beilun No. 3 Power Generation Co., Ltd.	50%	2006.12.31	140,000	No.66, Jingang West Road, Beilun District, Ningbo City	Coal-fired power generation business
11	Guodian Ningxia Shizuishan Power Generation Co., Ltd.	50%	1997.12.23	79,440	Guanghua Road, Hebin Industrial Park, Shizuishan City, Ningxia	Coal-fired power generation business
12	Guodian Dawukou Thermal Power Co., Ltd.	60%	2008.5.20	49,680	No.18, Weidian Road, Dawukou District, Shizuishan City, Ningxia	Coal-fired power generation business
13	Guodian Huzhou Nanxun Natural Gas Thermal Power Co., Ltd. ^{Note 5}	100%	2012.7.27	19,575	Floor 3, Block 18, North of Shiyuan West Road and West of Nanxun Avenue, Nanxun Town, Huzhou City (within the Science Park)	Gas power generation business
14	Guodian Shizuishan No. 1 Power Generation Co., Ltd.	60%	2006.9.20	50,000	Hebin Industrial Park, Huinong District, Shizuishan City, Ningxia	Coal-fired power generation business
15	GD Power Jiuquan Power Generation Co., Ltd.	100%	2007.9.26	55,938.2	No.6, Yiren East Road, Jiuquan Industrial Park (South Zone), Gansu Province	Coal-fired power generation business
16	Shanghai Waigaoqiao No. 2 Power Generation Co., Ltd.	40%	2000.6.9	322,000	No.1181, Haixu Road, Pudong New Area, Shanghai	Coal-fired power generation business

No.	Company	Shareholding percentage	Date of establishment	Registered Capital (RMB0'000)	Address	Principal activities in recent three years
17	Guodian Zheneng Ningdong Power Generation Co., Ltd. ^{Note 6}	51%	2015.8.27	140,000	Zhenxisan Village, Majiatan Town, Lingwu City, Ningxia	Coal-fired power generation business
18	Zhejiang Zheneng Beilun Power Generation Co., Ltd.	49%	1997.4.18	230,000	Room 1601, Gongyuan Building (North Block), Xihu District, Hangzhou City, Zhejiang Province	Coal-fired power generation business
19	Zhejiang Zheneng Yueqing Power Generation Co., Ltd.	23%	2005.5.20	190,000	No.8866, Hongnan Avenue, Nanyue Town, Yueqing City	Coal-fired power generation business
20	GD Power Development Co., Ltd. Datong No. 2 Power Plant	–	2001.6.28	–	No.1, Guanghua Road, Datong City, Shanxi Province	Coal-fired power generation business
21	GD Power Development Co., Ltd. Dalian Development Zone Thermal Power Plant	–	2000.8.18	–	No. 4, Huanghai West Road, Dalian Economic and Technological Development Zone, Liaoning Province	Coal-fired power generation business
22	GD Power Development Co., Ltd. Dawukou Branch	–	2004.5.28	–	Gongren Street, Dawukou District, Shizuishan City, Ningxia	No actual operations, no power generation units in operation or under construction. Only land and plant were leased to Guodian Dawukou Thermal Power Co., Ltd. for its use

Note 1: In June 2017, the registered capital of Guodian Jiangsu Power Co., Ltd. (“**Guodian Jiangsu Power**”) increased from RMB2,729,087,956.32 to RMB3,664,530,256.32.

Note 2: For the purpose of this transaction, the 49th meeting of the seventh session of the Board of Directors of Guodian Power approved Guodian Anhui Power Co., Ltd. (“**Guodian Anhui Power**”) to directly transfer 51% of the shareholdings it holds in Guodian Anhui Energy Sales Co., Ltd. and 50% of the shareholdings it holds in Anhui Guodian Wan Energy Wind Power Co., Ltd. to Guodian Power. The primary financial indicators and appraised values of Guodian Anhui Power disclosed herein do not include the financial data and appraised value related to such shareholdings to be transferred.

Note 3: In June 2017, the registered capital of Guodian Xinjiang Power Co., Ltd. (“**Guodian Xinjiang Power**”) increased from RMB2,145,970,487.64 to RMB3,458,824,487.64. For the purpose of this transaction, the 49th meeting of the seventh session of the Board of Directors of Guodian Power approved Guodian Xinjiang Power to transfer all its shareholding in its subordinates, Guodian Tacheng Power Generation Co., Ltd., Guodian Beitun Power Generation Co. Ltd., Guodian Qingsong Turpan New Energy Co., Ltd., Guodian Kumul Energy Development Co., Ltd., and Guodian Xinjiang Ebinur Lake Region Development Co., Ltd. to Guodian Xinjiang New Energy Development Co., Ltd, a subsidiary wholly owned by Guodian Power; to transfer directly all its shareholdings in its subordinates, Guodian Xinjiang Jilintai Water Power Development Co., Ltd., Guodian Aksu River Region Water Power Development Co., Ltd, Guodian Xinjiang Kaidu River Region Water Power Development Co., Ltd., Guodian Qingsong Kuqa Mining Development Co., Ltd., Kumul Energy Co., Ltd. of Xuzhou Coal Mining Group, Guodian Patrol Power Generation Co., Ltd. and Guodian Tacheng Tiechanggou Power Generation Co., Ltd. to Guodian Power. The primary financial indicators and appraised values of Guodian Xinjiang Power disclosed herein do not include the financial data and appraised value related to such shareholdings to be transferred.

Note 4: In February 2017, the registered capital of GD Power Chaoyang Thermal Power Co., Ltd. increased from RMB439,727,000 to RMB523,757,000. In November 2017, the registered capital of GD Power Chaoyang Thermal Power Co., Ltd. increased from RMB523,757,000 to RMB615,017,000. In January 2018, the registered capital of GD Power Chaoyang Thermal Power Co., Ltd. increased from RMB615,017,000 to RMB644,637,000.

Note 5: In March 2017, the registered capital of Guodian Huzhou Nanxun Natural Gas Thermal Power Co., Ltd. increased from RMB128,780,000 to RMB195,750,000.

