China Cinda Asset Management Co., Ltd.
中國信達資產管理股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 01359)

ANNOUNCEMENT
CALCULATED VALUE OF UNLISTED DES ASSETS

Reference is made to the prospectus (the "**Prospectus**") of China Cinda Asset Management Co., Ltd. (the "**Company**") dated November 28, 2013. Unless otherwise stated, terms defined in the Prospectus shall have the same meaning in this announcement.

As disclosed in the Prospectus, the Company will use its reasonable efforts to make meaningful disclosure of the calculated results of the available-for-sale unlisted equity investments on an annual basis. This announcement sets out the text of a letter prepared by American Appraisal China Limited, an independent valuation specialist, in connection with the calculated value as of December 31, 2014 of our top 20 Unlisted Debt-to-equity Swap(s) Assets ranked by book value at June 30, 2013 (the "**Unlisted DES Assets**") as set out in the Calculated Value Report in the Appendix III to the Prospectus. The mid-point of the range of aggregate calculated value of equity interests of the Unlisted DES Assets attributable to the Company as of December 31, 2014 is RMB41.6 billion. For details, please refer to the letter enclosed herein.

The calculated value presented in this announcement is not fair value appraised in accordance with IFRS. Therefore, undue reliance shall not be placed on such calculated value.

By Order of the Board
China Cinda Asset Management Co., Ltd.
HOU Jianhang
Chairman

Beijing, the PRC
July 21, 2015

As at the date of this announcement, the Board of the Company consists of Mr. HOU Jianhang and Mr. ZANG Jingfan as executive Directors, Mr. LI Honghui, Mr. SONG Lizhong, Ms. XIAO Yuping, Ms. YUAN Hong and Mr. LU Shengliang as non-executive Directors, and Mr. LI Xikui, Mr. QIU Dong, Mr. CHANG Tso Tung, Stephen and Mr. XU Dingbo as independent non-executive Directors.

The following is the text of a letter from American Appraisal China Limited, an independent valuation specialist, in connection with the calculated value of December 31, 2014 of the Company's 19 Unlisted debt-to-equity swap ("DES") ranked by book value at June 30, 2013 for the purpose of inclusion in the announcement of the Company only. To the best of our knowledge, we have no reason to believe that the information presented in this section is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information has not been verified by the Company, any of our respective directors, officers or representatives and no presentation is given as to its accuracy. The calculated value presented in this section is not fair value appraised in accordance with IFRS. Since such value is not fair value appraised in accordance with IFRS, any third party should not unduly rely on such calculated value.

Report

APPRAISAL REPORT GS13/0562

Calculated Value of Non-Controlling Equity Interests In
19 Investment Portfolio Companies

As of December 31, 2014

Prepared for: China Cinda Asset Management Co., Ltd.

July 17, 2015

China Cinda Asset Management Co., Ltd.
Block 1, No.9 Nao Shi Kou Da Jie
Xicheng District, Beijing, the PRC Our Ref.: GS13/0512

Dear Sirs,

CALCULATION OF ATTRIBUTABLE EQUITY INTERESTS IN 19 INVESTMENT PORTFOLIO COMPANIES

Pursuant to the terms and conditions, and for the purpose of the engagement agreement dated August 21, 2013 and subsequent supplement (collectively refer to as "Engagement Agreement") between China Cinda Asset Management Co., Ltd. ("Company") and American Appraisal China Limited ("American Appraisal"), we have performed certain calculation procedures ("Calculation") to derive the values of the non-controlling equity interests in 19 investment portfolio companies ("Investment Portfolio Companies") as of December 31, 2014 ("Measurement Date"). This calculation engagement was conducted in accordance with the Statement on Standards for Valuation Services No. 1 ("SSVS No.1") issued by the American Institute of Certified Public Accountants ("AICPA").

The Calculation is prepared based on the agreed upon procedures, approaches and methods as stated in the section headed "SCOPE OF WORK AND KEY ASSUMPTIONS" in this letter. A calculation engagement does not include all of the procedures required in a valuation engagement. Given the non-controlling nature of the Company's interests in its unlisted available for sale equity investments without involvement in such entities' management and operation, it is currently not practical to obtain forecasts of such entities and their consents to disclose the forecast for the application of income approach. Under these circumstances, the Company and we agree to use market approach to calculate the value of the unlisted available for sale equity investments. Therefore, the calculation engagement does not include income approach related procedures, including review of financial forecast and prospective information, unlimited access to the management and information of Investment Portfolio Companies, and determination of discount rate for discounted cash flow analysis, that would be required in valuation engagement. Had a valuation engagement been performed, the

results might have been different. The calculated values of the equity interests in the Investment Portfolio Companies are subject to numerous assumptions. To the extent that any of these assumptions or facts change, the result of our calculated value may be different.

The Company may, with our consent, disclose this letter to The Stock Exchange of Hong Kong Limited ("Stock Exchange") in accordance with the requirements of the Rules Governing the Listing of Securities on Stock Exchange ("Listing Rules").

This letter identifies the equity investments calculated, describes the scope of work, states the basis of calculated value, specifies key inputs and assumptions, explains the calculation engagement methodology utilized, and presents our result of the calculated value. The depth of discussion contained in this letter is specific to the needs of the Company and for the intended use as stated below. Supporting documentation concerning these matters has been retained in our work papers and by the Company. No third party shall entitle to rely upon on this letter and neither receipt nor possession of this letter by any third party shall create any express or implied third-party beneficiary rights.

PURPOSE OF CALCULATION

With the Company's instructions and approval and as stipulated by the Engagement Agreement, in the absence of the prospective information of the Investment Portfolio Companies, latest independent technical assessment of the mineral reserve and resources ("Technical Report") and other critical information, we have relied upon accuracy of operational and financial information provided by the Company and Investment Portfolio Companies in calculating values of the non-controlling equity interests in the Investment Portfolio Companies attributable to the Company.

