大唐国际发电股份有限公司
DATANG INTERNATIONAL POWER GENERATION CO., LTD.

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

(Stock Code: 00991)

ANNOUNCEMENT
MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE TARGET COMPANIES FROM CDC

TRANSFER AGREEMENT

On 6 December 2017, the Company entered into the Transfer Agreement with CDC, pursuant to which the Company (as the purchaser) conditionally agreed to acquire the Target Shares from CDC (as the vendor) at an aggregate Consideration of RMB18,127.51 million.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the Acquisition contemplated under the Transfer Agreement exceeds 25% but are all less than 100%, the Acquisition contemplated under the Transfer Agreement constitutes a major transaction of the Company and therefore, is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, CDC is the controlling shareholder of the Company, which together with its subsidiaries hold 34.77% of the issued share capital of the Company. As such, CDC is a connected person of the Company, and therefore, the Acquisition contemplated under the Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISOR

An Independent Board Committee comprising the independent non-executive Directors will be formed to advise the Independent Shareholders on the terms of the Transfer Agreement.

The Company has appointed Guosen Securities as the independent financial advisor to advise the Independent Board Committee and the Independent Shareholders of the Company on the terms of the Transfer Agreement.

The Company will consider convening the EGM in a timely manner to consider, and if thought fit, approve the Acquisition contemplated under the Transfer Agreement.

As additional time is required by the Company to prepare a circular containing, among others, (i) further details of the Acquisition, (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders, (iii) a letter of advice from Guosen Securities to the Independent Board Committee and the Independent Shareholders, (iv) financial information of the Target Companies, (v) the summary asset valuation report of the Target Companies, and (vi) comfort letters in respect of the profit forecast relating to valuations by income approach in the summary asset valuation report, the circular is expected to be despatched to the Shareholders on or before 29 December 2017.

Shareholders and potential investors of the Company should be aware that the Acquisition under the Transfer Agreement is subject to a number of conditions being satisfied, and consequently the transaction may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the shares of the Company.

I. TRANSFER AGREEMENT

On 6 December 2017, the Company entered into the Transfer Agreement with CDC, pursuant to which the Company (as the purchaser) conditionally agreed to acquire the Target Shares from CDC (as the vendor) at an aggregate Consideration of RMB18,127.51 million.

The material content of the Transfer Agreement are set out as follows:

Date

6 December 2017

Parties

Purchaser: the Company; and

Vendor: CDC.

Subject Matter

The parties agreed that on and subject to the terms and conditions of the Transfer Agreement, the Company agreed to acquire the Target Shares from CDC.

Consideration

The Company agrees to pay RMB18,127.51 million to CDC as Consideration, comprising of the Hebei Company Consideration of RMB4,442.37 million, the Anhui Company Consideration of RMB7,804.32 million and the Heilongjiang Company Consideration of RMB5,880.82 million.

The Consideration was arrived at after arm's length negotiation between the parties taking into account the valuation of the assets of Target Companies as appraised by the Independent Valuers as at the Benchmark Date and other factors including the operation and financial position of the Target Companies, future planning for development and strategic synergy between the Company and the Target Companies.

Payment Terms

The Consideration is payable in cash by the Company in the following manner:

(i) Within 3 Working Days from the Settlement Date, the Company shall pay 50% of the Consideration, equivalent to a sum of RMB9,063.76 million;

(ii) Within 3 months from the Settlement Date, the Company shall pay 40% of the Consideration, equivalent to a sum of RMB7,251.00 million;

(iii) Within 3 months from the date on which the respective 100% equity interests of three Target Companies are fully transferred to the Company (subject to the date when the last Target Company Completes the transfer of 100% equity interests to the Company), the Company shall pay RMB1,643.54 million to the CDC;

(iv) The remaining amount of RMB169.22 million under the Acquisition shall be paid according to the following arrangement:

Within 10 years from the Settlement Date, the Company shall confirm in writing with CDC the arrangement of the Company in the utilisation and development of the land assets of the Target Companies, with a total area of approximately 3.221 million square metres, comprising of 16 plots of allocated land which are temporarily idle and one plot of land asset which does not yet have the relevant certificate:

1. If the Company confirms that it will continue to utilise and develop all or part of the abovementioned land and there are no circumstances in which such land may be objectively rendered unfit for any further utilisation and development, the Company shall pay in full to CDC the corresponding amount of the Consideration for such part of the land which the Company has confirmed in writing that it will continue to utilise and develop within 10 Working Days from such date on which such written confirmation is made by the Company. Then CDC shall not be held responsible for any expenses and obligations related to such part of the land;

2. If the Company confirms that it will no longer utilise and develop all or part of the abovementioned land, the Company shall dispose of such land as soon as practicable and it is not required to pay to CDC any of the corresponding amount of the Consideration for such part of the land which has been confirmed in writing that will no longer be utilised and developed.

CDC shall indemnify the Company in full from and against any losses and taxes (including but not limited to any administrative punishment, any losses arising from the surrender of such land to the government and any clearance fee and management fees except for any losses and expenses incurred by the Company's own fault) incurred in the course of the Company's disposal of such land; and any net proceeds, after deducting various expenses, from the disposal of the land by the Company shall be returned to CDC in full in one lump sum.

Settlement and Registration Arrangements

Subject to the satisfaction of all the conditions precedent as set out in the section headed "Conditions Precedent" in this announcement, CDC and the Company shall complete the Acquisition on the Settlement Date. Upon the Settlement Date, the assets of the Target Companies and their related right of management and operation will be transferred from CDC to the Company. After the Settlement Date, subject to the satisfaction of all of the conditions as set out in the section headed "Conditions Precedent" in this announcement, the Company and CDC shall procure the three Target Companies through amicable negotiation to complete the respective change in registration procedures for the transfer of the Target Shares at the Administration for Industry and Commerce in the PRC as soon as possible.

Conditions Precedent

The Transfer Agreement shall become effective upon the satisfaction of all of the following conditions precedent:

(i) the Acquisition has been approved by the board of directors of CDC;

(ii) the Acquisition has been approved by the Board and the Independent Shareholders at the EGM; and

(iii) the Valuation Reports have been filed by CDC.

Indebtedness and Employee Arrangement of the Target Companies

It was agreed that, on the basis that the nature of the Target Shares is 100% equity interests of limited liability companies, upon Completion, the Target Companies will be liable for their own creditors' rights and indebtedness and the labour relations of the existing employees of the Target Companies will not be changed as a result of the Acquisition.

Transition Arrangements

CDC shall be entitled to and assume the portion of the profit and loss arising from the Target Shares for the period from the Benchmark Date to the Settlement Date.

After the Settlement Date, both the Company and CDC may appoint an accounting firm with relevant securities qualifications to carry out an audit for the profit and loss of and the changes in the shareholders' interests of the Target Companies during the Transitional Period, and issue an audit report. If the Target Shares suffers from any loss and/or if there is any reduction in the value of net assets in respect of the Target Shares during the Transitional Period, CDC shall pay compensation to the Company for such losses and reduction on a dollar-to-dollar basis within 15 Working Days from the date on which such audit report is issued. If the Target Shares generate any profit or if the Target Companies record any increase in net assets during the Transitional Period according to such audit report, the Company shall refund to CDC the corresponding amount of profit or increase in net assets within 15 Working Days from the issue of the audit report.

It is further agreed that during the Transitional Period, CDC shall be responsible for the operation and management of all of the Target Companies and their subordinated units and CDC shall procure that the Target Companies and their subordinated units be operated according to the normal business operations and practices. CDC is further required to ensure the smooth operations of all significant assets of the Target Companies during the Transitional Period.

Undertakings by CDC

Pursuant to the Transfer Agreement, CDC agreed to provide, amongst others, the following undertakings to the Company in relation to the Acquisition:

(1) from the execution date of the Transfer Agreement, CDC shall not re-transfer, charge, entrust or establish any form of encumbrance or third party right in relation to the Target Shares, and CDC shall not negotiate and/or execute any form of legal documents, such as contract, memorandum and so forth, that conflict with the Acquisition or contain provisions that prohibit or restrict transfer of the Target Shares;

(2) in respect of the matters of land and buildings of the Target Companies and their subordinated units as at the execution date of the Transfer Agreement, CDC undertakes that:

    (i) in respect of land parcels and buildings that have not obtained land use certificates, building ownership certificates and have not effected change of ownership of the relevant land and buildings in favour of the Target Companies and their subordinated units, CDC will procure the Target Companies and their subordinated units to use their best endeavours to obtain the relevant land use certificates and building ownership certificates and complete the procedures for the change of owners' names for the relevant land parcels and buildings as the Target Companies and their subordinated units before the Settlement Date; in the event that any administrative punishment is imposed by the relevant competent authorities on or any relevant losses is suffered by the Target Companies and their subordinated units as a result of the failure to obtain land use certificates, building ownership certificates or to effect change of ownership of the relevant land and buildings in favour of the Target Companies or their subordinated units, CDC will compensate the Company in full;

    (ii) in respect of the allocated land use nature that have not obtained confirmation documents from the relevant competent authorities on the allocation, CDC will compensate the Company in full for any fees and losses incurred by any of the Target Companies and their subordinated units for the punishment imposed by the relevant competent authorities on such land parcels and buildings or for the perfection of land use rights and house property rights due to reasons incurred before the Settlement Date as well as the resumption of such land and property by the PRC government authorities;

(3) the financing agreements, such as the loan agreements, guarantee agreements, entrusted loan agreements and so forth, that were entered by the Target Companies and their subordinated units as a contracting party before the Settlement Date shall continue to be performed by the Target Companies and their subordinated units, whilst CDC shall continue to perform the guarantee and warranties which it has provided under the said financing agreement (Note 1); and

(4) if the Target Companies and their subordinated units incur any contingent debt as a result of the reasons that arose or existed before the Settlement Date, the Company shall not assume any liabilities for such contingent debt, and if the Company, the Target Companies and their subordinated units incur any direct or indirect loss as a result of the aforesaid reason, CDC shall fully compensate the Company for such losses.