Note 6: For the purpose of this transaction, the 49th meeting of the seventh session of the Board of Directors of Guodian Power approved GD Yinglite Energy & Chemicals Group Co., Ltd. to transfer directly 51% of the shareholdings it holds in GD Zheneng Ningdong Generating Co., Ltd. to Guodian Power.

The GD Contributed Assets are with good and clear title, free from mortgage, pledge or other rights of third party. None of the GD Contributed Assets has been involved in any litigation, arbitration or subject to seizure, freezing or any other judicial action which has significant impacts on the transaction.

As at the date of this announcement, regarding the equity contribution in the GD Contributed Assets that requires the waiver of the right of first refusal, except that written replies of Inner Mongolia Mengtai Coal-fired Power Group Co., Ltd., the shareholder of Guodian Inner Mongolia Dongsheng Thermal Power Co., Ltd., and Shanghai Electric Power Co., Ltd., the shareholders of Shanghai Waigaoqiao No. 2 Power Generation Co., Ltd. have not been obtained, all the other shareholders have waived the right of first refusal in written form. As at the date of this announcement, relevant work is progressing in an orderly manner.

Valuation of the GD Contributed Assets

CEA considered both asset-based approach and income approach to make valuation of the Subject Assets. At present, the market price of electricity is still governed by the state, while thermal coal price has been completely market-oriented. In recent years, the market price of coal has recorded relatively significant fluctuations and the coal-electricity price linkage policy has not been comprehensively implemented in a timely manner. In the meantime, the utilization hours for power generation has also been fluctuating in recent years. All the above factors led to the difficulties in accurately reflecting the enterprise value of the power generation enterprises in the short term based on the income approach. Therefore, CEA concluded that asset-based approach is an appropriate approach.

According to the valuation results prepared by CEA on 30 June 2017 as of the valuation reference date, the valuations of the GD Contributed Assets are set out as below:

Unit: RMB0'000

No.	Contributed assets	Book value of the net assets A	Estimated value B	Estimated appreciated value C=B-A	Estimated appreciation rate D=C/A × 100%
1	100% equity in Guodian Jiangsu Power Generation Co., Ltd.	583,608.94	966,672.39	383,063.45	65.64%
2	100% equity in Guodian Anhui Power Co., Ltd.	235,172.43	270,433.59	35,261.16	14.99%
3	100% equity in Guodian Xinjiang Power Co., Ltd.	319,950.61	284,585.29	-35,365.32	-11.05%
4	60% equity in GD Power Datong Power Generation Co., Ltd.	139,637.77	145,904.21	6,266.45	4.49%
5	55% equity in Guodian Inner Mongolia Dongsheng Thermal Power Co., Ltd.	36,246.98	20,320.11	-15,926.87	-43.94%
6	51% equity in GD Power Dalian Zhuanghe Power Generation Co., Ltd.	40,615.03	36,316.51	-4,298.52	-10.58%
7	100% equity in GD Power Chaoyang Thermal Power Co., Ltd.	59,621.86	61,179.12	1,557.26	2.61%
8	100% equity in Guodian Jiangsu Jianbi Power Generation Co., Ltd.	75,287.74	133,667.71	58,379.97	77.54%
9	70% equity in Guodian Zhejiang Beilun No. 1 Power Generation Co., Ltd.	127,227.96	271,961.03	144,733.06	113.76%
10	50% equity in Guodian Zhejiang Beilun No. 3 Power Generation Co., Ltd.	111,415.22	131,040.50	19,625.28	17.61%
11	50% equity in Guodian Ningxia Shizuishan Power Generation Co., Ltd.	56,077.88	95,702.09	39,624.22	70.66%
12	60% equity in Guodian Dawukou Thermal Power Co., Ltd.	24,872.90	22,634.07	-2,238.83	-9.00%
13	100% equity in Guodian Huzhou Nanxun Natural Gas Thermal Power Co., Ltd.	20,041.74	20,346.46	304.72	1.52%
14	60% equity interest Guodian Shizuishan No. 1 Power Generation Co., Ltd.	24,118.48	16,133.06	-7,985.42	-33.11%

No.	Contributed assets	Book value of the net assets A	Estimated value B	Estimated appreciated value C=B-A	Estimated appreciation rate D=C/A × 100%
15	100% equity in GD Power Jiuquan Power Generation Co., Ltd.	47,563.86	40,137.38	-7,426.48	-15.61%
16	40% equity in Shanghai Waigaoqiao No.2 Power Generation Co., Ltd.	163,697.13	173,185.70	9,488.57	5.80%
17	51% equity in Guodian Zheneng Ningdong Power Generation Co., Ltd.	42,636.00	46,277.13	3,641.13	8.54%
18	49% equity in Zhejiang Zheneng Beilun Power Generation Co., Ltd.	167,287.98	255,689.85	88,401.87	52.84%
19	23% equity in Zhejiang Zheneng Yueqing Power Generation Co., Ltd.	53,388.83	87,269.73	33,880.91	63.46%
20	GD Power Development Co., Ltd. Datong No. 2 Power Plant	77,270.76	249,377.13	172,106.37	222.73%
21	GD Power Development Co., Ltd. Dalian Development Zone Thermal Power Plant	434,416.95	407,138.87	-27,278.08	-6.28%
22	GD Power Development Co., Ltd. Dawukou Branch	-509.84	8,955.19	9,465.03	N/A
	Total	<u>2,839,647.21</u>	<u>3,744,927.12</u>	<u>905,279.91</u>	31.88%

Note: the above book value of the net assets is the book value of the equity in the accounts of each subject company multiplied by respective shareholding percentage.

There are various title defects in some of the GD Contributed Assets. Considering that these defected assets only account for less than 5% of the total assets of the GD Contributed Assets and there is no dispute involved, the Directors consider that these defected assets will not have material impact on the Joint Venture Company and it is fair and reasonable to contribute them to the Joint Venture Company.