The intended use of the Calculation is to assist the Company with regard voluntary disclosure obligations. The results of our calculation should not be construed to be a fairness opinion, or an investment recommendation. It is inappropriate to use our report for purpose other than its intended use or by third parties. Third parties should conduct their own investigation and independent assessment of the financial projections and underlying assumptions.

STANDARD AND DEFINITION OF CALCULATED VALUE

The result of the calculation is presented as the calculated value, defined under SSVS No.1 issued by AICPA as “an estimate as to the value of a business, business ownership, security, or intangible assets, arrived at by applying calculation engagement procedures agreed upon with the client and using professional judgment as to the value or range of values based on those procedures”.

The Calculation of equity values of the Investment Portfolio Companies was performed by using the information provided by the management of the Company and Investment Portfolio Companies (“Management”), publicly available market data, and other reasonable assumptions in line with general practices of the investment community. American Appraisal has not been asked to and will not provide any opinion, analysis or consideration of the relative reasonableness, accuracy or appropriateness of the operational and financial information provided by the Management. We have not performed an audit, review or compilation of financial statements in the capacity of certified public accountants. Our work cannot be relied upon to discover errors, irregularities, or illegal acts.

The Management have reviewed these relevant information used by us in the Calculation and have represented to us that, to their best knowledge and belief, the information does not contain any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading.

Calculated values of business enterprises of the Investment Portfolio Companies represent the combination of all tangible assets (buildings, machinery and equipment), long-term investment, net working capital and intangible assets of a continuing business. Alternatively, the business enterprise is equivalent to the invested capital of the business, that is, the combination of the value of shareholders’ equity, shareholders’ loans, interest-bearing debt and minority interests. Value of equity interest is calculated as business enterprise value less net interest-bearing debt less minority interests.

DESCRIPTION OF SUBJECT EQUITY INVESTMENTS

American Appraisal was instructed to perform the Calculation of the Investment Portfolio Companies which represented the top 19 investments of the Company through debt-to-equity-swaps as of December 31, 2014. The Investment Portfolio Companies covered in this Calculation, percentage of their equity interest held by the Company as of the Measurement Date and their principal business activities are summarized in the table below:

No.	Name of Investment Portfolio Company	% equity interest held by the Company as of the Measurement Date	Principal business activities
1	Shenhua Group Zhungeer Energy Co., Ltd.	42.24%	Coal production and power generation
2	Datong Coal Mine Group Co., Ltd.	30.12%	Coal production and power generation
3	Huainan Mining Industry (Group) Co., Ltd.	24.84%	Coal production and power generation
4	Xishan Coal Electricity Group Co.,Ltd.	35.47%	Coal production and power generation
5	Yangquan Coal Industry (Group) Co., Ltd.	42.18%	Coal production and power generation
6	Wengfu (Group) Co., Ltd.	47.16%	Sale and production of phosphate compound and fertilizer
7	Shanxi Jincheng Anthracite Mining Group Co., Ltd.	16.45%	Coal production and power generation
8	Tie Fa Coal Group Co.Ltd.	30.46%	Coal production and power generation
9	Huozhou Coal Electricity Group Co., Ltd.	36.97%	Coal production and power generation
10	Shanxi Fenxi Mining Industry Group Co.,Ltd.	36.02%	Coal production and power generation
11	China National Materials Co., Ltd.	8.96%	Provision of cement equipment and engineering services, production and sales of cement
12	Shandong Zhongxing Energy Co., Ltd.	20.74%	Coal production and power generation
13	Ningxia Ningdong Railway Company Limited	25.90%	Construction and management of railway
14	Baiyin Nonferrous Metal Group Co., Ltd.	5.97%	Sale and production of non ferrous metal
15	Ningxia Lingxin Coal Industry Co., Ltd.	52.46%	Coal production and power generation
16	Tianjin Pipe (Group) Corporation	6.11%	Sale and production of steel pipe
17	China Nuclear Engineering Corporation Limited	14.85%	Engineering and construction of nuclear power plants
18	Guizhou Shuicheng Coal Mining Co.,Ltd.	20.23%	Coal production and power generation
19	Huaibei Mining Co., Ltd.	6.79%	Coal production and power generation

ECONOMIC OUTLOOK

A sound appraisal of a business or business interest must consider current and prospective national economic conditions. The major variables reviewed in order to evaluate the overall state of the national economy include the current level of and changes in the gross domestic product (GDP), exchange rate, and inflation rate. An overview of the national economy of China was essential to develop this outlook. The following economic discussion was extracted from Economic Intelligence Unit ("EIU") "Country View Update" December 2014.

Economic Growth:

Given that The Economist Intelligence Unit sees the interest rate cut in November as an adjustment in monetary policy, rather than a shift to a looser stance, EIU has maintained their economic growth forecasts. Real GDP is expected to decelerate to 7% in 2015, from an estimated 7.3% this year. Economic expansion will then slow gradually to 5.5% by 2019. The anticipated economic slowdown represents a structural, rather than cyclical, shift.

Inflation:

Although disinflationary pressures have mounted, EIU expects annual consumer price inflation to average 2.9% in 2015-19. As in 2014, declining global oil costs will act to restrain price increases over the next five years, alongside other supply-side gains such as improved transport logistics. However, rapid domestic-demand growth and domestic-price reform will generate inflationary pressures, ensuring that consumer prices continue to record increases.

Exchange Rates:

EIU expects the local currency to continue to strengthen slowly against the US dollar in 2015-17, before depreciating in 2018-19 as China's external position weakens. China's financial authorities remain committed in the long term to scaling back exchange-rate intervention, as this is tied to policy goals such as rebalancing the economy and internationalising the renminbi.

INDUSTRY OVERVIEW

China Coal Production and Power Generation Industry

The following industry discussion was extracted from “Coal in China” and “Power Generation in China”, published by MARKET LINE (“Market Line”) in March 2015 and July 2014, respectively.