Note 1: The Company confirms that since such provision of guarantees by CDC to the Target Companies and their subordinated units are on normal commercial terms and are not secured by the assets of the Company and its subsidiaries, the Target Companies and their subordinated units, such financial assistance will be exempted from the compliance obligation of Chapter 14A under Rule 14A.90 of the Listing Rules.

Liabilities for breach of contract

Upon entering into the Transfer Agreement, save for force majeure, any parties not performing any obligations they shall have performed under the Transfer Agreement, performing those obligations belatedly or inadequately, or being in breach of any statements, guarantees or undertakings under the Transfer Agreement will constitute parties in breach of contract, and the parties shall be liable for breach of contract in accordance with the requirements of laws.

If the Acquisition fails to be implemented due to several reasons such as limitation of laws or policies, failure to obtain approval at the EGM of the Company, or failure to be authorized, filed or approved by governmental authorities, then neither parties shall be considered as breach of contract.

II. INFORMATION OF THE TARGET COMPANIES

A) Hebei Company

Date of incorporation:	10 October 2004
Legal status:	Limited liability company (not natural person investment or holding corporation sole investment)
Registered capital:	RMB3,001,985,592
Scope of business:	Hebei Company is principally engaged in the production and sale of electricity. At present, Hebei Company has a total installed capacity of 2.947 million kW.

As at the date of this announcement, Hebei Company is a wholly-owned subsidiary of CDC.

The following sets out certain background information of the controlled subsidiaries and participating stock companies of Hebei Company as at the Benchmark Date:

No.	Company name	Shareholding percentage
1.	Datang Hebei Renewable Energy (Zhangbei) Co., Ltd.	100%
2.	Datang Baoding Huayuan Thermal Power Co., Ltd.	61.00%
3.	Hebei Datang Power Fuel Co., Ltd.	100%
4.	Hebei Datang Electricity Engineering Co., Ltd.	21.67%
5.	Datang Qingyuan Thermal Power Co., Ltd.	99.04%
6.	Datang Wu'an Power Generation Co., Ltd.	74%
7.	Datang Baoding Heat Supply Co., Ltd.	65%
8.	Datang Wuyuan Renewable Energy Co., Ltd.	100%
9.	Datang Wulate Houqi Renewable Energy Co., Ltd.	100%
10.	Datang Hebei Energy Marketing Co., Ltd.	100%
11.	China Water Resources and Power Group Hebei Trading Co., Ltd.	49%

The ownership of the 100% equity interests held by CDC in Hebei Company is clearly defined, not subject to any mortgage, pledge or other circumstances that would hinder the transfer of the ownership thereof, and not subject to any dispute, litigation, arbitration or other legal proceedings.

Following the Completion, Hebei Company will become a controlled subsidiary of the Company and its financial data will be included in the consolidated financial statements of the Company. The Company has not provided Hebei Company with guarantees or appointed Hebei Company to perform financial management, nor is Hebei Company in possession of funds of the Company.

B) Anhui Company

Date of incorporation:	27 December 2013
Legal status:	Limited liability company (not natural person investment or holding corporation sole investment)
Registered capital:	RMB3,598,208,463.76
Scope of business:	Anhui Company is principally engaged in the production and sale of electricity. At present, Anhui Company has a total installed capacity of 6.244 million kW.

As at the date of this announcement, Anhui Company is a wholly-owned subsidiary of CDC.

The following sets out certain background information of the controlled subsidiaries and participating stock companies of Anhui Company as at the Benchmark Date:

No.	**Company name**	**Shareholding percentage**
1.	Anhui Huainan Luoneng Power Generation Co., Ltd.	52.80%
2.	Ma'anshan Dangtu Power Generation Co., Ltd.	100%
3.	Datang Anhui Power Generation and Fuel Investment Co., Ltd.	100%
4.	Anhui Hefei United Power Generation Co., Ltd.	27.50%
5.	Datang Anqing Biomass Power Generation Co., Ltd.	66.67%
6.	Anhui Electric Power Co., Ltd.	50%
7.	Datang Anhui Energy Marketing Co., Ltd.	100%
8.	China Datang Overseas Technology Service Co., Ltd.	10%

The ownership of the 100% equity interests held by CDC in Anhui Company is clearly defined, not subject to any mortgage, pledge or other circumstances that would hinder the transfer of the ownership thereof, and not subject to any dispute, litigation, arbitration or other legal proceedings.

Following the Completion, Anhui Company will become a controlled subsidiary of the Company and its financial data will be included in the consolidated financial statements of the Company. The Company has not provided Anhui Company with guarantees or appointed Anhui Company to perform financial management, nor is Anhui Company in possession of funds of the Company.

C) Heilongjiang Company

Date of incorporation:	29 September 2004
Legal status:	Limited liability company (not natural person investment or holding corporation sole investment)
Registered capital:	RMB2,923,180,277.91
Scope of business:	Heilongjiang Company is principally engaged in the production and sale of electricity. As of now, Heilongjiang Company has a total installed capacity of 3.882 million kW.

As at the date of this announcement, Heilongjiang Company is a wholly-owned subsidiary of CDC.

The following sets out certain background information of the controlled subsidiaries and participating stock companies of Heilongjiang Company as at the Benchmark Date:

No.	Company name	Shareholding percentage
1.	Heilongjiang Longtang Electricity Investment Co., Ltd.	100%
1-1.	Heilongjiang Longtang Electricity Engineering Co., Ltd.	53.30% held by Heilongjiang Longtang Electricity Investment Co., Ltd.
1-2.	Shuangyashan Longtang Heat Supply Co., Ltd.	80% held by Heilongjiang Longtang Electricity Investment Co., Ltd.

No.	Company name	Shareholding percentage
1-3.	Heilongjiang Longtang Pipe Engineering Co., Ltd.	90% held by Heilongjiang Longtang Electricity Investment Co., Ltd.
1-4.	Daqing Longtang Heat Supply Co., Ltd.	97% held by Heilongjiang Longtang Electricity Investment Co., Ltd.
1-5.	Jixi Longtang Heat Supply Co., Ltd.	80% held by Heilongjiang Longtang Electricity Investment Co., Ltd.
2.	Datang Heilongjiang Renewable Power Development Co., Ltd.	100%
2-1.	Datang Hailin Weihushan Wind Power Generation Co., Ltd.	100% held by Datang Heilongjiang Renewable Power Development Co., Ltd.
2-2.	Datang Hua'an (Qiqihar) Wind Power Generation Co., Ltd.	100% held by Datang Heilongjiang Renewable Power Development Co., Ltd.
2-3.	Datang Jixian Taiping Wind Power Generation Co., Ltd.	100% held by Datang Heilongjiang Renewable Power Development Co., Ltd.
2-4.	Datang Dongning Hydropower Development Co., Ltd.	100% held by Datang Heilongjiang Renewable Power Development Co., Ltd.
3.	Datang Heilongjiang Electricity Technology Development Co., Ltd.	100%
3-1.	Datang Heilongjiang Engineering Project Management Co., Ltd.	100% held by Datang Heilongjiang Electricity Technology Development Co., Ltd.

No.	Company name	Shareholding percentage
3-2.	Datang Heilongjiang Property Management Co., Ltd. *(Note 2)*	100%
4.	Datang Jixi Second Thermal Power Co., Ltd.	100%
4-1.	Jixi Chenyu Environmental Engineering Co., Ltd.	70% held by Datang Jixi Second Thermal Power Co., Ltd.
5.	Datang Heilongjiang Energy Conservation Co., Ltd.	100% held by Heilongjiang Company directly and indirectly
6.	Datang Jixi Thermal Power Co., Ltd.	97.38%
7.	Datang Jixi Coal Development Co., Ltd.	100%
8.	Datang Mudanjiang Energy Development Co., Ltd. *(Note 2)*	100%
9.	Datang Suihua Thermal Power Co., Ltd.	100%
10.	Datang Qitaihe Power Generation Company	60%
11.	Datang Shuangyashan Thermal Power Co., Ltd.	96.37%
12.	Datang Heilongjiang Power Fuel Co., Ltd. *(Note 2)*	100%
13.	Datang Heilongjiang Materials Co., Ltd.	49%

Note 2: As at the Benchmark Date, Datang Heilongjiang Power Fuel Co., Ltd., Datang Mudanjiang Energy Development Co., Ltd. and Datang Heilongjiang Property Management Co., Ltd. have completed deregistration and cancellation procedures, while accounting work, however, is still in process, hence relevant assets and liabilities are still within the review and valuation scope, therefore included in this table.

The ownership of the 100% equity interests held by CDC in Heilongjiang Company is clearly defined, not subject to any mortgage, pledge or other circumstance that would prevent the transfer of the ownership thereof, and not subject to any dispute, litigation, arbitration or other legal proceedings.

Following the Completion, Heilongjiang Company will become a controlled subsidiary of the Company and its financial data will be included in the consolidated financial statements of the Company. The Company has not provided Heilongjiang Company with guarantees or appointed Heilongjiang Company to perform financial management, nor is Heilongjiang Company in possession of funds of the Company.

D) Original acquisition costs of the Target Companies

As the Target Companies were established by CDC, and were not acquired from a third party, there is no original acquisition cost for the Target Shares.

III. KEY FINANCIAL INFORMATION OF THE TARGET COMPANIES

Following the Completion, the Target Companies will become subsidiaries of the Company and their results and financial position will be consolidated into the consolidated financial statements of the Company.