The amount of increase and decrease in the difference between the appraised value and the book value of the assets invested by GD Power was mainly reflected in four accounting subjects, including long-term equity investment, fixed assets, land use rights and other non-current liabilities.

(1) Long-term equity investment

The increase or decrease in long-term equity investment resulted from the difference between the appraised value of net assets in respect of the shareholding ratio of various power plant subsidiaries held by GD Power through assets invested and the entry value of long-term equity investment. The increase or decrease in the appraised value of net assets of the above power plant subsidiaries was mainly reflected in three accounting subjects including fixed assets, land use rights and other non-current liabilities.

(2) Fixed assets

During the valuation, the original value of the fixed assets was appraised to depreciate because the cost level of thermal power generating unit decreased year by year, the constructions and installations depreciated due to the change from business tax to value-added tax in 2016 and a part of machinery equipment purchased before 2008 depreciated due to the reform of value-added tax for consumption; generally different from the depreciable life used by enterprises, the economic lifetime used for calculation of net value would cause the net value of fixed assets to increase or decrease (but the decrease resulted from depreciate is relatively less than the decrease in the original value).

The value of the fixed assets of GD Power Datong Power Generation Co., Ltd., Guodian Inner Mongolia Dongsheng Thermal Power Co., Ltd., GD Power Development Co., Ltd. Dalian Development Zone Thermal Power Plant, GD Power Dalian Zhuanghe Power Generation Co., Ltd., Guodian Taizhou Power Generation Co., Ltd. and Guodian Suqian Thermal Power Co., Ltd. (controlling subsidiaries of Guodian Jiangsu Power), Guodian Tongling Power Generation Co., Ltd. and Guodian Bengbu Power Generation Co., Ltd. (controlling subsidiaries of Guodian Anhui Power), Guodian Shizuishan First Power Generation Co., Ltd., Guodian Dawukou Thermal Power Co., Ltd. and GD Power Jiuquan Power Generation Co., Ltd. was appraised to decrease.

The value of the fixed assets of GD Power Development Co., Ltd. Datong No. 2 Power Plant, GD Power Chaoyang Thermal Power Co., Ltd., Guodian Jiangsu Jianbi Power Generation Co., Ltd., Guodian Jiangsu Power and its controlling subsidiary Guodian Changzhou Power Generation Co., Ltd., Guodian Zhejiang Beilun No. 1 Power Generation Co., Ltd., Guodian Zhejiang Beilun No. 3 Power Generation Co., Ltd., Guodian Suzhou No. 2 Thermal Power Co., Ltd. and Guodian Suzhou Thermal Power Co., Ltd. (controlling subsidiaries of Guodian Anhui Power), Guodian Ningxia Shizuishan Power Generation Co., Ltd., Guodian Xinjiang Hongyanchi Power Generation Co., Ltd., Guodian Kuche Power Generation Co., Ltd., Guodian Hami Coal-fired Power Development Co., Ltd. and Guodian Kelamayi Power Generation Co., Ltd. (four controlling subsidiaries of Guodian Xinjiang Power), Shanghai Waigaoqiao No. 2 Power Generation Co., Ltd., Zhejiang Zheneng Beilun Power Generation Co., Ltd. and Zhejiang Zheneng Yueqing Power Generation Co., Ltd. was appraised to increase.

(3) Land Use Rights

The appreciation of land use rights was caused by the rise in the price of the lands which were early acquired by the target of valuation because of the change at land market as of the Valuation Reference Date. Some of such lands were allotted lands without book value or with low book value, so a significant amount of increase was established.

(4) Other non-current liabilities

The non-current liabilities with value appraised to decrease of GD Power Development Co., Ltd. Datong No. 2 Power Plant, GD Power Datong Power Generation Co., Ltd., Guodian Inner Mongolia Dongsheng Thermal Power Co., Ltd., GD Power Development Co., Ltd. Dalian Development Zone Thermal Power Plant, GD Power Dalian Zhuanghe Power Generation Co., Ltd., Guodian Jiangsu Jianbi Power Generation Co., Ltd., Guodian Jiangsu Power Co., Ltd. and its controlling subsidiaries Guodian Taizhou Power Generation Co., Ltd. and Guodian Suqian Thermal Power Co., Ltd., Guodian Zhejiang Beilun No. 1 Power Generation Co., Ltd., Guodian Zhejiang Beilun No. 3 Power Generation Co., Ltd., Guodian Bengbu Power Generation Co., Ltd. (a controlling subsidiary of Guodian Anhui Power), Guodian Dawukou Thermal Power Co., Ltd., Guodian Xinjiang Hongyanchi Power Generation Co., Ltd., Guodian Kuche Power Generation Co., Ltd. and Guodian Kelamayi Power Generation Co., Ltd. (three controlling subsidiaries of Guodian Xinjiang Power), GD Power Jiuquan Power Generation Co., Ltd., Shanghai Waigaoqiao No. 2 Power Generation Co., Ltd., Zhejiang Zheneng Beilun Power Generation Co., Ltd. and Zhejiang Zheneng Yueqing Power Generation Co., Ltd. were deferred incomes formed by various subsidies received by the enterprise. The appraised value was determined based on the payable amount of income tax to form the amount of decrease.