China Coal Production

The Chinese coal market has been growing at a robust rate. This trend, with a minor deceleration, is expected to continue through to the end of the forecast period. The Chinese coal market had total revenues of $389.6bn in 2014, representing a compound annual growth rate (CAGR) of 8% between 2010 and 2014. Market consumption volume increased with a CAGR of 3.7% between 2010 and 2014, to reach a total of 4,265.6 million short tons in 2014. The market's volume is expected to rise to 4,679.8 million short tons by the end of 2019, representing a CAGR of 1.9% for the 2014-2019 periods. The performance of the market is forecast to decelerate, with an anticipated CAGR of 5.3% for the five-year period 2014 - 2019, which is expected to drive the market to a value of $504.1bn by the end of 2019.

Power Generation Industry

China’s energy needs are vast. As a result, it has the highest volume (TWh) of power generation in the world, exceeding even that of the US, and more than four times greater than that of third-placed Japan in 2013. Going forward to 2018, volume and value are expected to show strong growth.

The Chinese power generation industry had total revenues of $375.1bn in 2013, representing a compound annual growth rate (CAGR) of 16.6% between 2009 and 2013. Industry production volume increased with a CAGR of 8.4% between 2009 and 2013, to reach a total of 4,752.5 TWh in 2013. The industry's volume is expected to rise to 6,212.1 TWh by the end of 2018, representing a CAGR of 5.5% for the 2013-2018 period.

Conventional (fossil fuels) accounted for the highest volume of electricity in the Chinese power generation industry in 2013, with 3,950.3 TWh, equivalent to 83.1% of the industry's overall volume. In comparison, renewable energy accounted for 676.4 TWh in 2013, equating to 14.2% of the industry total. The performance of the industry is forecast to decelerate, with an anticipated CAGR of 11.9% for the five-year period 2013 - 2018, which is expected to drive the industry to a value of $658.4bn by the end of 2018.

China Phosphate Compound and Fertilizer Industry

The industry discussion below was extracted from “Fertilizer in China”, published by MARKET LINE (“Market Line”) in October 2014.

The Chinese fertilizer market has experienced slight overall contraction in value over the past few years, while volumes have expanded modestly. Volume decline in 2013, coupled with significant price drops, led to substantial contraction in value. The market value is expected to expand at a moderate overall rate over the forecast period to 2018, while volume is expected to expand at a weak overall rate.

Global fertilizer prices declined in 2013 following the break-up of two international cartels, as well as lower natural gas prices in North America. Prices are expected to continue to decline in 2014. Additionally, as domestic demand has not kept up with production capacity in China, the country has seen oversupply, putting further downward pressure on prices. Price decreases have led to market value decline, in spite of volume growth.

The Chinese fertilizer market had total revenues of $95,639.1m in 2013, representing a compound annual rate of change (CARC) of -0.2% between 2009 and 2013. Market consumption volume increased with a compound annual growth rate (CAGR) of 1.3% between 2009 and 2013, to reach a total of 68,685.7 million tonnes in 2013. The market's volume is expected to rise to 73,305.8 million tonnes by the end of 2018, representing a CAGR of 1.3% for the 2013-2018 period.

The nitrogen (N) segment was the market's most lucrative in 2013, with total revenues of $55,601.4m, equivalent to 58.1% of the market's overall value. The phosphate (P2O5) segment contributed revenues of $28,249.3m in 2013, equating to 29.5% of the market's aggregate value.

The performance of the market is forecast to accelerate, with an anticipated CAGR of 2.1% for the five-year period 2013 - 2018, which is expected to drive the market to a value of $106,304.2m by the end of 2018.

China Construction Material Industry

The following industry discussion was extracted from “Construction Materials in China” published by Market Line in November 2014.

The Chinese construction materials market has experienced very strong, double-digit growth overall in recent years. The market is predicted to grow at a strong rate over the forecast period to 2019.

The current five-year plan in China, which ends in 2015, includes the construction of 25,000 kilometers of railroads, 390,000 kilometers of roads and 50 airports. The Chinese construction materials market is expected to generate total revenues of $415,453.3m in 2014, representing a compound annual growth rate (CAGR) of 10.0% between 2010 and 2014.

The construction materials market is reliant to a large extent on the broader construction industry, which had a value of approximately $2.3 trillion in 2013 in China. The cement segment is expected to be the market's most lucrative in 2014, with total revenues of $163,444.5m, equivalent to 39.3% of the market's overall value. The sand, gravel and other aggregates segment will contribute revenues of $148,513.9m in 2014, equating to 35.7% of the market's aggregate value.

The performance of the market is forecast to decelerate, with an anticipated CAGR of 8.8% for the five-year period 2014- 2019, which is expected to drive the market to a value of $633,990.5m by the end of 2019.

China Road and Railway Industry

The following industry discussion was extracted from “Railroads in China” published by Market Line in January 2015.

The Chinese railroads grew moderately in 2014 as the Chinese government continues to invest in rail infrastructure. The sector is predicted to expand at an accelerating rate through the forecast period to 2019.

The Chinese railroads sector generated total revenues of $57.8bn in 2014, representing a compound annual growth rate (CAGR) of 6.5% between 2010 and 2014. The rail freight segment was the sector's most lucrative in 2014, with total revenues of $29.8bn, equivalent to 51.4% of the sector's overall value. The passenger rail segment contributed revenues of $28.1bn in 2014, equating to 48.6% of the sector's aggregate value.

The performance of the sector is forecast to accelerate, with an anticipated CAGR of 8.4% for the five-year period 2014 - 2019, which is expected to drive the sector to a value of $86.4bn by the end of 2019.

China Non Ferrous Metal Industry

The following industry discussion was extracted from the 2014 annual report of China Nonferrous Metals Company Limited.

PRC Nonferrous Metals Development in 2014: According to an article issued by the Ministry of Industry and Information Technology ("MIIT") of the PRC, the national output of ten nonferrous metals for this year, including lead and zinc, rose to approximately 44.17 million tonnes, its output growth has increased by approximately 9.6% while compared with last year. The output of lead lowered to approximately 5.6% to 4.22 million tonnes but zinc climbed approximately 10% to 5.83 million tonnes respectively. Total profitability in nonferrous metals industry in the PRC had decreased by approximately 0.1% to approximately RMB205.3 billion as compared with last year.

