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中国核建

CHINA NUCLEAR INDUSTRY 23 INTERNATIONAL CORPORATION LIMITED

中國核工業二三國際有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 611)

**CONTINUING CONNECTED TRANSACTIONS
IN RESPECT OF FRAMEWORK AGREEMENT,
EQUIPMENT AND MATERIALS PROCUREMENT AGREEMENT
AND TECHNICAL CONSULTANCY AGREEMENT
WITH 中國核工業二三建設有限公司華東分公司
(CHINA NUCLEAR INDUSTRY 23 CONSTRUCTION COMPANY LIMITED
HUADONG BRANCH*)**

**VOLUNTARY ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTIONS
IN RESPECT OF FRAMEWORK AGREEMENT
AND SUB-CONTRACTING AGREEMENT
WITH 中國核工業二三建設有限公司
(CHINA NUCLEAR INDUSTRY 23 CONSTRUCTION COMPANY LIMITED*)**

Financial Advisor to the Company



CNI23 (NANJING) CCT AGREEMENTS

The Board announces that on 3 May 2013 (after trading hours), CNI23 (Nanjing), an indirect non wholly-owned subsidiary of the Company, and CNI23 Huadong Branch, a branch of CNI23, entered into:

- (1) the CNI23 (Nanjing) Framework Agreement, on an exclusive basis, pursuant to which CNI23 (Nanjing) has agreed to procure construction equipment and materials for and provide technical consultancy and project management services to CNI23 Huadong Branch in relation to construction works mainly for the solar energy industry in the PRC during the term of the CNI23 (Nanjing) Framework Agreement;

- (2) (after the signing of the CNI23 (Nanjing) Framework Agreement) the Equipment and Materials Procurement Agreement pursuant to which CNI23 (Nanjing) has agreed to procure construction equipment and materials for and provide related technical support services to CNI23 Huadong Branch in relation to the Solar Projects at a total consideration of RMB7,000,000 (equivalent to approximately HK\$8,739,600); and
- (3) (after the signing of the CNI23 (Nanjing) Framework Agreement) the Technical Consultancy Agreement pursuant to which CNI23 (Nanjing) has agreed to provide technical consultancy and project management services to CNI23 Huadong Branch in relation to the Solar Projects at a total consideration of RMB200,000 (equivalent to approximately HK\$249,700).

As at the date of this announcement, CNI23 HK holds approximately 27.23% shareholding interests of the Company and together with China He Investment, a party acting in concert with it, hold approximately 36.30% shareholding interests of the Company. CNI23 holds 100% shareholding interests of CNI23 HK and therefore is a connected person of the Company within the meaning of the Listing Rules. CNI23 Huadong Branch is a branch of CNI23 and a connected person of the Company within the meaning of the Listing Rules. Accordingly, the transactions contemplated under the CNI23 (Nanjing) CCT Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios in respect of the aggregate annual caps of the continuing connected transactions under the Equipment and Materials Procurement Agreement and the Technical Consultancy Agreement are less than 5%, the CNI23 (Nanjing) CCT Agreements and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules but exempted from Independent Shareholders' approval requirement.

CNI23 OVERSEAS CCT AGREEMENTS

On a voluntary basis, the Board further announces that on 18 January 2013 (after trading hours), CNI23 Overseas, a wholly-owned subsidiary of the Company, and CNI23 entered into:

- (1) the New CNI23 Overseas Framework Agreement pursuant to which CNI23 Overseas agreed to continue to engage CNI23 as a construction sub-contractor exclusively to CNI23 Overseas' construction works in the Site during the term of the New CNI23 Overseas Framework Agreement; and
- (2) (after the signing of the New CNI23 Overseas Framework Agreement) the Sub-contracting Agreement pursuant to which CNI23 Overseas agreed to engage CNI23 as a construction sub-contractor exclusively to the Construction Project in the Site at a total consideration of RMB619,613 (equivalent to approximately HK\$773,600).

As CNI23 is a connected person of the Company within the meaning of the Listing Rules, the transactions contemplated under the CNI23 Overseas CCT Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios in respect of the annual caps of the continuing connected transactions under the CNI23 Overseas CCT Agreements are less than 5% and the annual consideration of the CNI23 Overseas CCT Agreements is less than HK\$1,000,000, the CNI23 Overseas CCT Agreements and the transactions contemplated thereunder are exempted from the reporting, announcement and annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, the services provided by CNI23 under the Sub-contracting Agreement were duly completed.

CNI23 (NANJING) CCT AGREEMENTS

The Board announces that on 3 May 2013 (after trading hours), CNI23 (Nanjing), an indirect non wholly-owned subsidiary of the Company, and CNI23 Huadong Branch, a branch of CNI23, entered into the CNI23 (Nanjing) Framework Agreement, the Equipment and Materials Procurement Agreement and the Technical Consultancy Agreement.

CNI23 (Nanjing) Framework Agreement

On 3 May 2013 (after trading hours), CNI23 (Nanjing) and CNI23 Huadong Branch entered into the CNI23 (Nanjing) Framework Agreement, on an exclusive basis, pursuant to which CNI23 (Nanjing) has agreed to procure construction equipment and materials for and provide technical consultancy and project management services to CNI23 Huadong Branch in relation to construction works mainly for the solar energy industry in the PRC during the term of the CNI23 (Nanjing) Framework Agreement. The major terms of the CNI23 (Nanjing) Framework Agreement are set out below:

Date

3 May 2013 (after trading hours)

Parties

- (1) CNI23 (Nanjing); and
- (2) CNI23 Huadong Branch

As at the date of this announcement, CNI23 HK holds approximately 27.23% shareholding interests of the Company and together with China He Investment, a party acting in concert with it, hold approximately 36.30% shareholding interests of the Company. CNI23 holds 100% shareholding interests of CNI23 HK and therefore is a connected person of the Company within the meaning of the Listing Rules. CNI23 Huadong Branch is a branch of CNI23 and a connected person of the Company within the meaning of the Listing Rules.