Major financial indicators of the GD Contributed Assets

According to the audited financial statements of the GD Contributed Assets for the year ended on 31 December 2015, the year ended on 31 December 2016 and nine months ended on 30 September 2017 (Rui Hua Zhuan Shen Zi [2018]01470001–01470010, Rui Hua Zhuan Shen Zi [2018]21040002–21040003, Rui Hua Zhuan Shen Zi [2018]21040005–21040012, Rui Hua Zhuan Shen Zi [2018]32110001–32110002), which are prepared under Enterprise Accounting Standards of the PRC by Ruihua Certified Public Accountants (Special Limited Partnership), which is qualified for the securities and futures business, the major financial indicators of the GD Contributed are set out below:

Unit: RMB0'000

No.	Company	Financial period	Total assets	Net assets	Revenue	Net profit before taxation	Net profit after taxation
1	Guodian Jiangsu Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	2,242,726.95	961,147.60	1,413,904.93	364,092.97	260,725.82
		The year of 2016/as at 31 December 2016	2,158,019.22	1,042,014.30	1,643,344.44	304,091.42	236,992.16
		January to September 2017/as at 30 September 2017	2,106,016.57	995,334.17	1,286,679.38	92,051.05	67,027.80

No.	Company	Financial period	Total assets	Net assets	Revenue	Net profit before taxation	Net profit after taxation
2	Guodian Anhui Power Co., Ltd.	The year of 2015/as at 31 December 2015	1,015,505.30	417,969.57	511,222.92	120,547.08	87,647.55
		The year of 2016/as at 31 December 2016	1,112,489.35	410,470.89	429,374.43	36,724.76	25,808.22
		January to September 2017/as at 30 September 2017	1,134,661.27	376,668.76	328,998.79	-22,283.00	-22,369.59
3	Guodian Xinjiang Power Co., Ltd.	The year of 2015/as at 31 December 2015	1,473,309.56	301,950.58	172,352.82	-12,073.85	-12,323.44
		The year of 2016/as at 31 December 2016	1,562,408.94	345,476.31	230,273.37	-12,946.43	-12,983.05
		January to September 2017/as at 30 September 2017	1,558,945.02	330,635.05	168,566.05	-26,176.47	-26,201.91
4	GD Power Datong Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	613,818.42	232,576.08	344,609.14	113,786.56	84,414.36
		The year of 2016/as at 31 December 2016	600,826.95	283,504.34	330,602.81	75,493.40	56,380.96
		January to September 2017/as at 30 September 2017	539,403.67	242,286.49	237,340.26	13,010.01	9,445.96
5	Guodian Inner Mongolia Dongsheng Thermal Power Co., Ltd.	The year of 2015/as at 31 December 2015	338,117.30	72,557.23	84,736.63	17,929.27	14,957.72
		The year of 2016/as at 31 December 2016	321,204.02	67,092.94	76,686.56	10,525.32	8,749.22
		January to September 2017/as at 30 September 2017	323,389.22	60,020.75	53,718.50	933.96	1,048.06
6	GD Power Dalian Zhuanghe Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	339,710.03	76,418.07	145,867.57	20,097.05	14,847.20
		The year of 2016/as at 31 December 2016	341,280.84	84,941.62	143,390.62	11,090.08	8,523.55
		January to September 2017/as at 30 September 2017	332,682.12	70,826.37	98,180.94	-14,081.44	-14,115.24
7	GD Power Chaoyang Thermal Power Co., Ltd.	The year of 2015/as at 31 December 2015	104,088.98	49,109.05	2,506.06	-493.95	-516.01
		The year of 2016/as at 31 December 2016	206,765.92	61,279.64	3,249.48	-508.73	-517.41
		January to September 2017/as at 30 September 2017	282,376.51	74,392.70	5,675.36	3,433.20	2,798.06
8	Guodian Jiangsu Jianbi Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	123,688.86	81,186.00	358,663.62	32,247.99	24,252.98
		The year of 2016/as at 31 December 2016	126,418.55	74,378.19	404,432.42	22,757.92	15,373.64
		January to September 2017/as at 30 September 2017	126,235.09	81,480.72	337,595.53	8,021.90	7,102.53
9	Guodian Zhejiang Beilun No. 1 Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	263,756.64	180,333.25	227,706.72	67,422.59	49,519.89
		The year of 2016/as at 31 December 2016	226,871.34	212,212.91	204,954.54	48,613.75	35,105.19
		January to September 2017/as at 30 September 2017	227,129.47	194,192.35	148,037.79	22,003.17	16,863.96
10	Guodian Zhejiang Beilun No. 3 Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	444,937.45	191,361.71	355,596.67	118,323.70	87,924.14
		The year of 2016/as at 31 December 2016	414,090.32	256,293.97	330,776.17	88,646.06	65,843.67
		January to September 2017/as at 30 September 2017	367,379.73	227,642.15	276,495.82	41,092.77	30,607.48

No.	Company	Financial period	Total assets	Net assets	Revenue	Net profit before taxation	Net profit after taxation
11	Guodian Ningxia Shizuishan Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	213,360.52	140,780.58	143,177.94	26,643.46	23,719.92
		The year of 2016/as at 31 December 2016	222,754.97	126,825.43	126,218.60	9,947.15	7,392.78
		January to September 2017/as at 30 September 2017	221,272.57	105,263.02	99,101.67	-16,210.96	-14,908.91
12	Guodian Dawukou Thermal Power Co., Ltd.	The year of 2015/as at 31 December 2015	230,761.55	59,355.01	91,233.20	7,695.13	6,520.40
		The year of 2016/as at 31 December 2016	233,895.93	51,209.69	79,364.53	-1,683.70	-2,276.96
		January to September 2017/as at 30 September 2017	216,285.27	33,628.98	59,208.75	-17,582.47	-17,580.71
13	Guodian Huzhou Nanxun Natural Gas Thermal Power Co., Ltd.	The year of 2015/as at 31 December 2015	34,740.40	12,878.00	-	-	-
		The year of 2016/as at 31 December 2016	71,485.93	19,575.00	-	-	-
		January to September 2017/as at 30 September 2017	90,012.94	20,851.74	-	-	-
14	Guodian Shizuishan No. 1 Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	182,183.25	58,936.62	71,821.18	5,013.23	4,706.28
		The year of 2016/as at 31 December 2016	188,619.00	50,314.26	62,681.50	-3,932.08	-4,386.70
		January to September 2017/as at 30 September 2017	187,552.40	28,227.37	44,905.45	-22,060.65	-22,086.89
15	GD Power Jiuquan Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	271,977.39	61,349.98	67,374.55	4,682.81	4,325.33
		The year of 2016/as at 31 December 2016	277,026.54	51,439.69	48,424.35	-6,017.49	-6,017.49
		January to September 2017/as at 30 September 2017	263,591.61	39,194.02	29,008.75	-12,235.32	-12,245.67
16	Shanghai Waigaoqiao No. 2 Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	525,414.27	394,067.09	279,357.10	70,324.74	52,998.75
		The year of 2016/as at 31 December 2016	498,335.54	413,036.43	260,356.03	64,991.99	48,969.34
		January to September 2017/as at 30 September 2017	455,386.81	412,943.67	198,929.74	32,634.65	23,907.24
17	Guodian Zheneng Ningdong Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	73,739.10	10,000.00	-	-	-
		The year of 2016/as at 31 December 2016	322,370.13	53,600.00	-	-	-
		January to September 2017/as at 30 September 2017	467,341.14	83,600.00	-	-	-
18	Zhejiang Zheneng Beilun Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	432,857.02	379,258.47	369,144.86	91,212.82	68,099.66
		The year of 2016/as at 31 December 2016	423,349.16	366,365.41	303,330.65	56,593.11	42,350.63
		January to September 2017/as at 30 September 2017	406,036.36	347,088.34	242,428.57	24,825.16	18,838.49
19	Zhejiang Zheneng Yueqing Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	731,766.85	282,541.39	463,068.51	91,285.95	68,491.64
		The year of 2016/as at 31 December 2016	700,170.66	250,538.58	394,099.79	39,550.62	29,639.67
		January to September 2017/as at 30 September 2017	677,393.49	238,978.96	334,911.73	19,554.34	14,648.08