Supply of the nonferrous metals in the PRC has been affected by the industrial restructuring and technology level upgrade in accordance to the 12th Five-Year Plan. Facing with difficulties of overcapacity, particularly in the nonferrous industry, this plan aims to eliminate backward production capacity and focus on the environmental protection in order to accelerate the development of the nonferrous industry in the PRC. During the year 2014, MIIT in China substantially increased its target of eliminating overcapacity, including cutting the lead smelter capacity by 115,000 tonnes and Hunan Province also announced its plan to eliminate backward production capacity of copper and lead by at least 300,000 tonnes together with the stringent restriction in entering into the high energy consumption and high pollution industries. These measures will be strengthened and continued as MIIT has announced that preparation work has been started to pave the way for the launch of 13th Five-Year Plan in coming future.

In addition, MIIT released a list of the first and second batch of enterprises with obsolete capacities to be shut down in July 2013 and August 2014. According to the list on the second batch, those named enterprises' production line and equipment (including lead provider) are required to dismantle completely. It is expected the elimination of obsolete capacity will benefit the improvement in the demand and supply relationship as well as the competitive environment of the Chinese nonferrous industry.

China strives to sustain stable economic growth by accelerating industrialisation, motivating internal consumption and developing of emerging industries under the 12th Five-Year Plan. This led to the result that China has been the largest lead and zinc production and usage in the world in recent years. However, China's economy is facing multiple domestic and international challenges despite its steady performance during the year. To tackle these problems, it is expected the central government will continue stable and macroeconomic policies and adopt flexible microeconomics policies. Although the elimination of the backward production measures inevitably affected the supply of the zinc and lead in short run, it is expected the target set in the 12th Five-Year Plan will further enhance the development of mining and processing technology level in order to align with international standard. In the long run, it will favor the usage of nonferrous metals and create favorable atmosphere for the stable development of nonferrous metals industry.

China Steel Pipe Industry

The following industry discussion was extracted from the 2014 annual report of Shengli Oil & Gas Pipe Holdings Limited.

In the Notice of Energy Development Strategy Action Plan 2014–2020 (能源发展战略行动计划 (二零一四年–二零二零年)通知) issued by the General Office of the State Council on 19 November 2014, it was pointed out that the years leading up to 2020 will be a crucial period for the PRC endeavour to attain basic economic affluence in the society, as well as a period of significant strategic opportunities for the transformation of the country's energy development. The said action plan has been formulated with a view to enhancing overall planning to provide an outline of the general directions, strategies and actions for China's energy development in the stated future period that will drive the innovative, safe and scientific development of the energy sector, in a bid to upgrade the country's energy sector by driving revolutionary changes in energy production and consumption in implementation of the principles laid down by the 18th CPC National Congress. The construction of natural gas pipelines and gas storage facilities has been expedited in tandem with the gas supply regime comprising West to East, North to South and offshore to onshore gas supply, and a nationwide natural gas backbone pipeline network connecting import passages, major production areas and regions of consumption has been formed.

Currently, Russia and a number of oil and gas producing nations in Central Asia, the Middle East, Africa and Latin America are expediting production capacity construction and construction of export pipelines. Countries claiming the highest levels of energy consumption, such as China and India, are also advancing the construction of oil and gas backbone pipeline networks and ancillary Liquefied Natural Gas ("LNG") and oil and gas storage facilities, and the global oil and gas storage and oil and gas field surface work construction sector is currently growing. By 2020, the total length of China's long-distance oil and gas pipelines is expected to reach 160,000 kilometres.

In 2014, a close balance in supply and demand was maintained in China's natural gas market, as apparent consumption of natural gas recorded a 7.4% yearon-year increase to 180 billion cubic metres, including imports of 58 billion cubic metres which represented an import dependency ratio of 32.2%. Meanwhile, state-owned pipelines with a total length of 83,000 kilometres came into operation in 2014, while new pipelines with a total length of 5,013 kilometres were built. Major pipelines commissioned during the year included the west section of the Third West to East Natural Gas Pipeline (西气东输三线西段), the Longnan Branch of Zhongwei-Guiyang Connecting Line (中贵联络陇南支线) and the branch line of China-Myanmar Natural Gas Pipeline (中缅天然气管道支线).

In 2014, CNPC and Gazprom entered into a USD400 billion worth "Sino-Russian Purchase and Sales Contract for East Line Gas Supply", pursuant to which Russia would supply 38 billion cubic metres of gas to China each year for a period of 30 years starting from 2018. The agreement has, to a certain extent, lifted Russia from the predicament of Western sanctions as a result of the Ukrainian crisis, whilst providing China with a much needed alternate source of natural gas supply for its economic development. As such, the Sino-Russian gas supply project will be a key project in the pipeline construction programme of the PRC for 2015.

China Nuclear Power Industry

The following industry discussion was extracted from “Nuclear Energy in China” published by Market Line in November 2014.

China's nuclear energy industry experienced exceptionally strong value and volume growth during the 2009-2013 period, with forecasts suggesting the industry will continue its exponential growth as new reactors come online throughout the 2013-2018 period.

The Chinese nuclear energy industry had total revenues of $11,308.1m in 2013, representing a compound annual growth rate (CAGR) of 19.8% between 2009 and 2013. Industry production volume increased with a CAGR of 12.5% between 2009 and 2013, to reach a total of 105,174.5 GWh in 2013. The industry's volume is expected to rise to 262,696.7 GWh by the end of 2018, representing a CAGR of 20.1% for the 2013-2018 period.

Mainland China has 21 nuclear power reactors in operation, six of which came online during the 2009-2013 period, hence the growth in value and energy produced during that period. With another 27 reactors under construction (reflected in the accelerated growth forecasts), and more due to start construction or in various stages of development, China's energy industry is on the cusp of a nuclear revolution.