The following are certain audited financial information of the Hebei Company by adopting PRC enterprise accounting standard:

Unit: RMB'0,000

	Nine months ended 30 September 2017	Year ended 31 December 2016	Year ended 31 December 2015
Total assets	1,212,496.60	1,327,799.84	1,298,905.31
Total liabilities	905,574.60	965,296.22	1,010,876.55
Net assets	306,922.00	362,503.62	288,028.76
Operating income	405,078.02	537,926.57	553,105.97
Before-tax net profit/loss	-20,468.86	94,284.44	112,933.84
After-tax net profit/loss	-21,924.10	77,573.65	102,020.65

The following are certain audited financial information of the Anhui Company by adopting PRC enterprise accounting standard:

Unit: RMB'0,000

	Nine months ended 30 September 2017	**Year ended 31 December 2016**	**Year ended 31 December 2015**
Total assets	1,234,535.09	1,260,369.71	1,357,775.88
Total liabilities	803,627.61	790,243.11	897,319.69
Net assets	430,907.47	470,126.60	460,456.19
Operating income	594,651.34	753,947.37	888,450.96
Before-tax net profit/loss	-41,033.69	59,618.85	166,236.22
After-tax net profit/loss	-42,014.13	44,032.58	122,829.85

The following are certain audited financial information of the Heilongjiang Company by adopting PRC enterprise accounting standard:

Unit: RMB'0,000

	Nine months ended 30 September 2017	**Year ended 31 December 2016**	**Year ended 31 December 2015**
Total assets	1,712,386.28	1,691,629.63	1,635,102.42
Total liabilities	1,280,238.41	1,257,645.55	1,253,317.53
Net assets	432,147.87	433,984.08	381,784.89
Operating income	385,652.34	561,853.39	601,557.73
Before-tax net profit/loss	20,195.13	85,209.62	65,229.61
After-tax net profit/loss	13,441.39	65,082.79	42,623.96

IV. VALUATION OF THE TARGET COMPANIES

A. Hebei Company

The appraised value of the total assets and net assets of Hebei Company amounted to RMB8,426,928,000 and RMB4,442,370,000 respectively as at the Benchmark Date as appraised by China United adopting the asset-based approach. Certain subsidiaries of Hebei Company (namely Datang Hebei Renewable Energy (Zhangbei) Co., Ltd., Datang Wuyuan Renewable Energy Co., Ltd. and Datang Wulate Houqi Renewable Energy Co., Ltd.) were appraised by adopting the income approach as at the Benchmark Date.

As the valuation of certain subsidiaries of the Target Companies (as stated in the above) based on income approach constitutes profit forecast under Rule 14.61 of the Listing Rules, additional information in relation to the discounted cash flows in connection with the valuation of such companies is set out in the section headed "Profit Forecast under Listing Rules by Adopting Income Approach in Valuation" of this announcement.

1. Valuation method and valuation results

In accordance with the asset valuation report on Hebei Company issued by China United (Zhong Lian Ping Bao Zi [2017] 2096), which is qualified to practice securities and futures related businesses, with 30 September 2017 as the Benchmark Date, the detailed valuation approach and results are as follows:

Unit: RMB '0,000

Number	Company Name	Shareholding percentage	Book value of shareholders' total equity (non-consolidated)	Adopted approach	Appraised value of shareholders' total equity	Difference	Appreciation rate
Target Company							
1	Hebei Company	100% held by CDC	297,706.68	Asset-based approach	444,237.00	146,530.32	49.22%

Number	Company Name	Shareholding percentage	Book value of shareholders' total equity (non-consolidated)	Adopted approach	Appraised value of shareholders' total equity	Difference	Appreciation rate
Controlled subsidiaries and participating stock companies of Hebei Company							
1.	Datang Hebei Renewable Energy (Zhangbei) Co., Ltd.	100%	24,975.55	Income approach	31,616.16	6,640.61	26.59%
2.	Datang Baoding Huayuan Thermal Power Co., Ltd.	61.00%	-24,117.78	Asset-based approach	-7,100.42	17,017.36	70.56%
3.	Hebei Datang Power Fuel Co., Ltd.	100%	330.75	Asset-based approach	344.34	13.59	4.11%
4.	Hebei Datang Electricity Engineering Co., Ltd.	21.67%	157.88	Statement translation approach *(Note 3)*	157.88	0.00	0.00%
5.	Datang Qingyuan Thermal Power Co., Ltd.	99.04%	56,227.59	Asset-based approach	55,075.53	-1,152.06	-2.05%
6.	Datang Wu'an Power Generation Co., Ltd.	74%	60,998.57	Asset-based approach	48,535.28	-12,463.29	-20.43%
7.	Datang Baoding Heat Supply Co., Ltd.	65%	30,245.68	Asset-based approach	60,086.50	29,840.82	98.66 %
8.	Datang Wuyuan Renewable Energy Co., Ltd.	100%	4,181.77	Income approach	6,793.88	2,612.11	62.46%
9.	Datang Wulate Houqi Renewable Energy Co., Ltd.	100%	11,378.54	Income approach	13,630.42	2,251.88	19.79%
10.	Datang Hebei Energy Marketing Co., Ltd.	100%	2,010.94	Asset-based approach	2,010.94	0.00	0.00%
11.	China Water Resources Group Hebei Trading Co., Ltd.	49%	240.45	Statement translation approach *(Note 3)*	240.45	0.00	0.00%

Note 3: In respect of long-term equity interest investment for shareholding of 50% or below, appraised value is calculated by way of statement translation approach, that is the book value of net assets of investee company in the Benchmark Date times investment proportion to determine the appraised value (appraised value of equity interest investment = book value of net assets of investee company × shareholding percentage).

According to applicable laws, the above asset valuation report has been duly filed in compliance with State-owned asset valuation procedure.

The reasons for the appreciation of the value of Hebei Company for 49.22% as at the Benchmark Date are as follows:

(i) The appreciation of the appraised value of fixed assets is due to the fact that the fixed assets, i.e., the buildings of the evaluated entity were constructed years ago and that the life being applied by the entity in its calculation of depreciation is shorter than the economic life being applied in the valuation; and

(ii) The appreciation of the appraised value of land is due to the fact that most of the land being the allocated land had been allocated to the entity years ago with very low accounting costs and that the prices of such land have been increasing in recent years.

(iii) The appreciation of the appraised value of net assets is due to the fact that the deferred income and various subsidies under "liabilities" are determined by the cash basis of accounting system of completed subsidies projects for the purpose of valuation. The appraised value is then determined by the book value incorporating an income tax of 25%.

2. Assumptions for valuation

The principal assumptions are as follows:

General assumptions

(1) Transaction assumption: It is assumed that all assets to be valued are in the process of transaction, and valuers will make estimation in a simulated market according to the transaction conditions of assets to be valued. The transaction assumption is the most basic assumption for the further implementation of the asset valuation.

(2) Open market assumption: It is assumed that with respect to the asset traded or to be traded in the market, the transaction parties are equal and have enough opportunity and time to access the market information so as to make a rational judgment on the function, intended purpose and transaction price of assets. The open market assumption is made on the basis that the assets can be traded openly in the market.

(3) Continuing operations of assets assumption: It is assumed that the assets to be valued can be used continuously based on the intended purpose, method of operation, scale, frequency and environmental conditions, etc., or can be used on a changed basis. In this case, the corresponding valuation method, parameters and basis shall be determined accordingly.

Specific assumptions

(1) It is assumed that the external economic environment remains unchanged and there is no significant change in current national macroeconomic policies up to the Benchmark Date;

(2) It is assumed that there is no significant change in the social and economic environment and in the prevailing policies regarding taxation and tax rates, etc.;

(3) It is assumed that all assets under valuation are based on the actual inventories as of the Benchmark Date, and the domestic effective prices are used as the basis for the present market prices of assets;

(4) It is assumed that all basic information and financial information provided by the client and the evaluated entities are true, correct and complete;

(5) It is assumed that the scope of valuation shall be subject to the financial statements provided by the client and the evaluated entities without considering any possible contingent assets and contingent liabilities out of the lists provided by the client and the evaluated entities;

(6) It is assumed that all parameters used for valuation purpose take no consideration of inflation factor;

(7) It is assumed that the evaluated entities continue to operate with diligent work of its management in future operation periods;

(8) It is assumed that the valuation takes no consideration of gains or losses due to changes in the circumstances of the main businesses resulted from changes in management, operation strategies and business environment;

(9) It is assumed that tariffs remain at the same level as at the Benchmark Date, with tariff determination taking full account of the circumstances of obtaining the tariffs for desulfuration, denitrification and dedusting, and composition of historical annual tariffs. It is also assumed that tariffs remain unchanged in the forecast period and future periods;

(10) It is assumed that the value of project investments and project progress coincide with the information related to planned projects such as investment plans, project feasibility research reports and estimated investment budgets provided by the company, and that projects are funded in time to realize scheduled operation;

(11) In relation to Datang Hebei New Energy (Zhangbei) Co., Ltd. (大唐河北新能源(張北)有限責任公司), the assumptions are as follows:

(i) Pursuant to Ji Jia Guan [2010] No. 61 Document and Ji Jia Guan [2013] No. 93 Document (冀價管[2010] 61號、[2013] 93號文件) issued by Hebei Price Bureau and Notice of the National Development and Reform Commission on Improving On-grid Tariff Policy for Wind Power (Fa Gai Jia Ge [2009] No. 1906) (《國家發改委關於完善風力發電上網電價政策的通知》(發改價格[2009] 1906號)), on-grid tariff (tax inclusive) for phase II and phase III of the project of Zhangbei Wind Power Plant stands at RMB0.54/kWh set by the state, as adjusted by adjustments made by the state to the benchmark on-grid tariff;

(ii) According to relevant regulations under Clause 2 under Article 27 of Enterprise Income Tax Law of People's Republic of China and Article 87 of Rules for Implementation of Enterprise Income Tax Law of PRC, environmental protection projects including those related to wind power are entitled to preferential tax policy with effect from 1 January 2008. Since the taxable year when the first operation revenue is recorded, such projects enjoy three years of tax exemption and another three years of half-rate tax discount. As at the Benchmark Date, phase II, phase III and phase IV of the evaluated entity's project have obtained the preferential tax filing from relevant authorities of State Administration of Taxation;

(iii) The revenue of the evaluated entity is mainly derived from the sale of electricity generated by wind power. It is assumed that scale of assets, composition of revenue and cost, sales strategies and cost control in future operation periods will continue with the status as at the Benchmark Date. The annual power generation volume in future operation periods is based on verified capacity of wind power generator units and average utilization hours, taking no account of special changes resulted from possible ultra-reduction of power generation. The assumption takes no consideration of possible changes in operation ability, business scale and business structure (even though such changes may probably occur) resulting from changes in operation strategies and business environment. That is to say, this valuation is based on the continuation of the operation capacities, business scale and operation mode of power generation as at the Benchmark Date; and