No.	Company	Financial period	Total assets	Net assets	Revenue	Net profit before taxation	Net profit after taxation
20	GD Power Development Co., Ltd. Datong No. 2 Power Plant	The year of 2015/as at 31 December 2015 The year of 2016/as at 31 December 2016 January to September 2017/as at 30 September 2017	119,383.80 123,255.48 113,221.75	65,992.99 79,917.08 73,276.55	170,335.13 144,215.96 112,206.43	59,418.36 29,547.91 4,624.71	59,418.36 29,547.91 4,624.71
21	GD Power Development Co., Ltd. Dalian Development Zone Thermal Power Plant	The year of 2015/as at 31 December 2015 The year of 2016/as at 31 December 2016 January to September 2017/as at 30 September 2017	455,285.69 469,605.19 455,393.02	428,872.83 439,459.61 425,859.99	108,456.79 100,510.10 76,687.81	14,831.06 9,491.10 -5,967.25	14,831.06 9,491.10 -5,967.25
22	GD Power Development Co., Ltd. Dawukou Branch	The year of 2015/as at 31 December 2015 The year of 2016/as at 31 December 2016 January to September 2017/as at 30 September 2017	26,914.65 26,092.12 25,391.53	-7,867.87 -927.33 -441.64	2,520.50 2,776.18 777.54	-524.690725 -402.639697 719.57	-524.69 -402.64 719.57

Power generators in the GD Contributed Assets

As at 30 September 2017, details of the power generators in the GD Contributed Assets are set out as below:

No.	Company	Regional grid	Location of the power plant	Installed capacity of power generations in operation (Unit: 0'000KW)	Installed capacity of power generations in construction (Unit: 0'000KW)	Components of power generators
Wholly-owned/controlling subsidiary						
1	Guodian Jiangsu Power Generation Co., Ltd.	Jiangsu Power Grid	Jiangsu	753	132	Changzhou Power: 2×630MW Taizhou Power: 2×1,000MW+2×1,000MW Suqian Thermal Power: 2×135MW +2×660MW (under construction) Jianbi Power Plant: 2×1,000MW

No.	Company	Regional grid	Location of the power plant	Installed capacity of power generations in operation (Unit: 0'000KW)	Installed capacity of power generations in construction (Unit: 0'000KW)	Components of power generators
2	Guodian Anhui Power Co., Ltd.	Anhui Power Grid, East China Power Grid	Anhui	322	132	Suzhou No. 2 Thermal Power: 2×350MW Tongling Power: 2×630MW Bengbu Power: 2×630MW+2×660MW (under construction)
3	Guodian Xinjiang Power Co., Ltd.	Xinjiang Power Grid	Xinjiang	361	132	Hongyanchi Power: 2×330MW Kuche Power: 2×135MW+2×330MW Kelayayi Power: 2×350MW Hami Coal-Fired Power: 2×660MW Zhudong: 2×660MW (under construction)
4	GD Power Datong Power Generation Co., Ltd.	Jingjintang Power Grid	Shanxi	252	–	2×600MW+2×660MW
5	Guodian Inner Mongolia Dongsheng Thermal Power Co., Ltd.	West Inner Mongolia Power Grid	Inner Mongolia	66	–	2×330MW
6	GD Power Dalian Zhuanghe Power Generation Co., Ltd.	Liaoning Power Grid	Liaoning	120	–	2×600MW
7	GD Power Chaoyang Thermal Power Co., Ltd.	Liaoning Power Grid	Liaoning	–	70	2×350MW (under construction)
8	Guodian Jiangsu Jianbi Power Generation Co., Ltd.	Jiangsu Power Grid	Jiangsu	66	–	2×330MW
9	Guodian Zhejiang Beilun No. 1 Power Generation Co., Ltd.	Zhejiang Power Grid	Zhejiang	120	–	2×600MW
10	Guodian Zhejiang Beilun No. 3 Power Generation Co., Ltd.	Zhejiang Power Grid	Zhejiang	200	–	2×1,000MW