China's planned reactors will be among the world's most advanced, with the government planning on increasing capacity eight-fold by 2030, with much more capacity planned by 2050. The Chinese government's primary impetus for increasing nuclear power share is increasingly due to air pollution from coal-fired plants, with the World Bank estimating China's economic loss due to pollution at 6% of GDP.

China has become vertically integrated in its development and construction of nuclear reactors, it is self-sufficient in reactor design, construction and other aspects of the fuel cycle, while making use of western technology, both adapting and improving it. This self-sufficiency has contributed significantly to China's exponential nuclear energy growth.

The performance of the industry is forecast to accelerate, with an anticipated CAGR of 25.8% for the five-year period 2013 - 2018, which is expected to drive the industry to a value of $35,689.4m by the end of 2018.

SCOPE OF WORK AND KEY ASSUMPTIONS

We have limited access to the management of the Investment Portfolio Companies given the non-controlling ownership of the Company in the Investment Portfolio Companies and were unable to obtain prospective financial information of Investment Portfolio Companies or recent technical reports. In the Calculation of the equity values of the Investment Portfolio Companies, we used publicly available information, and relied on financial and operational information internally prepared by those Investment Portfolio Companies and provided to us through the Company.

Our investigation based upon the agreed procedures in preparing the Calculation included discussions with the Management with regard to the history, operations, current status and outlook of the Investment Portfolio Companies, an overview of certain financial data, an analysis of the industry and competitive environment, an analysis of comparable companies/transactions, and a review of prior sales transactions, operating statistics and other relevant documents. We made reference to or reviewed the following major documents and data:

- financial statements prepared under China Accounting Standards for the fiscal years ended December 31, 2010, December 31, 2011, December 31, 2012, December 31, 2013 and December 31, 2014;
- onshore bond offering disclosure documents, quarterly financial statements to the public and credit analysis of those Investment Portfolio Companies who have issued onshore domestic bonds;
- historical financial information and the breakdown of major revenue/cost of sales/operating expenses of major business units prepared by the Management;
- annual reports of public listed subsidiaries or parent companies of the Investment Portfolio Companies;
- extractive reserve and quantity of mines owned by the Investment Portfolio Companies;
- production volume data prepared by the management of the Investment Portfolio Companies;
- copies of mining licenses of Investment Portfolio Companies in coal production and electricity generation sectors; and
- annual reports of public listed companies comparable with the Investment Portfolio Companies.

We assumed that the data we obtained in the course of the calculation engagement, along with the opinions and representations provided to us by the Company are true and accurate and accepted them without independent verification except as expressly described herein. Based upon publicly available information and our limited research sourced from what we believe to be reliable sources, we have no reason to suspect that any material facts have been omitted, nor are we aware of any facts or circumstances, which would render the information, opinions and representations provided or made to us to be untrue, inaccurate or misleading. In arriving at our resulting calculated values, we have considered the following principal factors:

- the stage of development of the Investment Portfolio Companies;
- the historical costs and current financial conditions of the Investment Portfolio Companies;
- the economic outlook for China and specific competitive environments affecting the industries in which the Investment Portfolio Companies operate;
- the legal and regulatory issues of the industries in which the Investment Portfolio Companies operate and other specific legal opinions relevant to the Investment Portfolio Companies;
- the transaction prices of comparable companies;
- the risks of the Investment Portfolio Companies; and
- the experience of the management team of the Investment Portfolio Companies.

Due to the changing environments in which the Investment Portfolio Companies are operating, a number of assumptions have to be made in arriving at our calculated value. The key assumptions adopted in this calculation engagement are:

- no major changes are expected in the political, legal and economic conditions in China;
- the regulatory environment and market conditions for industries in which the Investment Portfolio Companies operate will develop according to prevailing market expectations;
- there will be no major changes in the current taxation law in China;
- the Investment Portfolio Companies will not be constrained by the availability of financing;
- the future movement of exchange rates and interest rates will not differ materially from prevailing market expectations; and
- the Investment Portfolio Companies will retain competent management, key personnel and technical staff to support their ongoing operations.

METHODOLOGY OVERVIEW

In the calculation of equity value, or the net assets, of a business, there are three basic approaches, namely: cost approach, income approach and market approach.

Cost approach establishes value based on the cost of reproducing or replacing the property less depreciation from physical deterioration and functional and economic obsolescence, if present and measurable. This approach might be considered the most consistently reliable indication of value for assets without a known secondary market or separately identifiable cash flows attributable to assets appraised.

Income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the property than an amount equal to the present worth of anticipated future benefits (income) from the same or equivalent property with similar risk.

Market approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparable. Assets for which there is an established secondary market may be appraised by this approach.

The cost approach is not considered applicable in this calculation engagement as it does not capture the future earning potential of a business. Because we have limited access to the management of the Investment Portfolio Companies given the non controlling ownership of the Company in the unlisted Investment Portfolio Companies and we were unable to obtain prospective financial information and latest reserve reports, we did not utilize the income approach in the Calculation. In this engagement, we employed the market approach as the primary method and, if feasible, prior recent transaction prices of the subject equity investments to derive the calculated values.

CALCULATION OF EQUITY VALUE OF 19 INVESTMENT PORTFOLIO COMPANIES BY MARKET APPROACH

Market approach: Guideline Company Method

One methodology employed in the market approach is the Guideline Company Method ("GCM"), where financial and operational ratios of comparable companies are analyzed to determine a value for the subject property. This method also employs market price data of stocks of corporations engaged in the same or a similar line of business as that of the subject property. Stocks of these corporations are actively traded in a public, free, and open market, either on an exchange or over-the-counter.

To describe the selected comparable companies, ranges of price multiples, major parameters used in the calculation and ranges of calculated values, we grouped the Investment Portfolio Companies into two groups based on their principal business activities as follows: (1) 13 entities in the coal production for trade and power generation ("13 Coal Companies"); and (2) 6 entities in other industries ("6 Non-Coal Companies").

For disclosure of the selected price multiples, we divided the 6 Non-Coal Companies into the three sub-group by broad industries of (i) mineral processing and trading; (ii) construction material; and (iii) infrastructure, which are subject to similar macro-economic factors and market forces, e.g. non-coal material downstream processing technology requirement, construction industry cycle and government public spending.