(iv) Datang Hebei New Energy (Zhangbei) Co., Ltd. is qualified for preferential tax according to Notice on Issues Relevant to Implementation of the List of Public Infrastructure Projects Entitled to Enterprise Income Tax Preferences (Cai Shui [2008] No. 46) (財稅[2008]46號《關於執行公共基礎設施項目企業所得稅優惠目錄有關問題的通知》), List of Public Infrastructure Projects Enjoying Enterprise Income Tax Preferences (2008) (Cai Shui [2008] No. 116) (財稅[2008]116號《公共基礎設施項目企業所得稅優惠目錄(2008年版)》) and Notice on Issues Relevant to Implementation of Enterprise Income Tax Preferences for Public Infrastructure Projects Supported by the State (Guo Shui [2009] No. 80) (國稅發[2009]80號《關於實施國家重點扶持的公共基礎設施項目企業所得稅優惠問題的通知》). Upon the approval of Zhangbei County Office of the State Administration of Taxation, Wudengshan (Zhangbei) Phase II Wind Power Project is entitled to enterprise income tax exemption from 2011 to 2013 and half-rate income tax discount from 2014 to 2016; Wudengshan (Zhangbei) Phase III Wind Power Project is entitled to enterprise income tax exemption from 2014 to 2016 and half-rate enterprise income tax discount from 2017 to 2019; Wudengshan (Zhangbei) is entitled to enterprise income tax exemption from 2016 to 2018 and half-rate enterprise income tax discount from 2019 to 2021;

(12) In relation to Datang Wuyuan New Energy Co., Ltd. (大唐五原新能源有限公司), the assumptions are as follows:

(i) In accordance with Approval of Inner Mongolia Development and Reform Commission on On-grid Tariffs for Renewable Energy Power Generation Projects Including Wulanchulu 40MWp Photovoltaics Project and Wendu'erhua 10MWp Photovoltaics Project (Nei Fa Gai Jia Zi [2013] No. 2697) (《內蒙古自治區發展和改革委員會關於核定烏蘭楚魯40MWp光伏發電項目、溫都爾花10MWp光伏發電項目等可再生能源發電項目上網電價的批復》(內發改價字[2013]2697號)) issued by Inner Mongolia Development and Reform Commission, on-grid tariff (tax inclusive) stands at RMB1.00/kWh with effect from the date of on-grid power generation, as adjusted by state adjustments to the benchmark on-grid tariff. As at the Benchmark Date, such project has been enrolled into List of Tariff Premium Subsidy Funds for Renewable Energy (《可再生能源電價附加資金補助目錄》), entitled to appropriate subsidies based on the volume of on-grid power generation;

(ii) The revenue of the evaluated entity is mainly derived from the sale of electricity generated by solar power. It is assumed that scale of assets, composition of revenue and cost, sales strategies and cost control in future operation periods will continue with the status as at the Benchmark Date. The annual power generation volume in future operation periods is based on verified capacity of photovoltaics power generator units and average utilization hours, taking no account of special changes resulted from possible ultra-reduction of power generation. For future periods, the electricity restriction level and policy of the location of the evaluated entity is deemed to remain the same as at the Benchmark Date. The assumption takes no consideration of possible changes to operation ability, business scale and business structure (even though such changes may probably occur) resulting from changes in operation strategies and business environment. That is to say, this valuation is based on the continuation of the operation capacities, business scale and operation mode of power generation as at the Benchmark Date; and

(iii) Datang Wuyuan New Energy Co., Ltd. is qualified for preferential tax according to Article 87 under Chapter IV of the Preferential Tax Treatments of Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》第四章稅收優惠), pursuant to which, Wuyuan Solar Power Project is entitled to enterprise income tax exemption from 2014 to 2016 and half-rate enterprise income tax discount from 2017 to 2019;

(13) In relation to Datang Wulate Houqi Renewable Energy Co., Ltd. (大唐烏拉特後旗新能源有限公司), the assumptions are as follows:

(i) Datang Wulate Houqi Renewable Energy Co., Ltd. includes 2 segments, namely the wind power project and the photovoltaics project. In accordance with Approval of Inner Mongolia Development and Reform Commission on On-grid Tariffs for Renewable Energy Power Generation Projects Including Wulanchulu 40MWp Photovoltaics Project and Wendu'erhua 10MWp Photovoltaics Project (Nei Fa Gai Jia Zi [2013] No. 2697) (《內蒙古自治區發展和改革委員會關於核定烏蘭楚魯40MWp光伏發電項目、溫都爾花10MWp光伏發電項目等可再生能源發電項目上網電價的批復》(內發改價字[2013]2697號)) issued by Inner Mongolia Development and Reform Commission, its on-grid tariff (tax inclusive) stands at RMB1.00/kWh for its photovoltaics business with effect from the date of on-grid power generation, as adjusted by state adjustments to the benchmark on-grid tariff. As at the Benchmark Date, such project has been enrolled into List of Tariff Premium Subsidy Funds for Renewable Energy (《可再生能源電價附加資金補助目錄》), entitled to appropriate subsidies based on on-grid power generation (being RMB0.01/kWh (tax inclusive));

(ii) According to the Reply concerning the On-grid Tariffs of Wind Power Generation Projects of Certain Enterprises in Bayannur City (Nei Fa Gai Jia Zi [2010] No. 2903) (《關於巴彥淖爾市部分企業風力發電項目上網電價的批覆》(內發改價字[2010] 2903號)) issued by the Development and Reform Commission of Inner Mongolia, from the date of on-grid power generation, the on-grid tariffs (inclusive of tax) of wind power projects shall be RMB0.51 per kWh, and shall subject to adjustment in accordance with the national benchmark on-grid tariffs. As of the date of valuation, the project has been included in the Catalogue of Additional Grants for the Tariffs of Renewable Energy, and can be granted certain subsidies according to the volume of on-grid power generation with tariffs (inclusive of tax) of RMB0.01 per kWh;

(iii) Revenue of the evaluated entity is mainly derived from the sale of electricity generated by photovoltaic project and wind power. It is assumed that scale of assets, composition of revenue and cost, sales strategies and cost control in future operation periods will continue with the status as at the Benchmark Date. The annual power generation volume in future operation periods is based on verified capacity of wind power generator units and average utilization hours, taking no account of special changes resulted from possible ultra-reduction of power generation. The assumption takes no consideration of possible changes to operation ability, business scale and business structure (even though such changes may probably occur) resulting from changes in operation strategies and business environment. That is to say, this valuation is based on the continuation of the operation capacities, business scale and operation mode of power generation as at the Benchmark Date;

(iv) Pursuant to Announcement of Inner Mongolia Provincial Office of State Administration of Taxation on Issues Concerning Implementation of Enterprise Income Tax Preferential Related to Western Region Development (No. 9) (《內蒙古自治區國家稅務局關於執行西部大開發企業所得稅優惠政策有關具體問題的公共》(第9號)) and Announcement of the State Administration of Taxation on Issues Concerning Enterprise Income Tax Related with Enhancing the Western Region Development Strategy ([2012] No.12) (《國家稅務局關於深入實施西部大開發有關企業所得稅問題的公告》(2012年第12號)), enterprise income tax rate is reduced to 15% with effect from 2014; and

(v) Datang Wulatehouqi Renewable Energy Co., Ltd. is qualified for preferential tax according to Article 87 under Chapter IV of the Preferential Tax Treatments of Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》第四章稅收優惠), pursuant to which, Wulatehouqi Solar Power Project is entitled to enterprise income tax exemption from 2014 to 2016 and half-rate enterprise income tax discount from 2017 to 2019; and

(14) It is assumed that average inflows represent cash inflows of the evaluated entities subsequent to the Benchmark Date, and average outflows represent subsequent cash outflows.

B. Anhui Company

The appraised value of the total assets and net assets of Anhui Company amounted to RMB11,923,701,300 and RMB7,804,324,000 respectively as at the Benchmark Date as appraised by China Enterprise adopting the asset-based approach.

1. Valuation method and valuation results

In accordance with the asset valuation report on Anhui Company issued by China Enterprise (Zhong Qi Hua Ping Bao Zi (2017) No. 1296-01), which is qualified to practice securities and futures related businesses, with 30 September 2017 as the Benchmark Date, the detailed valuation approach and results are as follows:

Unit: RMB '0,000

Number	Company Name	Shareholding percentage	Book value of shareholders' total equity (non-consolidated)	Adopted approach	Appraised value of shareholders' total equity	Difference	Appreciation rate
Target Company							
1.	Anhui Company	100% held by CDC	450,780.87	Asset-based approach	780,432.40	329,651.54	73.13%

Number	Company Name	Shareholding percentage	Book value of shareholders' total equity (non-consolidated)	Adopted approach	Appraised value of shareholders' total equity	Difference	Appreciation rate
Controlled subsidiaries and participating stock companies of Anhui Company							
1.	Anhui Huainan Luoneng Power Generation Co., Ltd.	52.8%	141,753.59	Asset-based approach	269,971.61	128,218.02	90.45%
2.	Ma'anshan Dangtu Power Generation Co., Ltd.	100%	74,212.90	Asset-based approach	132,926.27	58,713.37	79.11%
3.	Datang Anhui Power Generation and Fuel Investment Co., Ltd.	100%	2,085.76	Asset-based approach	2,090.75	4.99	0.24%
4.	Anhui Hefei United Power Generation Co., Ltd.	27.5%	123,033.30	Asset-based approach	163,389.00	40,355.70	32.80%
5.	Datang Anqing Biomass Power Generation Co., Ltd.	66.67%	-24,805.10	Asset-based approach	-20,188.12	4,616.98	18.61%
6.	Anhui Electric Power Co., Ltd.	50%	-30,664.81	Asset-based approach	7,095.26	37,760.07	123.14%
7.	Datang Anhui Energy Marketing Co., Ltd.	100%	1,999.99	Asset-based approach	1,999.72	-0.27	-0.01%
8.	China Datang Group Overseas Technology Service Co., Ltd.	10%	5,120.86	Statement translation approach *(see Note 3 above)*	5120.86	0.00	0.00%

According to applicable laws, the above asset valuation report has been duly filed in compliance with State-owned asset valuation procedure.