No.	Company	Regional grid	Location of the power plant	Installed capacity of power generations in operation (Unit: 0'000KW)	Installed capacity of power generations in construction (Unit: 0'000KW)	Components of power generators
11	Guodian Ningxia Shizuishan Power Generation Co., Ltd.	Ningxia Power Grid	Ningxia	132	–	4×330MW
12	Guodian Dawukou Thermal Power Co., Ltd.	Ningxia Power Grid	Ningxia	66	70	2×330MW+2×350MW (under construction)
13	Guodian Huzhou Nanxun Natural Gas Thermal Power Co., Ltd.	Zhejiang Power Grid	Zhejiang	–	20	2×100MW (under construction)
14	Guodian Shizuishan No. 1 Power Generation Co., Ltd.	Ningxia Power Grid	Ningxia	68	–	1×350MW+1×330MW
15	GD Power Jiuquan Power Generation Co., Ltd.	Gansu Power Grid	Gansu	66	–	2×330MW
16	Shanghai Waigaoqiao No.2 Power Generation Co., Ltd. <i>(Note 1)</i>	Shanghai Power Grid	Shanghai	72	–	2×900MW
17	Guodian Zheneng Ningdong Power Generation Co., Ltd.	Ningxia Power Grid	Ningxia	–	200	2×1,000MW (under construction)
Sub-total				<u>2,664.00</u>	<u>756.00</u>	

No.	Company	Regional grid	Location of the power plant	Installed capacity of power generations in operation (Unit: 0'000KW)	Installed capacity of power generations in construction (Unit: 0'000KW)	Components of power generators
Branch company						
18	GD Power Development Co., Ltd. Datong No. 2 Power Plant	Jingjintang Power Grid	Shanxi	120	-	6×200MW
19	GD Power Development Co., Ltd. Dalian Development Zone Thermal Power Plant	Liaoning Power Grid	Liaoning	70	-	2×350MW
20	GD Power Development Co., Ltd. Dawukou Branch	Ningxia Power Grid	Ningxia	-	-	-
Sub-total				<u>190.00</u>	<u>-</u>	
Associated company						
21	Zhejiang Zheneng Beilun Power Generation Co., Ltd.	Zhejiang Power Grid	Zhejiang	198	-	3×660MW
22	Zhejiang Zheneng Yueqing Power Generation Co., Ltd.	Zhejiang Power Grid	Zhejiang	264	-	2×660MW+2×660MW
Sub-total				<u>462.00</u>	<u>-</u>	
Total				<u>3,316.00</u>	<u>756.00</u>	

Note 1: Each of GD Power and Shenergy Company Limited holds 40% equity in Shanghai Waigaoqiao No. 2 Power Generation Co., Ltd. and thus control the company together. The installed capacity of power generators equals to the total installed capacity multiplied by the shareholding percentage of GD Power.

Reasons for Entering into the Joint Venture Agreement and Its Benefits to the Company

Under the background of vigorously pushing forward the structural reform on supply side, intensifying reform of state-owned enterprises and optimizing and adjusting the deployment of state-owned economy in China, based on intense research and negotiation, taking advantage of synergy effect of coal and power and solving competition issue, the parties selected their respective coal-fired power generation businesses, which have a high overlapping degree in the same locations of assets for integration. It will reinforce the business cooperation relationship between the parties, expand the market share, and establish long-term and stable coal supply relationship. In addition, the transaction will facilitate the scale operation and professional management of power generation business, strengthen its regional competitiveness and avoid disordered competition. The transaction is in line with the long-term development needs of the Company and interests of the Shareholders as a whole.

Implication of the Joint Venture Agreement

Impact on financial condition and profitability of the Company

Upon the completion of the Joint Venture Transaction, the Joint Venture Company will be reported by the Company based on the equity method. The transaction drove up slightly the Company's net profits attributable to the parent company for 2015 and 2016, and the earnings per share for respective year increased slightly; meanwhile, the transaction slightly drove down the Company's equity attributable to the Parent Company, but as the Company still use the equity method to conduct business accounting on the Joint Venture Company, insignificant impact was caused on the equity attributable to the parent company. In the long term, with implementation of specialized management measures and gradual release of synergistic effect, the transaction will help improve the long-term profitability of the Company.

New continuing connected transactions

After the completion of the Merger of the Group Companies, the transactions between the Company and associates of Guodian Group Co will constitute new continuing connected transactions of the Company. After the completion of the Joint Venture Transaction, the transactions between other business segments within the Company and the Shenhua Contributed Assets will also constitute new continuing connected transaction of the Company. For these new continuing connected transactions, the Company will comply with relevant requirements under the Hong Kong Listing Rules in due course.

Financial assistance

As a result of the transaction, the Shenhua Contributed Assets will not be consolidated into the financial statements of the Company and will not continue to be subsidiaries of the Company. Historically the Group provided the Shenhua Contributed Assets with loan and finance leasing services. As at 31 December 2017, the total outstanding balance is approximately RMB19.19 billion.

(1) Financial assistance provided by the Company and its subsidiaries (excluding Finance Company and Shenhua (Tianjin) Finance Lease Co., Ltd.) to the Shenhua Contributed Assets

The Company and its subsidiaries provided Shenwan Energy Co., Ltd. and its wholly-owned subsidiary (Anhui Anqing Wanjiang Power Generation Co., Ltd.), Baode Shendong Power Generation Co., Ltd., Shenhua Shendong Power Co., Ltd. Salaqi Power Plant, Shenhua Shendong Power Co., Ltd. Xinjiang Midong Thermal Power Plant, Zhejiang Guohua Zheneng Power Generation Co., Ltd., Shenhua Guohua International Power Co., Ltd. and its subsidiaries (Suizhong Power Generation Co., Ltd., Sanhe Power Generation Co., Ltd. and Inner Mongolia Guohua Zhunge'er Power Generation Co., Ltd.), Guohua Xuzhou Power Generation Co., Ltd., Jiangsu Guohua Chenjiagang Power Co., Ltd., Inner Mongolia Guohua Hulunbeier Power Generation Co., Ltd., Ningxia Guohua Ningdong Power Generation Co., Ltd., Shenhua Guohua Ningdong Power Generation Co., Ltd., Shenhua Guohua Zhoushan Power Generation Co., Ltd. and Zhejiang Guohua Yuyao Gas-fired Power Co., Ltd. with entrusted loans. The underlying interest rates range between 3.8280% and 5.6620%. As of 31 December 2017, the total balance was approximately RMB17.33 billion.