Coal Production for Trade and Power Generation

We have identified and selected the comparable companies in the coal production for trade and power generation based on the following criteria:

- Principal business activities of the selected comparable companies should be coal mining for trade and/or for power generation;
- Principal place of operation or market of the selected comparable companies should be in China;
- Size of net asset values of the selected comparable should be comparable to those of the Investment Portfolio Companies.

The selected comparable companies are described below:

Comparable companies	Bloomberg code	Market capitalization as of December 31, 2014 or trading day closest	
China Shenhua Energy Co., Ltd	1088 HK	RMB Mn	397,044
China Coal Energy Co., Ltd	1898 HK	RMB Mn	79,310
Yanzhou Coal Mining Co., Ltd.	1171 HK	RMB Mn	49,313
Shanxi Lu'An Environmental Energy Development Co., Ltd.	601699 CH	RMB Mn	26,555
Shanxi Xishan Coal and Electricity Power Co., Ltd.	000983 CH	RMB Mn	25,903
Yangquan Coal Industry (Group) Co., Ltd	600348 CH	RMB Mn	21,332
Jizhong Energy Resources Co., Ltd.	000937 CH	RMB Mn	22,669
Guizhou Panjiang Refined Coal Co., Ltd.	600395 CH	RMB Mn	19,728
DaTong Coal Industry Co., Ltd.	601001 CH	RMB Mn	14,511
Huolinhe Opencut Coal Industry Corp Ltd.	002128 CH	RMB Mn	15,249
Shougang Fushan Resources Group Limited	639 HK	HKD Mn	8,960
Mongolian Mining Corporation	975 HK	USD Mn	406
Hidili Industrial International Development Ltd.	1393 HK	RMB Mn	1,146
Inner Mongolian Yitai Coal Co., Ltd.	3948 HK	RMB Mn	27,776

As presented in below table, we calculated enterprise value (“EV”) to earnings before interest, tax, depreciation and amortization (“EBITDA”), EV/Invested Capital and EV/Production Volume multiples of the above 14 comparable companies in the coal production for trade and power generation. In general extractive industry practices, EV/Reserves is also common value indicator especially for the early stage mines. As only 9 of those comparable companies disclose its latest mineral properties and the disclosed reserves data were prepared under different reporting standards, we used EV/ EBITDA , EV/ Invested Capital and EV/ Production Volume as primary method in the Calculation and considered EV/Reserves multiple for reasonableness check.

The EV of the comparable companies as numerator of the price multiples were calculated based on the sum of market capitalization, book value of net debt and minority interest as of the Measurement Date. The denominators of EBITDA and production volume multiples are based on the annual total for the latest 2014 financial year. The denominators of invested capital multiples are based closing balance as of December 31, 2014 in order to match with the balance of the net debt and minority interest of the Investment Portfolio Companies which would deduce the resulting enterprise value to devise the calculated equity value.

We selected appropriate price multiples based on specific criteria to deduce the range of EV for each subject company. The sum of the mid-point of the EV value of each subject company represents the conclusion of the calculated value of EV of the 13 Coal Companies. In the selection of appropriate price multiples, we ranked the comparable companies by the specific criteria of (i) historical 3-year average return on total assets; and (ii) EBITDA contribution per unit raw coal production (“Performance Measures”) which are correlated with the corresponding price multiples as indicated by regression analysis.

We applied different price multiples appropriate to determine the EV for each of the 13 Coal Companies based on the corresponding group with similar level on the Performance Measures as follows:

Price Multiples	Guideline companies in the coal production for trade and power generation industry				Ranges of selected multiples for 13 Coal Companies (and the implied weighted average multiple for the entire portfolio)
	Max	Min	Median	Average	
EV/ 2014 EBITDA	120.32	4.78	14.15	22.38	6.33–12.20 (weighted average at 11.60)
EV/ December 31, 2014 Invested Capital	3.04	0.37	1.21	1.28	0.80–1.30 (weighted average at 0.82)
EV/ 2014 Production Volume	5,922	404	1,204	1,720	794.48–1,134.98 (weighted average at 946.99)

According to the instruction of the Company, the calculated value of each of the 13 Coal Companies is not disclosed in this report. Based on the above analytical procedures, the aggregate calculated value of EV for the 13 Coal Companies is concluded at RMB 558,200 million based on the aggregate mid-point of EV of each subject company.

In addition, we applied the three weighted average price multiples to the aggregate financial performance and operating performance for full year 2014 and closing balance as of December 31, 2014 of 13 Coal Companies as the entire portfolio for reasonableness check as below:

	(a) Aggregate amount of 13 Coal Companies	(b) Implied weighted average multiples	Product of (a) financial and operating data (b) implied weighted average multiples (In RMB million)
2014 Annual EBITDA	RMB 51,071 million	11.61	592,695
Invested Capital as of December 31, 2014	RMB 670,439 million	0.8152	546,540
2014 Annual Production Volume	560.69 million tons	RMB 946.98/ton	530,963

The concluded calculated enterprise values for 13 Coal Companies at RMB 558.2 billion can be reconciled with the above EV so indicated by the three blended price multiples and suggests the EV / Reserves of RMB 18.79/ton based 29.7 billion tons of extractive coal reserves provided by the Management and falls within the long term industry range as observed.

For 13 Coal Companies, the aggregate of the calculated equity value attributable to the Company is concluded as below:

Aggregate of the mid-point calculated enterprise values devised by different price multiples	RMB 558,200 million
Total book value of net debt liabilities	RMB 423,000 million
Total calculated value of minority shareholder's interest	RMB 41,200 million
Aggregate of calculated equity values on 100% basis	RMB 94,000 million
Aggregate of calculated equity values attributable to the Company	RMB 31,000 million

Other Industries

The 6 Non-Coal Companies are engaged in (i) sale and production of phosphate compounds and fertilizer; (ii) provision of cement equipment and engineering services, production and sales of cement; (iii) railway construction and management; (iv) sale and production of non ferrous metals; (v) sale and production of steel pipes; and (vi) engineering and construction of nuclear power plants and other infrastructure projects, respectively. We have identified and selected the comparable companies in the sub-group of other industries based on the following criteria:

- Principal business activities of the selected comparable companies should be similar to those of the Investment Portfolio Companies;
- Principal place of operation or market of the selected comparable companies should be China. For railway management and construction industry, because of lack of publicly listed China railway freight sector, we extended the criteria to publicly listed railway freight companies in other countries.