The reasons for the appreciation of the value of Anhui Company for 73.13% as at the Benchmark Date are as follows:

(i) The main reasons for the increase in the appraised value of long-term equity investment are:

(a) The evaluated entity used the cost approach in its valuation of the investee company. The book value is considered as static investment cost;

(b) The appreciation of the appraised value is resulted due to the fact that the investee company has accrued certain retained earnings from years of business operation;

(ii) In respect of assets such as buildings, the reasons for the increase in the appraised value are as follows:

(a) Appreciation of the appraised gross book value is resulted due to the fact that the power plants were constructed at an earlier time when the construction costs were relatively lower. With the continuous development of the society and the improvement of the local living standard, the costs of construction materials, labour costs and the costs of machinery and equipment have increased substantially as at the Benchmark Date, resulting in an increase of costs;

(b) Appreciation of the appraised net book value is the result of a combination of the appreciation of the appraised gross book value and the life applied by the entity in its calculation of depreciation being shorter than the economic life applied in the valuation; and

(iii) In respect of the appreciation of the value of intangible assets, this is due to the appreciation of the appraised value of the land arising from the fact of rising land prices in view that land resources are becoming increasingly scarce in recent years.

2. Assumptions for valuation

The principal assumptions are as follow:

General assumptions

1) It is assumed that there were no material changes in the relevant existing laws, regulations and policies, and macroeconomic conditions of the PRC as well as in the local political, economic and social environment of such places where the parties to the transaction are operating;

2) It is assumed the enterprise will continue as a going concern in the light of the actual condition of the assets as of the Benchmark Date;

3) It is assumed that there are no material changes to the interest rates, exchange rates, tax bases, tax rates and policy-based levies related to the evaluated entity after the Benchmark Date;

4) It is assumed that the management of the evaluated entity is accountable, stable and competent to perform their duties after the Benchmark Date; and

5) It is assumed that there is no force majeure or unforeseeable circumstances which may materially and adversely affect the evaluated entity after the Benchmark Date.

Specific assumptions

1) it is assumed that the accounting policies adopted by the evaluated entity after the Benchmark Date are consistent with the accounting policies adopted when preparing the Assets Valuation Report in all the material aspect;

2) it is assumed that the scope of business and the mode of operation of the evaluated entity after the Benchmark Date are consistent with the current ones based on the existing management mode and management level and that the management of the entity will propel its development plans smoothly; and

3) it is assumed that the evaluated entity will have even cash outflow and cash inflow after the Benchmark Date.

C. Heilongjiang Company

The appraised value of the total assets and net assets of Heilongjiang Company amounted to RMB8,963,990,500 and RMB5,880,817,500 respectively as at the Benchmark Date as appraised by China Enterprise adopting the asset-based approach.

1. Valuation method and valuation results

In accordance with the asset valuation report on Heilongjiang Company issued by China Enterprise (Zhong Qi Hua Ping Bao Zi (2017) No. 1296-02), which is qualified to practice securities and futures related businesses, with 30 September 2017 as the Benchmark Date, the detailed valuation approach and results are as follows:

Unit: RMB'0,000

Number	Company Name	Shareholding percentage	Book value of shareholders' total equity (non-consolidated)	Adopted approach	Appraised value of shareholders' total equity	Difference	Appreciation rate
Target Company							
1.	Heilongjiang Company	100% held by CDC	321,219.40	Asset-based approach	588,081.75	266,862.35	83.08%

Number	Company Name	Shareholding percentage	Book value of shareholders' total equity (non-consolidated)	Adopted approach	Appraised value of shareholders' total equity	Difference	Appreciation rate
Controlled subsidiaries and participating stock companies of Heilongjiang Company							
1.	Heilongjiang Longtang Electricity Investment Co., Ltd.	100%	23,784.33	Asset-based approach	70,166.47	46,382.14	195.01%
1-1.	Heilongjiang Longtang Electricity Engineering Co., Ltd.	53.30% held by Heilongjiang Longtang Electricity Investment Co., Ltd.	434.55	Asset-based approach	500.88	66.33	15.26%
1-2.	Shuangyashan Longtang Heat Supply Co., Ltd.	80% held by Heilongjiang Longtang Electricity Investment Co., Ltd.	2,856.08	Asset-based approach	3,591.60	735.52	25.75%
1-3.	Heilongjiang Longtang Pipe Engineering Co., Ltd.	90% held by Heilongjiang Longtang Electricity Investment Co., Ltd.	2,098.94	Asset-based approach	2,179.22	80.28	3.82%
1-4.	Datang Longtang Heat Supply Co., Ltd.	97% held by Heilongjiang Longtang Electricity Investment Co., Ltd.	9,832.40	Asset-based approach	11,415.27	1,582.87	16.10%
1-5.	Jixi Longtang Heat Supply Co., Ltd.	80% held by Heilongjiang Longtang Electricity Investment Co., Ltd.	10,799.74	Asset-based approach	13,826.52	3,026.78	28.03%

Number	Company Name	Shareholding percentage	Book value of shareholders' total equity (non-consolidated)	Adopted approach	Appraised value of shareholders' total equity	Difference	Appreciation rate
2.	Datang Heilongjiang Renewable Power Development Co., Ltd.	100%	30,768.20	Asset-based approach	57,570.19	26,801.99	87.11%
2-1.	Datang Hailin Weihushan Wind Power Generation Co., Ltd.	100% held by Datang Heilongjiang Renewable Power Development Co., Ltd.	2,000.00	Asset-based approach	2,000.00	–	0.00%
2-2.	Datang Hua'an (Qiqihar) Wind Power Generation Co., Ltd.	100% held by Datang Heilongjiang Renewable Power Development Co., Ltd.	9,775.36	Asset-based approach	10,647.03	871.67	8.92%
2-3.	Datang Jixian Taiping Wind Power Generation Co., Ltd.	100% held by Datang Heilongjiang Renewable Power Development Co., Ltd.	6,850.23	Asset-based approach	8,239.93	1,389.70	20.29%
2-4.	Datang Dongning Hydropower Development Co., Ltd.	100% held by Datang Heilongjiang Renewable Power Development Co., Ltd.	12,217.79	Asset-based approach	35,562.94	23,345.15	191.08%

Number	Company Name	Shareholding percentage	Book value of shareholders' total equity (non-consolidated)	Adopted approach	Appraised value of shareholders' total equity	Difference	Appreciation rate
3.	Datang Heilongjiang Electricity Technology Development Co., Ltd.	100%	1,018.76	Asset-based approach	3,539.30	2,520.54	247.41%
3-1.	Datang Heilongjiang Engineering Project Management Co., Ltd.	100% held by Datang Heilongjiang Electricity Technology Development Co., Ltd.	203.71	Asset-based approach	236.95	33.24	16.31%
3-2.	Datang Heilongjiang Property Management Co., Ltd. *(Note 4)*	100% held by Datang Heilongjiang Electricity Technology Development Co., Ltd.	65.62	Asset-based approach	65.62	–	0.00%
4.	Datang Jixi Second Thermal Power Co., Ltd.	100%	61,302.18	Asset-based approach	54,359.95	-6,942.23	-11.32%
4-1.	Jixi Chenyu Environmental Engineering Co., Ltd.	70% held by Datang Jixi Second Thermal Power Co., Ltd.	-13,849.25	Asset-based approach	-13,921.67	-72.42	0.52%
5.	Datang Heilongjiang Energy Conservation Co., Ltd.	100% held by Heilongjiang Company directly and indirectly	4,912.22	Asset-based approach	4,415.90	-496.32	-10.10%
6.	Datang Jixi Thermal Power Co., Ltd.	97.38%	28,497.55	Asset-based approach	74,106.69	45,609.14	160.05%
7.	Datang Jixi Coal Development Co., Ltd.	100%	9,326.75	Asset-based approach	9,498.96	172.21	1.85%

Number	Company Name	Shareholding percentage	Book value of shareholders' total equity (non-consolidated)	Adopted approach	Appraised value of shareholders' total equity	Difference	Appreciation rate
8.	Datang Mudanjiang Energy Development Co., Ltd. *(Note 4)*	100%	1,001.90	Asset-based approach	1,001.90	–	0.00%
9.	Datang Suihua Power Generation Co., Ltd.	100%	32,262.01	Asset-based approach	30,344.61	-1,917.41	-5.94%
10.	Datang Qitaihe Power Generation Company	60%	208,129.30	Asset-based approach	365,828.96	157,699.66	75.77%
11.	Datang Shuangyashan Thermal Power Co., Ltd.	96.37%	37,922.77	Asset-based approach	50,321.36	12,398.59	32.69%
12.	Datang Heilongjiang Power Fuel Co., Ltd. *(Note 4)*	100%	–	Asset-based approach	–	–	–
13.	Datang Heilongjiang Materials Co., Ltd.	49%	680.25	Statement translation approach *(please see Note 3 above)*	680.25	0.00	0.00%

Note 4: As at the Benchmark Date, Datang Heilongjiang Power Fuel Co., Ltd., Datang Mudanjiang Energy Development Co., Ltd., Datang Heilongjiang Property Management Co., Ltd. have completed deregistration and cancellation procedures, while accounting work, however, is still in process, hence relevant assets and liabilities are still within the review and valuation scope, therefore included in this table.

According to applicable laws, the above asset valuation report has been duly filed in compliance with State-owned asset valuation procedure.