After the completion of the Merger of the Group Companies and the Joint Venture Transaction, the above financial assistance provided by the Company and its subsidiaries to the Shenhua Contributed Assets will constitute connected transactions of the Company. Each borrower will make repayment on the maturity date or by the end of 2018, whichever is the earlier.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) of the total balance exceeds 0.1% but all are less than 5%, financial assistance provided by the Company and its subsidiaries (excluding Finance Company and Shenhua (Tianjin) Finance Lease Co., Ltd.) to the Shenhua Contributed Assets is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules. However, pursuant to the Shanghai Listing Rules, the Company shall submit this matter to the shareholders' general meeting for consideration and approval.

If any of the above financial assistance is not repaid by the end of 2018 or the transaction terms are varied, the Company will re-comply with the requirements under Chapter 14A of the Hong Kong Listing Rules (as appropriate).

(2) *Financial assistance provided by Finance Company to the Shenhua Contributed Assets*

Finance Company provided wholly-owned subsidiaries of Shenwan Energy Co., Ltd. (Anhui Chizhou Jiuhua Power Generation Co., Ltd., Anhui Ma'anshan Wannengda Power Generation Co., Ltd., Anhui Anqing Wanjiang Power Generation Co., Ltd. and Shenwan Hefei Lujiang Power Generation Co., Ltd.), Inner Mongolia Guohua Hulunbeier Power Generation Co., Ltd., and Shenhua Shendong Power Xinjiang Zhundong Wucaiwan Power Generation Co., Ltd. with loans. As of 31 December 2017, the total balance was approximately RMB1.41 billion.

After the completion of the Merger of the Group Companies and the Joint Venture Transaction, the above financial assistance provided by Finance Company to the Shenhua Contributed Assets will constitute connected transactions of the Company, and will be within the bounds of the Existing Financial Services Agreement and its annual caps. However, pursuant to the Shanghai Listing Rules, the Company shall submit this matter to the shareholders' general meeting for consideration and approval.

The repayment schedules are:

Borrower	Balance as at 31 December 2017	Maturity date	Interest rate
Anhui Chizhou Jiuhua Power Generation Co., Ltd.	RMB50,000,000	11 October 2020	4.3500%
Anhui Ma'anshan Wannengda Power Generation Co., Ltd.	RMB70,000,000	11 October 2020	4.3500%
Anhui Anqing Wanjiang Power Generation Co., Ltd.	RMB590,000,000	15 February 2020	3.9150%
Shenwan Hefei Lujiang Power Generation Co., Ltd.	RMB400,000,000	17 November 2031	4.4100%
Inner Mongolia Guohua Hulunbeier Power Generation Co., Ltd.	RMB200,000,000	13 October 2020	4.3500%
Shenhua Shendong Power Xinjiang Zhundong Wucaiwan Power Generation Co., Ltd.	RMB96,000,000	30 June 2025	4.4100%

Finance Company is principally engaged in the provision of financial consultation services, credit appraisal and other related consultancy and agency services to members of the CHNENERGY Group and the Group; assistance to members in the collection and payment of transaction amount; authorised insurance agency services; provision of guarantee between members; providing entrusted loans and entrusted investments between members; provision of bill acceptance and discount services to members; provision of internal fund transfer and settlement services and corresponding settlement planning to members; accepting deposits from members; provision of loans and finance leasing to members; provision of inter-bank lending; authorised issue of bonds; underwriting of corporate bonds of members; equity investments in financial institutions; investments in negotiable securities; provision of consumer credit facilities, buyers' credit and finance leasing. As at the date hereof, the Company directly and indirectly holds 100% interest in Finance Company.

(3) *Finance leasing services provided by Shenhua (Tianjin) Finance Lease Co., Ltd. to Anhui Anqing Wanjiang Power Generation Co., Ltd.)*

Shenhua (Tianjin) Finance Lease Co., Ltd., a subsidiary of the Company, provided Anhui Anqing Wanjiang Power Generation Co., Ltd. with finance leasing services. As of 31 December 2017, the total balance was approximately RMB450 million.

After the completion of the Merger of the Group Companies and the Joint Venture Transaction, the above finance leasing transactions will constitute connected transactions of the Company. According to the existing agreements, Anhui Anqing Wanjiang Power Generation Co., Ltd. will repay RMB69,930,000 by 4 March 2021, and RMB378,460,000 by 1 April 2021.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) of the total balance exceeds 0.1% but all are less than 5%, finance leasing services provided by Shenhua (Tianjin) Finance Lease Co., Ltd. to Anhui Anqing Wanjiang Power Generation Co., Ltd. is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules. However, pursuant to the Shanghai Listing Rules, the Company shall submit this matter to the shareholders' general meeting for consideration and approval.

If any of the above finance leasing is not repaid as scheduled or the transaction terms are varied, the Company will re-comply with the requirements under Chapter 14A of the Hong Kong Listing Rules (as appropriate).

Hong Kong Listing Rules Implications

As at the date hereof, CHNENERGY holds 73.06% interest in the Company, and is the controlling shareholder of the Company. As approved by *the Notice regarding the Reorganization of China Guodian Corporation and Shenhua Group Corporation Limited* (Guo Zi Fa Gai Ge [2017] No. 146) issued by SASAC, Shenhua Group Co and Guodian Group Co will be reorganized. Shenhua Group Co has changed its company name to China Energy Investment Corporation Limited. CHNENERGY will be the parent company after the reorganization, and merge with Guodian Group Co by way of merger by absorption of Guodian Group Co. After the completion of the Merger of the Group Companies, GD Power will become a subsidiary of CHNENERGY. As such, GD Power is a connected person of the Company under the Hong Kong Listing Rules, and the Joint Venture Agreement and the transaction contemplated thereunder constitute a connected transaction of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. As one or more of the applicable percentage ratios in respect of the transaction will exceed 5%, but all will be below 25%, therefore, the Company shall comply with reporting, announcement and independent shareholders' approval requirements under the Hong Kong Listing Rules. The transaction also constitutes a discloseable transaction under Chapter 14 of the Hong Kong Listing Rules.