The selected comparable companies are described below:

Comparable companies	Bloomberg code	Market capitalization as of December 31, 2014 or trading day closest	
(i) Sale and production of phosphate compounds and fertilizer			
Jiangsu ChengXing Phosph-Chemicals Co., Ltd	600078 CG	RMB Mn	4,525
Hubei Xingfa Chemicals Group Co., Ltd	600141 CG	RMB Mn	8,088
Anhui Liuguo Chemical Co., Ltd	600470 CG	RMB Mn	3,458
Shandong Kingenta Ecological Engineering Co., Ltd.	002470 CH	RMB Mn	21,020
Hubei Yihua Chemical Industry Co., Ltd	000422 CS	RMB Mn	6,725
Sichuan Lutianhua Co., Ltd	000912 CS	RMB Mn	3,884
Shenzhen Batian Ecotypic Engineering Co., Ltd	002170 CS	RMB Mn	7,664
Luxi Chemical Group Co., Ltd.	000830 CH	RMB Mn	7,910
(ii) Provision of cement equipment and engineering services, production and sales of cement			
Anhui Conch Cement Co., Ltd	914 HK	RMB Mn	118,537
Asia Cement China Holdings Corp	743 HK	RMB Mn	5,682
China Shanshui Cement Group Ltd	691 HK	RMB Mn	10,063
West China Cement Ltd	2233 HK	RMB Mn	2,965
Dongwu Cement International Ltd	695 HK	RMB Mn	488
TCC International Holdings Ltd	1136 HK	HKD Mn	9,920
China Resources Cement Holdings Ltd	1313 HK	HKD Mn	32,795
China Tianrui Group Cement Co., Ltd.	1252 HK	RMB Mn	4,709
China National Building Material Co., Ltd.	3323 HK	RMB Mn	32,589
China National Material Co., Ltd.	1893 HK	RMB Mn	6,690

(iii) Railway construction and management			
Daqin Railway Co., Ltd	601006 CH	RMB Mn	158,480
China Railway Tielong Container Logistics Co., Ltd.	600125 CH	RMB Mn	11,567
Aurizon Holdings Ltd	AZJ AU	AUD Mn	9,813
Asciano Ltd	AIO AU	AUD Mn	5,901
CSX Corp	CSX US	USD Mn	36,215
Genesee & Wyoming Inc.	GWR US	USD Mn	4,845
Norfolk Southern Corp.	NSC US	USD Mn	33,918
Canadian Pacific Railway Ltd	CP US	CAD Mn	37,885
Canadian National Railway Ltd	CNR CN	CAD Mn	64,790
Union Pacific Corporation	UNP US	USD Mn	105,918
Kansas City Southern	KSU US	USD Mn	13,467
Providence and Worcester Railroad Co	PWX US	USD Mn	88
(iv) Sale and production of non ferrous metals			
Jiangxi Copper Co., Ltd.	358 HK	RMB Mn	53,041
Xinjiang Xinxin Mining Industry Co., Ltd	3833 HK	RMB Mn	2,477
MMG Ltd.	1208 HK	USD Mn	1,637
China Nonferrous Mining Corp. Ltd.	1258 HK	USD Mn	945
China Daye Non-ferrous Metals Mining Ltd	661 HK	RMB Mn	1,817
Yunnan Copper Industry Co., Ltd.	000878 CH	RMB Mn	20,226
Shengda Mining Co., Ltd.	000603 CH	RMB Mn	6,191
Tongling Nonferrous Metals Group Co., Ltd.	000630 CH	RMB Mn	29,600
Sichuan Western Resources Holding Co., Ltd.	600139 CH	RMB Mn	8,055
Western Mining Co., Ltd.	601168 CH	RMB Mn	22,019
Chengtun Mining Group Co., Ltd.	600711 CH	RMB Mn	10,120

(v) Sale and production of steel pipes			
Shandong Molong Petroleum Machinery Co., Ltd.	568 HK	RMB Mn	5,311
Zhejiang Jiuli Hi-Tech Metals Co., Ltd.	002318 CH	RMB Mn	9,323
Zhejiang Kingland Pipeline and Technologies Co., Ltd.	002443 CH	RMB Mn	3,352
Jiangsu Changbao Steel Tube Co., Ltd.	002478 CH	RMB Mn	4,481
Inner Mongolian Baotou Steel Union Co., Ltd	600010 CH	RMB Mn	65,301
Chu Kong Petroleum & Natural Gas Steel Pipe Holding Ltd.	1938 HK	RMB Mn	1,784
Shengli Oil & Gas Pipe Holdings Ltd.	1080 HK	RMB Mn	854
Anhui Tianda Oil Pipe Co., Ltd.	839 HK	RMB Mn	1,051
(vi) Engineering and construction of nuclear power plants and other infrastructure projects			
China Communication Construction Co., Ltd	1800 HK	RMB Mn	196,239
Sinohydro Group Ltd	601669 CH	RMB Mn	80,928
China Railway Group Ltd	390 HK	RMB Mn	180,450
China Railway Construction Corp Ltd	1186 HK	RMB Mn	173,009
China National Chemical Engineering Co., Ltd.	601117 CH	RMB Mn	46,617
China Gezhouba Group Co., Ltd.	600068 CH	RMB Mn	42,963
China State Construction Engineering Corporation Ltd.	601668 CH	RMB Mn	218,400

As presented in below table, we calculated EV/EBITDA and EV/ Invested Capital of comparable companies in 6 industries. The EV of the comparable companies as numerator of the price multiples were calculated based on the sum of market capitalization as of the Measurement date and book value of net debt and minority interest as of the latest available interim closing. The denominators for EV/EBITDA multiples are based on the annual total for the latest 2014 financial year and for EV/Invested Capital are based on December 2014 closing balance.