The reasons for the appreciation of the value of Heilongjiang Company for 83.08% as at the Benchmark Date are as follows:

(i) The appreciation of the value of long-term equity investment is resulted due to the fact that the evaluated entity used the cost approach in its valuation of the controlling long-term equity investment. The book value represented the investment cost as at the Benchmark Date. In this valuation, an overall valuation of the investee company was conducted, resulting in an appreciation of the value of long-term equity investment of the evaluated entity;

(ii) The appreciation of the value of ongoing construction is mainly due to the fact that the capital cost was considered as at the Benchmark Date;

(iii) The appreciation of the value of intangible assets is due to the fact that the original values of the land use rights were apportioned to the buildings. None of them have been listed separately under "intangible assets". Furthermore, the land being evaluated were all allocated at the prices of allocated land in or about 2000, the value of which was unlikely to be recorded or had never been recorded. The appreciation of the appraised value of the land is due to the fact of rising land prices in view that land resources are becoming increasingly scarce with the rapid economic and urban development of Heilongjiang Province in recent years; and

(iv) The depreciation of the value of current liabilities is mainly due to the fact that the entity is not required to repay government subsidy in the subsequent year.

2. Assumptions for valuation

The principal assumptions are as follow:

General assumptions

(1) It is assumed that there were no material changes in the relevant existing laws, regulations and policies, and macroeconomic conditions of the PRC as well as in the local political, economic and social environment of such places where the parties to the transaction are operating;

(2) It is assumed that the enterprise will continue as a going concern in the light of the actual condition of the assets as of the Benchmark Date;

(3) It is assumed that there are no material changes to the interest rates, exchange rates, tax bases, tax rates and policy-based levies related to the evaluated entity after the Benchmark Date;

(4) It is assumed that the management of the evaluated entity is accountable, stable and competent to perform their duties after the Benchmark Date;

(5) Unless otherwise stated, it is assumed that the Company fully complies with all the relevant laws and regulations; and

(6) It is assumed that there is no force majeure or unforeseeable circumstances which may materially and adversely affect the evaluated entity after the Benchmark Date.

Specific assumptions

(1) It is assumed that the accounting policies adopted by the evaluated entity after the Benchmark Date are consistent with the accounting policies adopted when preparing the Assets Valuation Report in all the material aspects;

(2) It is assumed that the scope of business and the mode of operation of the evaluated entity after the Benchmark Date are consistent with the current ones based on the existing management mode and management level;

(3) It is assumed that the information provided by the evaluated entity which is related to the evaluated assets is true, complete and lawfully valid; and

(4) The scope of valuation only covers the valuation declarations provided by the asset owners, while any existing contingent assets and contingent liabilities that are excluded from the list provided by the asset owners have not been considered.

V. REASONS FOR AND BENEFITS OF THE ACQUISITION

The transaction is the specific implementation of CDC's undertaking to avoid competition with the Company, which is in favour of the Company to further expand its scale, increase market share and enhance the Company's competitiveness. Upon Completion, the Company will achieve integration of the coal-fire power assets owned by CDC in Hebei, Heilongjiang and Anhui provinces. Upon Completion, the three power generation companies under CDC will become wholly-owned subsidiaries of the Company, and the power generation volume and continuous operation capabilities of the Company will be greatly improved. In the meantime, the improvement of electricity supply capacity and the coverage of electricity supply by the Company in Eastern, Northern and Northeast China is conducive to improving the market share and influence of the Company, and enhance the Company's core business of power generation. Calculated in accordance with PRC enterprise accounting standard, the total assets and total liabilities of the Target Companies the amount to RMB41.594 billion and RMB29.894 billion, respectively, as at 30 September 2017. From January to September 2017, the after-tax loss of the Target Companies amounted to RMB505 million in aggregate. Upon the Completion, profits of the Target Companies will be subject to change according to the market conditions. As at 30 September 2017, there were no external guarantee and entrusted financial management of the Target Companies.

The Directors (excluding independent non-executive Directors whose opinions will be set out in a circular after considering the advice from the independent financial adviser) are of the view that the Acquisition pursuant to the relevant terms of the Transfer Agreement are fair and reasonable, have been entered into after arm's length negotiation between all parties thereto and determined on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

VI. PROFIT FORECAST AS REQUIRED UNDER THE RELEVANT RULES OF THE SHANGHAI STOCK EXCHANGE RELATING TO THE APPRECIATION OF THE TARGET COMPANIES

The valuation results of Anhui Company and certain subsidiaries of Heilongjiang Company and Anhui Company (as shown in the table below) by adopting asset-based approach are at a premium of above 100% of their respective book value.

The high premium in the valuation result of such companies is mainly attributable to the following factors: (1) The increase in the value of Datang Dongning Hydropower Development Co., Ltd. is mainly due to appreciation of valuation of land use rights under the asset-based approach; (2) the premium in the value of Heilongjiang Longtang Electricity Investment Co., Ltd. is mainly due to the appreciation of valuation of fixed assets and long-term equity interest investment under the asset-based approach; (3) the high premium in the value of Datang Heilongjiang Electricity Technology Development Co., Ltd. is mainly due to the appreciation of valuation of long-term equity interest under the asset-based approach; (4) the increase in the value of Datang Jixi Thermal Power Co., Ltd. is mainly due to the appreciation of valuation of fixed assets and intangible assets under the asset-based approach; (5) the increase in the value of Anhui Electric Power Co., Ltd. is mainly due to the appreciation of valuation of the land use rights of fixed assets and intangible assets under the asset-based approach; and (6) The appraised value of Datang Anhui Power Generation Co., Ltd. accounts for only 73.13% of the owners' equities in the statement of the parent company, while the appreciation rate is 101.07% as compared to the equity attributable to the ownership of the parent company in the consolidated statement, which is mainly due to the appreciation of valuation of long-term equity interest investment, the buildings and land use rights of fixed assets and the land use rights of intangible assets under the asset-based approach.

According to and for the purpose of complying with the Guidelines of the Shanghai Stock Exchange for the Implementation of the Connected Transactions of Listed Companies and other relevant PRC laws, regulations and rules, Ruihua issued the reports on the examination of profit forecast for 2017 and 2018 in relation to the relevant Target Companies and their relevant subsidiaries whose valuation results are at a premium of above 100% of the book value.

Unit: RMB '0,000

No.	Company	Forecasted net profit/loss for 2017	Forecasted net profit/loss for 2018
1	Datang Dongning Hydropower Development Co., Ltd.	-699.10	-1,049.94
2	Heilongjiang Longtang Electricity Investment Co., Ltd.	8,341.27	489.39
3	Datang Heilongjiang Electricity Technology Development Co., Ltd.	-20.39	21.00
4	Datang Jixi Thermal Power Co., Ltd.	-5,959.27	-5,399.03
5	Anhui Electric Power Co., Ltd.	-22.787.86	-13,058.54
6	Anhui Company	-65,318.73	12,949.83

Waiver in relation to A Share Profit Forecast Prepared Under PRC Laws and Regulations

Pursuant to the Guidelines of the Shanghai Stock Exchange for the Implementation of the Connected Transactions of Listed Companies and other relevant PRC laws and regulations, the Target Companies have prepared profit forecast reports ("**A-Share Profit Forecast Reports**") for those companies whose valuation results are at a premium of 100% or above over their book value, which have been reviewed by Ruihua.

The A-Share Profit Forecast Reports are regarded as "profit forecast" under Rule 14.61 of the Listing Rules. The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, waivers from strict compliance with the requirements under the Rules 14.62(2) &(3), 14.66(2), 14A.68(7), 14A.70(13), and paragraph 29(2) of Appendix 1B of the Listing Rules on the following grounds:

(i) the A-Share Profit Forecast Reports were made to comply with the PRC laws and regulations only as the valuation of the A-Share Companies are at a premium of above 100% of their respective book values. There are no equivalent requirements under the Listing Rules requiring the Company to make profit forecasts reports if the valuations of the target companies to be acquired by the Company are above 100% of their respective book values;

(ii) the A-Share Profit Forecast Reports were prepared by the Target Companies where the Company was not involved in the preparation;

(iii) the A-Share Profit Forecast Reports were irrelevant in the determination of the consideration of the Acquisition by the Board, for which the Board has taken into consideration various factors, including the valuation of the assets of the Target Companies, the market conditions, the outlook and development of the power generation industry in the PRC and the production, operation and financial position, future planning for development and strategic synergy between CDC and the Target Companies;

(iv) there are practical difficulties for the Company's auditor or reporting accountants to confirm on the accounting policies and calculations of the forecast because the A-Share Profit Forecast Reports were prepared based on the PRC accounting standard which is different from the Company's;

(v) there are practical difficulties for the Company's financial adviser (or for the Board) to render a requisite opinion under the Listing Rules because the directors did not prepare the A-Share Profit Forecast Reports; and

(vi) full compliance with Rules 14.62(2) and 14.62(3) of the Listing Rules will be practically burdensome for the Company.

For information purposes, the principal assumptions in respect of the A-Share Profit Forecast Reports are set out in Appendix III of this announcement.

VII. PROFIT FORECAST UNDER LISTING RULES BY ADOPTING INCOME APPROACH IN VALUATION

As disclosed in the section headed "Valuation of the Target Companies" of this announcement, the valuation of three subsidiaries of Hebei Company, namely (i) Datang Hebei Renewable Energy (Zhangbei) Co., Ltd., (ii) Datang Wuyuan Renewable Energy Co., Ltd. and (iii) Datang Wulate Houqi Renewable Energy Co., Ltd., was prepared based on the income approach (the "**Profit Forecast of the Relevant Subsidiaires**"), each of such valuation respectively constitutes a profit forecast under Rule 14.61 of the Listing Rules.

The Company has engaged, RSM Hong Kong to prepare a letter in compliance with Rule 14.62(2) of the Listing Rules. Also, the Company has engaged GF Capital, the financial adviser of the Company, to provide a report in compliance with Rule 14.62(3) of the Listing Rules. GF Capital is satisfied that the forecast has been made by the Board after due and careful enquiry.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Independent Valuers are third parties independent of the Company and its connected persons.

The letter from RSM Hong Kong, the auditor of the Company, for the purpose of Rule 14.62(2) of the Listing Rules on the calculations of the valuation of the equity interests of the relevant subsidiaries is set out in Appendix I of this announcement. The report from GF Capital for the purpose of Rule 14.62(3) of the Listing Rules on the bases and assumptions on the profit forecast of the relevant subsidiaries is set out in Appendix II to this announcement.