On 19 January 2017, the Company and Shenhua Renewables Co., Ltd., a subsidiary of CHNENERGY, entered into an investment agreement in relation to the joint establishment of Shenhua Guohua Jiangsu Power Sales Co., Ltd. to establish a joint venture company, Shenhua Guohua Jiangsu Power Sales Co., Ltd. Shenhua Guohua Jiangsu Power Sales Co., Ltd. was established on 6 March 2017. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, there is no other transaction entered into between the Group and CHNENERGY and its ultimate beneficial owners within a 12-month period or otherwise related, which would, together with this transaction, be regarded as a series of transactions and treated as if they are one transaction under Rule 14.22 or Rules 14A.81 of the Hong Kong Listing Rules.

General Information

The Board has resolved and approved the Joint Venture Agreement on 1 March 2018. Of the Directors attending the board meeting, connected Directors Dr. Ling Wen, Dr. Han Jianguo, Dr. Li Dong and Mr. Zhao Jibin were considered to have material interests by virtue of being employed by CHNENERGY and had thus abstained from voting on the board resolution(s) in respect of the Joint Venture Framework Agreement and the transaction contemplated thereunder. The Directors (including independent non-executive Directors) consider that the terms and the transaction contemplated under the Joint Venture Framework Agreement are on normal commercial terms or better and in the ordinary and usual course of business of the Group, the pricing principle is fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

An Independent Board Committee has been formed to advise the Independent Shareholders on the terms of the Joint Venture Agreement and the transaction contemplated thereunder.

An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and Independent Shareholders in accordance with the Hong Kong Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no member of the Independent Board Committee has any material interest in the transaction contemplated under the Joint Venture Agreement.

A general meeting of the Company will be convened and held to, inter alia, consider and, if thought fit, to approve the Joint Venture Agreement and the transaction contemplated thereunder. According to the Hong Kong Listing Rules, CHNENERGY and its respective associates shall abstain from voting in respect of relevant resolutions.

The transaction is subject to the approval of the competent authorities and the general meetings of the Company and GD Power. Before the above approvals are obtained, the Company is not able to implement the transaction. There are uncertainties with respect to whether the approval, allowance or permission of the internal authorities of the Company and relevant competent authorities can be obtained as well as the timing of obtaining these approval, allowance or permission, and the investors are advised to pay attention to investment risk.

A circular containing, among other things, further details regarding the transaction contemplated under the Joint Venture Agreement, a letter from the Independent Board Committee and an opinion of the independent financial adviser will be dispatched to the Shareholders within 15 business days.

DEFINITIONS

The following expressions have the following meaning unless the context requires otherwise:

“associate”	has the meaning ascribed thereto under the Hong Kong Listing Rules;
“Board”	the board of Directors of the Company;
“CHNENERGY”	China Energy Investment Corporation Limited (國家能源投資集團有限責任公司), the new company name of Shenhua Group Corporation Limited, the controlling shareholder of the Company;
“Company”	China Shenhua Energy Company Limited (中國神華能源股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on The Stock Exchange of Hong Kong Limited, and the A shares of which are listed on the Shanghai Stock Exchange;
"Completion Date"	date of the completion of the Joint Venture Transaction;
“CEA”	Beijing China Enterprise Appraisals Co., Ltd. (北京中企華資產評估有限責任公司);
“Director(s)”	the director(s) of the Company;
“Existing Financial Services Agreement”	the Financial Services Agreement dated 24 March 2016 entered into between the Company and CHNENERGY;

“Finance Company”	Shenhua Finance Co., Ltd. (神華財務有限公司), a limited liability company incorporated in the PRC;
“GD Contributed Assets”	the equity and assets of the relevant coal-fired power generation companies to be contributed by GD Power to the Joint Venture Company;
“GD Power”	GD Power Development Co., Ltd. (國電電力發展股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange;
“Guodian Group Co”	China Guodian Corporation (中國國電集團公司), the controlling shareholder of the GD Power as defined under the Hong Kong Listing Rules;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors;
“Independent Shareholders”	Shareholders who are not required to abstain from voting on the relevant resolution(s) relating to the subject transactions to be proposed at the general meeting under the Hong Kong Listing Rules;
“Joint Venture Company”	the joint venture company to be established by the Company and GD Power;
“Joint Venture Agreement”	the Agreement on Establishment of the Joint Venture Company by way of Assets Reorganizations dated 1 March 2018 entered into between the China Shenhua Energy Company Limited and GD Power Development Co., Ltd.;
“Joint Venture Framework Agreement”	the Joint Venture Framework Agreement of GD Power Development Co., Ltd. and China Shenhua Energy Company Limited dated 28 August 2017 entered into between the Company and Guodian Power, which was superseded by the Joint Venture Agreement;

“Joint Venture Transaction”	the transaction contemplated under the Joint Venture Agreement;
"Merger of the Group Companies"	Shenhua Group Corporation Limited has changed its company name to China Energy Investment Corporation Limited and will merge with China Guodian Corporation by way of merger by absorption of China Guodian Corporation;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council;
"Shanghai Listing Rules"	the Listing Rules of the Shanghai Stock Exchange;
“Shareholder(s)”	the shareholder(s) of the Company;
“Shenhua Contributed Assets”	the equity and assets of the relevant coal-fired power generation companies to be contributed by the Company to the Joint Venture Company;
“Shenhua Group Co”	Shenhua Group Corporation Limited (神華集團有限責任公司), the former company name of CHNENERGY;
“Subject Assets”	Shenhua Contributed Assets and GD Contributed Assets; and
"Valuation Reference Date"	30 June 2017.

By order of the Board
China Shenhua Energy Company Limited
Huang Qing
Secretary to the Board of Directors

Beijing, 1 March 2018

As at the date of this announcement, the Board comprises the following: Dr. Ling Wen, Dr. Han Jianguo and Dr. Li Dong as executive directors, Mr. Zhao Jibin as non-executive director, and Dr. Tam Wai Chu, Maria, Dr. Jiang Bo and Ms. Zhong Yingjie, Christina as independent non-executive directors.