With similar consideration of historical 3-year return on assets as discussed in the sub-group of the 13 Coal Companies, we selected appropriate price multiples based on specific criteria to deduce the range of EV for each subject company. The sum of the mid-point of the EV value of each subject company represents the conclusion of the calculated value of EV of the 6 Non-Coal Companies.

We applied different price multiples appropriate to determine the EV for each of the 6 Non-Coal Companies by the three sub-groups as follows:

	Price multiples of comparable companies		Selected multiples for 2 Non-Coal Companies in mineral processing and trading industry
	(i) Sale and production of phosphate compounds and fertilizer	(iv)Sale and production of nonferrous metals	
EV/2014 EBITDA			17.00 - 19.91
Max	28.95	34.42	
Min	9.81	10.73	
Median	17.04	16.98	
Average	18.03	19.91	
EV/December 31,2014 Invested Capital			1.20 - 1.52
Max	2.95	2.55	
Min	1.21	0.87	
Median	1.30	1.52	
Average	1.69	1.56	

	Price multiples of comparable companies		Selected multiples for 2 Non-Coal Companies in construction industry
	(ii)Provision of cement equipment and engineering services, production and sales of cement	(v)Sale and production of steel pipes	
EV/2014 EBITDA			6.40 - 12.07
Max	16.01	26.96	
Min	4.59	3.52	
Median	6.48	23.47	
Average	7.54	19.09	
EV/December 31,2014 Invested Capital			0.87 - 1.01
Max	1.70	3.72	
Min	0.69	0.39	
Median	0.92	1.57	
Average	1.01	1.52	

	Price multiples of comparable companies		Selected multiples for 2 Non-Coal Companies in infrastructure industry
	(iii) Railway construction and management	(vi) Engineering and construction of nuclear power plants and other infrastructure projections	
EV/2014 EBITDA			7.08 - 13.34
Max	19.37	10.73	
Min	7.31	5.24	
Median	10.97	7.34	
Average	11.83	7.34	
EV/December 31,2014 Invested Capital			1.46 - 1.78
Max	3.89	2.14	
Min	1.12	1.43	
Median	2.14	1.83	
Average	2.29	1.80	

According to the instruction of the Company, the calculated value of each of the 6 Non-Coal Companies is not disclosed in this report. Based on the above analytical procedures, the aggregate calculated value of EV for the 6 Non-Coal Companies is concluded at RMB 158,600 million based on the aggregate mid-point of EV of each subject company.

In addition, we applied the two weighted average price multiples to the aggregate financial performance and statue for full year 2014 and closing balance as of December 31, 2014 of 6 Non-Coal Company as the entire portfolio for reasonableness check as below::

	(a) Aggregate amount of 6 Non-Coal Companies	(b) Implied weighted average multiples	Product of (a) financial and operating data (b) implied weighted average multiples (In RMB million)
2014 Annual EBITDA	RMB 16,016 million	9.91	158,696
Invested Capital as of December 31, 2014	RMB 140,115 million	1.13	158,435

The concluded calculated enterprise values for 6 Non-Coal Companies at RMB 158,600 million can be reconciled with the above EV so indicated by the two blended price multiples.

For 6 Non-Coal Companies, the aggregate of the calculated equity value attributable to the Company is concluded as below:

Aggregate of the mid-point calculated enterprise values devised by different price multiples	RMB 158,600 million
Total book value of net debt liabilities	RMB 70,800 million
Total calculated value of minority shareholder's interest	RMB 25,100 million
Aggregate of calculated equity values on 100% basis	RMB 62,700 million
Aggregate of calculated equity values attributable to the Company	RMB 10,600 million

RESULT OF CALCULATED VALUE

Based on our calculations, as described in this report, which are based solely on the procedures agreed upon as referred to above, the mid-point of the range of aggregate calculated values of equity interests of the Investment Portfolio Companies attributable to the Company as of December 31, 2014 is RENMINBI FORTY ONE BILLION AND SIX HUNDRED MILLON rounding to nearest hundred million (RMB 41,600 Million).

This resulting calculated value was based on the agreed calculation engagement procedures, limited information and calculation engagement methods that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

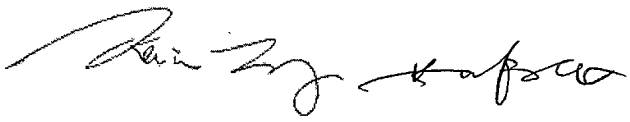
We have no obligation to update this report nor our calculation of value for information that comes to our attention after the date of this report.

We do not provide assurance on the achievability of any financial results estimated by the Company because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans, and assumptions of Management.

We have not investigated the title to or any liabilities against the property calculated.

We hereby certify that we have neither present nor prospective interests in the Company or the value reported.

Yours faithfully,
For and on behalf of
AMERICAN APPRAISAL CHINA LIMITED



Mr. Kevin K. Y. Leung	Mr. Ricky S.O. Lee
Managing Director	Managing Director

Note: Mr. Lee has been involved in business valuation over fifteen years and mineral property valuation over ten years for the purposes of joint venture, merger & acquisition and public listing. He is a fellow member of the Association of Chartered Certified Accountants, accredited senior appraiser of the American Society of Appraisers and charter holder of the Chartered Financial Analyst.

Mr. Leung has been involved in business valuation over ten years for asset management companies and state-owned enterprises for the purposes of accounting, joint venture and public disclosure. He is a fellow member of the Association of Chartered Certificated Accountants, member of Hong Kong Certificated Public Accountants and charter holder of the Chartered Financial Analyst.

This calculation engagement was prepared under the supervision of Mr. Lee and Mr. Leung as project-in-charge with significant professional assistance from the team of 10-20 consultants.