The following are the qualifications of the experts who have given their opinion and advice included in this announcement.

Name	**Qualification**
GF Capital	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
RSM Hong Kong	Certified public accountants in Hong Kong

To the best knowledge, information and belief of the Directors, as at the date of this announcement, each of the above mentioned experts was not beneficially interested in the share capital of the Company and its subsidiaries nor did it have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in the Company and its subsidiaries.

As at the date of this announcement, each of the above mentioned experts did not have any direct or indirect interest in any assets which had been since 31 December 2016 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to the Company and its subsidiaries, or were proposed to be acquired or disposed of by or leased to the Company and its subsidiaries.

Each of the experts mentioned above has given and has not withdrawn its consent to the publication of this announcement with inclusion of its letter, report or statement(s) and all references to its name and logo in the form and context in which it appears.

VIII. INFORMATION OF RELEVANT PARTIES

1. The Company was established at December 1994 and is principally engaged in the construction and operation of power plants; the sale of electricity and thermal power; the maintenance and debugging of power equipment and power related technical services. It's main service areas located in the PRC.

2. CDC was established on 9 April 2003 with a registered capital of RMB37 billion and is principally engaged in the development, investment, construction, operation and management of power energy; organization of power (thermal) productions and sales; manufacturing, maintenance and debugging of power equipment; power technology development and consultation; power engineering, contracting and consultation of environmental power engineering contracting projects; development of new energy as well as development and production of power related coal resources.

IX. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the Acquisition contemplated under the Transfer Agreement exceeds 25% but are all less than 100%, the Acquisition contemplated under the Transfer Agreement constitutes a major transaction of the Company and therefore, is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, CDC is the controlling shareholder of the Company, which together with its subsidiaries hold 34.77% of the issued share capital of the Company. As such, CDC is a connected person of the Company, and therefore, the Acquisition contemplated under the Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, apart from CDC and its associates, no Shareholder has material interest in the Acquisition contemplated under the Transfer Agreement as at the date of this announcement. Therefore, CDC and its associates shall abstain from voting at the resolution(s) considering and approving the Acquisition contemplated under the Transfer Agreement at the EGM. Saved as disclosed above, no other Shareholder shall abstain from voting at the resolution(s) in relation to the approval of the Acquisition contemplated under the Transfer Agreement at the EGM.

X. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISOR

An Independent Board Committee comprising the independent non-executive Directors will be formed to advise the Independent Shareholders on the terms of the Transfer Agreement.

The Company has appointed Guosen Securities as the independent financial advisor to advise the Independent Board Committee and the Independent Shareholders of the Company on the terms of the Transfer Agreement.

The Company will consider convening the EGM in a timely manner to consider, and if thought fit, approve the Acquisition contemplated under the Transfer Agreement.

As additional time is required by the Company to prepare, a circular containing, among others, (i) further details of the Acquisition, (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders, (iii) a letter of advice from Guosen Securities to the Independent Board Committee and the Independent Shareholders, (iv) financial information of the Target Companies, (v) the summary asset valuation report of the Target Companies, and (vi) comfort letter in respect of the profit forecast relating to valuation by income approach contained in the summary asset valuation report, the circular is expected to be despatched to the Shareholders on or before 29 December 2017.

Shareholders and potential investors of the Company should be aware that the transaction under the Transfer Agreement is subject to a number of conditions being satisfied, and consequently the Acquisition may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the shares of the Company.

XI. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

"Acquisition"	the acquisition by the Company of the Target Shares from CDC pursuant to the terms and conditions of the Transfer Agreement
"Anhui Company"	Datang Anhui Power Generation Co., Ltd. (大唐安徽發電有限公司), a company established in the PRC and one of the Target Companies

“Anhui Company Consideration”	the consideration payable by the Company for the acquisition of 100% equity interest of Anhui Company from CDC, being RMB7,804.32 million
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Benchmark Date”	the benchmark date for the audit and valuation of the Target Companies, which is 30 September 2017
“Board”	the board of Directors
“CDC”	China Datang Corporation Limited (previously known as China Datang Corporation), a wholly state-owned company established under the laws of the PRC and is a controlling shareholder of the Company. For details, please refer to the section headed “Information of Relevant Parties”
“China Enterprise”	China Enterprise Appraisal Co., Ltd. (北京中企華資產評估有限責任公司), which is a third party independent from the Company and connected persons of the Company
“China United”	China United Assets Appraisal Group Co., Ltd. (中聯資產評估集團有限公司), which is a third party independent from the Company and connected persons of the Company
“Company”	Datang International Power Generation Co., Ltd., a sino-foreign joint stock limited company incorporated in the PRC on 13 December 1994, whose H Shares are listed on the Stock Exchange and the London Stock Exchange and whose A Shares are listed on the Shanghai Stock Exchange. For details, please refer to the section headed “Information of Relevant Parties”
“Completion”	the completion of the transfer of all the assets under the Target Companies and their subordinated units and their related operation and management rights from CDC to the Company
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules

"Consideration"	the aggregate consideration for the Acquisition under the Transfer Agreement
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be held for the Independent Shareholders to consider and, if thought fit, to approve the Acquisition
"Effective Date"	the date on which the Transfer Agreement is signed by the legal representative or authorised representative by the parties with their company chops affixed and upon the fulfillment of all of the conditions precedents as set out in the section headed "Conditions Precedent" in this announcement
"GF Capital"	GF Capital (Hong Kong) Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO
"Guosen Securities"	Guosen Securities (HK) Capital Company Limited (國信證券(香港)融資有限公司), a licensed corporation under the SFO permitted to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities for the purposes of the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Transfer Agreement
"Hebei Company"	Datang Hebei Power Generation Co., Ltd. (大唐河北發電有限公司), a company established in the PRC and one of the Target Companies
"Hebei Company Consideration"	the consideration payable by the Company for the acquisition of 100% equity interest of Hebei Company from CDC, being RMB4,442.37 million
"Heilongjiang Company"	Datang Heilongjiang Power Generation Co., Ltd. (大唐黑龍江發電有限公司), a company established in the PRC and one of the Target Companies. For details, please refer to the section headed "Information of Target Companies" in this announcement

"Heilongjiang Company Consideration"	the consideration payable by the Company for the acquisition of 100% equity interest of Heilongjiang Company from CDC, being RMB5,880.82 million
"Independent Board Committee"	the independent Board committee, comprising the independent non-executive Directors, which has been formed to advise the Independent Shareholders in respect of the Acquisition
"Independent Shareholder(s)"	shareholders other than Shareholders who have material interest in the Acquisition under the Transfer Agreement
"Independent Valuers"	collectively, China Enterprise and China United
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"RSM Hong Kong"	the auditor of the Company, being certified public accountants in Hong Kong
"Ruihua"	Ruihua CPAs (Special) LLP, the PRC accountants of the Company
"Settlement Date"	1 April 2018 or the first calendar day of the first calendar month after the date on which the EGM is convened (whichever is the later)
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder(s)"	the holder(s) of share(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Companies"	collectively, Hebei Company, Anhui Company and Heilongjiang Company
"Target Shares"	the 100% equity interests held by CDC in each of the Target Companies

"Transfer Agreement"	the share transfer agreement in relation to the Acquisition entered into between the Company and CDC on 6 December 2017
"Transitional Period"	the period between the Benchmark Date and the Settlement Date
"Valuation Reports"	collectively, the asset valuation report on Hebei Company issued by China United (Zhong Lian Ping Bao Zi [2017] 2096); the asset valuation report on Anhui Company issued by China Enterprise (Zhong Qi Hua Ping Bao Zi (2017) No. 1296-01); and the asset valuation report on Heilongjiang Company issued by China Enterprise (Zhong Qi Hua Ping Bao Zi (2017) No. 1296-02)
"Working Day(s)"	the statutory working day(s) in the PRC, except Saturdays, Sundays and public holidays of the PRC
"%"	percent

By order of the Board
Ying Xuejun
Company Secretary

Beijing, the PRC, 6 December 2017

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

Chen Jinhang, Liu Chuandong, Wang Xin, Liang Yongpan, Ying Xuejun, Zhu Shaowen, Cao Xin, Zhao Xianguo, Liu Haixia, Guan Tiangang, Liu Jizhen, Feng Genfu*, Luo Zhongwei*, Liu Huangsong*, Jiang Fuxiu**

* *Independent non-executive Directors*

RSM Hong Kong 中瑞岳華(香港)會計師事務所

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INDEPENDENT ASSURANCE REPORT ON CALCULATIONS OF VALUATION OF THE EQUITY INTERESTS IN CERTAIN SUBSIDIARIES OF 大唐黑龍江發電有限公司 DATANG HEILONGJIANG POWER GENERATION CO., LTD.*, 大唐河北發電有限公司 DATANG HEBEI POWER GENERATION CO., LTD.* AND 大唐安徽發電有限公司 DATANG ANHUI POWER GENERATION CO., LTD.* AS AT 30 SEPTEMBER 2017

To the Directors of Datang International Power Generation Co., Ltd.

Dear Sirs,

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by 中聯資產評估集團有限公司 China United Assets Appraisal Group Co., Ltd.* dated 7 November 2017 in respect of the appraisal of the equity interests in certain subsidiaries of Datang Heilongjiang Power Generation Co., Ltd., Datang Hebei Power Generation Co., Ltd. and Datang Anhui Power Generation Co., Ltd. (collectively referred to as the "**Target Companies**") including 大唐河北新能源(張北)有限責任公司 Datang Hebei Renewable Energy (Zhangbei) Co., Ltd.*, 大唐五原新能源有限公司 Datang Wuyuan Renewable Energy Co., Ltd.* and 大唐烏拉特後旗新能源有限公司 Datang Wulate Houqi Renewable Energy Co., Ltd.* (collectively referred to as the "**Three Subsidiaries of the Target Companies**") as at 30 September 2017 (collectively referred to as the "**Valuation**") is based. The Valuation, based on the discounted future estimated cash flows, is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and will be included in a circular to be issued by Datang International Power Generation Co., Ltd. (the "**Company**") in connection with the proposed acquisition of the equity interests in the Target Companies.

* *The English name is for identification purpose only.*

Directors' Responsibilities for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors as set out in the Valuation (the "**Assumptions**"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to form an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by paragraph 14.62(2) of the Listing Rules, and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work. We are not reporting on the appropriateness and validity of the Assumptions on which the Valuation is based and our work does not constitute any valuation of the Three Subsidiaries of the Target Companies.

We conducted our work in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimate cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. We reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the Assumptions.

Because the Valuation relates to the discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from those used in the Valuation and the variation may be material. Accordingly we have not reviewed, considered or conducted any work on the completeness, reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

In our opinion, based on the foregoing, the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled, in all material respects, in accordance with the Assumptions made by the directors of the Company.

Yours faithfully,

RSM Hong Kong
Certified Public Accountants
Hong Kong

6 December 2017

GF CAPITAL (HONG KONG) LIMITED
廣發融資(香港)有限公司

The Board of Directors
Datang International Power Generation Co., Ltd.
21st Floor
Gloucester Tower
15 Queen's Road Central
Hong Kong

6 December 2017

Dear Sirs,

We refer to the announcement of Datang International Power Generation Co., Ltd. (the "**Company**") dated 6 December 2017 in relation to the Acquisition which constitutes a major and connected transaction under the Listing Rules (the "**Announcement**") and also the valuation report dated 7 November 2017 prepared by 中聯資產評估集團有限公司 (China United Assets Appraisal Group Co., Ltd*), an independent valuer of the Company (the "**Independent Valuer**"), in respect of the appraisal of the market value (the "**Valuation**") of certain subsidiaries of Datang Hebei Power Generation Co., Ltd, namely (i) 大唐河北新能源(張北)有限責任公司 (Datang Hebei Renewable Energy (Zhangbei) Co., Ltd.*), (ii) 大唐五原新能源有限公司 (Datang Wuyuan Renewable Energy Co., Ltd.*) and (iii) 大唐烏拉特後旗新能源有限公司 (Datang Wulate Houqi Renewable Energy Co., Ltd.*) (collectively "**Relevant Subsidiaries**"). A summary report of asset valuation of the Relevant Subsidiaries will be included in the circular of the Company in connection with the Acquisition (the "**Circular**"). The discounted future estimated cash flows underlying the Valuation constitute profit forecasts ("**Forecasts**") under Rule 14.61 of the Listing Rules. Unless otherwise defined or if the context otherwise requires, all terms defined in the Announcement shall have the same meaning when used in this letter.

We are engaged to assist the Directors to comply with Rule 14.62 of the Listing Rules. We, from the perspective of financial adviser, have discussed with the management of the Company, the management of the Relevant Subsidiaries and the Independent Valuer regarding the bases and assumptions adopted in the Forecasts. We have also considered the letter dated 6 December 2017 issued by RSM Hong Kong regarding the calculations upon which the Forecasts have been made.

The Forecasts have been prepared using a set of assumptions that include hypothetical assumptions about future events and other assumptions that may or may not necessarily be expected to occur and, as such, the Forecasts may not be appropriate for purposes other than for deriving the Valuation. The Forecasts and their underlying assumptions

* *for identification only*

relate to the future and actual financial and trading positions are likely to be different from the forecast since such anticipated events frequently may or may not occur as expected and the variation may be material. Accordingly, the Forecasts cannot be relied upon to the same extent as information derived from audited financial statements for completed financial accounting periods. For this reason, we express no opinion on how closely the business targets eventually achieved will correspond with the Forecasts.

On the basis of foregoing and without giving any opinion on the reasonableness of the valuation methods, we are of the opinion that the bases and assumptions on the Forecasts underlying the Valuation, for which the Directors are solely responsible for, have been made after due and careful enquiry. Our opinion has been given for the sole purpose of compliance with Rule 14.62(3) of the Listing Rules and for no other purpose.

We have not independently verified the computations leading to the Independent Valuer's determination of the fair value and market value of the Relevant Subsidiaries. We have had no role or involvement and have not provided and will not provide any assessment of the fair value and market value of the Relevant Subsidiaries. Accordingly, save as expressly stated in this letter, we take no responsibility for and express no views, whether expressly or implicitly, on the fair value, market value or any of the value of the Relevant Subsidiaries.

We further confirm that the assessment, review and discussion carried out by us as described above are primarily based on financial, economic, market and other conditions in effect, and the information made available to us as of the date of this letter and that we have, in arriving at our views, relied on information and materials supplied to us by the Independent Valuer, the Group and the Relevant Subsidiaries and opinions expressed by, and representations of, the employees and/or management of the Independent Valuer, the Group and the Relevant Subsidiaries. We have assumed that all information, materials and representations so supplied, including all information, materials and representations referred to or contained in the Announcement, for which the Directors are wholly responsible, were true, accurate, complete and not misleading at the time they were supplied or made and that no material fact or information has been omitted from the information and materials supplied. No representation or warranty, expressed or implied, is made by us on the accuracy, truth or completeness of such information, materials, opinions and/or representations. Circumstances could have developed or could develop in the future that, if known to us at the time of this letter, would have altered our respective assessment and review. Further, the qualifications, bases and assumptions adopted in the Valuation are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company and the Independent Valuer.

Yours faithfully,
For and on behalf of
GF Capital (Hong Kong) Limited
Danny Wan
Managing Director

ASSUMPTIONS IN RELATION TO THE A-SHARE PROFIT FORECAST REPORTS

Assumptions that the A-Share Profit Forecast Reports are based are as follows:

(For purpose of this appendix, "the Company" refers to the company which the relevant A-Share Profit Forecast Report is related to.)

1. DATANG DONGNING HYDROPOWER DEVELOPMENT CO., LTD.

Basic Assumptions

(1) The current national policies and laws followed by the Company and the current social, political and economic environment do not change significantly;

(2) The tax policy followed by the Company does not change significantly;

(3) The applicable credit rate of financial institution and foreign exchange rates are relatively stable;

(4) No major changes have taken place in the industry of the Company and the market conditions;

(5) The Company can operate normally and its organisational structure does not change significantly;

(6) The raw materials, energy and labor required by the company can be obtained without any significant price changes;

(7) The production plan, sale plan, investment plan and financing plan of the Company and so forth can be successfully implemented; and

(8) No significant adverse impact caused by any force majeure or unforeseeable factors.

2. HEILONGJIANG LONGTANG ELECTRICITY INVESTMENT CO., LTD.

Basic Assumptions

(1) The current national policies and laws followed by the Company and the current social, political and economic environment do not change significantly;

(2) The tax policy followed by the Company does not change significantly;

(3) The applicable credit rate of financial institution and foreign exchange rates are relatively stable;

(4) No major changes have taken place in the industry of the Company and the market conditions;

(5) The Company can operate normally and its organisational structure does not change significantly;

(6) The raw materials, energy and labor required by the company can be obtained without any significant price changes;

(7) The production plan, sale plan, investment plan and financing plan of the Company and so forth can be successfully implemented; and

(8) No significant adverse impact caused by any force majeure or unforeseeable factors.

3. DATANG HEILONGJIANG ELECTRICITY TECHNOLOGY DEVELOPMENT CO., LTD.

Basic Assumptions

(1) The current national policies and laws followed by the Company and the current social, political and economic environment do not change significantly;

(2) The tax policy followed by the Company does not change significantly;

(3) The applicable credit rate of financial institution and foreign exchange rates are relatively stable;

(4) No major changes have taken place in the industry of the Company and the market conditions;

(5) The Company can operate normally and its organisational structure does not change significantly;

(6) The raw materials, energy and labor required by the company can be obtained without any significant price changes;

(7) The production plan, sale plan, investment plan and financing plan of the Company and so forth can be successfully implemented; and

(8) No significant adverse impact caused by any force majeure or unforeseeable factors.

4. DATANG JIXI THERMAL POWER CO., LTD.

Basic Assumptions

(1) The current national policies and laws followed by the Company and the current social, political and economic environment do not change significantly;

(2) The tax policy followed by the Company does not change significantly;

(3) The applicable credit rate of financial institution and foreign exchange rates are relatively stable;

(4) No major changes have taken place in the industry of the Company and the market conditions;

(5) The Company can operate normally and its organisational structure does not change significantly;

(6) The raw materials, energy and labor required by the company can be obtained without any significant price changes;

(7) The production plan, sale plan, investment plan and financing plan of the Company and so forth can be successfully implemented; and

(8) No significant adverse impact caused by any force majeure or unforeseeable factors.

5. ANHUI ELECTRIC POWER CO., LTD.

Basic Assumptions

(1) The current national policies and laws followed by the Company and the current social, political and economic environment do not change significantly;

(2) The tax policy followed by the Company does not change significantly;

(3) The applicable credit rate of financial institution and foreign exchange rates are relatively stable;

(4) No major changes have taken place in the industry of the Company and the market conditions;

(5) The Company can operate normally and its organisational structure does not change significantly;

(6) The raw materials, energy and labor required by the company can be obtained without any significant price changes;

(7) The production plan, sale plan, investment plan and financing plan of the Company and so forth can be successfully implemented; and

(8) No significant adverse impact caused by any force majeure or unforeseeable factors.

6. ANHUI COMPANY

Basic Assumptions

(1) The current national policies and laws followed by the Company and the current social, political and economic environment do not change significantly;

(2) The tax policy followed by the Company does not change significantly;

(3) The applicable credit rate of financial institution and foreign exchange rates are relatively stable;

(4) No major changes have taken place in the industry of the Company and the market conditions;

(5) The Company can operate normally and its organisational structure does not change significantly;

(6) The raw materials, energy and labor required by the company can be obtained without any significant price changes;

(7) The production plan, sale plan, investment plan and financing plan of the Company and so forth can be successfully implemented; and

(8) No significant adverse impact caused by any force majeure or unforeseeable factors.