Term

The CNI23 (Nanjing) Framework Agreement takes effect from 3 May 2013 until 31 December 2013 (both dates inclusive) or such other dates as agreed between the parties.

Nature of the Transactions

Pursuant to the CNI23 (Nanjing) Framework Agreement, CNI23 (Nanjing) has agreed to provide CNI23 Huadong Branch with the following services:

- (1) procurement of construction equipment and materials including photovoltaic component, roof support, electric meter and relevant equipment, materials;
- (2) provision of technical consultancy services including feasibility study and construction drawing design and project management services; and
- (3) such other procurement and technical consultancy services as may be required by CNI23 (Nanjing) from time to time.

The CNI23 (Nanjing) Framework Agreement is a master agreement which sets out the principles of the procurement and technical consultancy and project management services to be provided by CNI23 (Nanjing) to CNI23 Huadong Branch in relation to construction works mainly for the solar energy industry carried out by CNI23 Huadong Branch in the PRC, upon which detailed terms (including the contract value) are to be determined between the parties by way of entering into separate procurement or technical consultancy agreement(s) or such other agreement(s) as CNI23 (Nanjing) may require. Pursuant to the CNI23 (Nanjing) Framework Agreement, the parties have entered into the Equipment and Materials Procurement Agreement and the Technical Consultancy Agreement respectively, which have also been set out in the CNI23 (Nanjing) Framework Agreement. The Equipment and Materials Procurement Agreement and the Technical Consultancy Agreement provide the detailed terms of the procurement and technical consultancy and project management services respectively required to be carried out by CNI23 (Nanjing) in relation to the Solar Projects. Please refer to the sections headed “Equipment and Materials Procurement Agreement” and “Technical Consultancy Agreement” below for further information. According to the CNI23 (Nanjing) Framework Agreement, the parties have agreed that such detailed terms shall be fair and reasonable and on normal commercial terms.

Equipment and Materials Procurement Agreement

On 3 May 2013 (after trading hours) and after the signing of the CNI23 (Nanjing) Framework Agreement, CNI23 (Nanjing) and CNI23 Huadong Branch entered into the Equipment and Materials Procurement Agreement pursuant to which CNI23 (Nanjing) has agreed to procure construction equipment and materials for and provide related technical support services to CNI23 Huadong Branch in relation to the Solar Projects. The major terms of the Equipment and Materials Procurement Agreement are set out below:

Date

3 May 2013 (after trading hours) and after the signing of the CNI23 (Nanjing) Framework Agreement.

Parties

- (1) CNI23 (Nanjing); and
- (2) CNI23 Huadong Branch

Term

The Equipment and Materials Procurement Agreement commences on 3 May 2013 and, subject to the right of both parties to terminate in accordance with the Equipment and Materials Procurement Agreement, ends on 31 July 2014.

Nature of Transactions

Pursuant to the Equipment and Materials Procurement Agreement, CNI23 (Nanjing) has agreed to procure construction equipment and materials in relation to the Solar Projects such as roof support under the category of roof support and inverter and electric cable under the category of electric meter and relevant equipment for and provide related technical support services to CNI23 Huadong Branch.

Consideration

The total contract value for the Equipment and Materials Procurement Agreement is RMB7,000,000 (equivalent to approximately HK\$8,739,600) and the contract value shall be paid in cash by CNI23 Huadong Branch to CNI23 (Nanjing) in the following manners: (i) 10% of the contract value payable within seven (7) days after the acceptance of the first batch of equipment and materials by CNI23 Huadong Branch; (ii) 70% of the contract value payable within sixty (60) days after the installation of all the equipment and materials for the Solar Projects and delivery of the Solar Projects by CNI23 Huadong Branch to their owner(s); (iii) 10% of the contract value payable within thirty (30) days after all other installation works, testing and commissioning of the Solar Projects have completed and the same have been accepted by their owner(s) (such installation works, testing, commissioning and acceptance shall be completed by 31 December 2013); and (iv) the remaining 10% payable within thirty (30) days after the expiry of the quality assurance period (such expiry date shall be on 30 June 2014) in accordance with the Equipment and Materials Procurement Agreement. The consideration has been agreed upon between the parties by reference to the pricing policy set out in the sub-paragraph “Basis in determining the annual caps” below through arm’s length negotiations.

Technical Consultancy Agreement

On 3 May 2013 (after trading hours) and after the signing of the CNI23 (Nanjing) Framework Agreement, CNI23 (Nanjing) and CNI23 Huadong Branch entered into the Technical Consultancy Agreement pursuant to which CNI23 (Nanjing) has agreed to provide technical consultancy and project management services to CNI23 Huadong Branch in relation to the Solar Projects. The major terms of the Technical Consultancy Agreement are set out below:

Date

3 May 2013 (after trading hours) and after the signing of the CNI23 (Nanjing) Framework Agreement.

Parties

- (1) CNI23 (Nanjing); and
- (2) CNI23 Huadong Branch

Term

The Technical Consultancy Agreement commences on 3 May 2013 and, subject to the right of both parties to terminate in accordance with the Technical Consultancy Agreement, ends on 31 December 2013.

Nature of Transactions

Pursuant to the Technical Consultancy Agreement, CNI23 (Nanjing) has agreed to provide technical consultancy and project management services in relation to the Solar Projects to CNI23 Huadong Branch.

Consideration

The total contract value for the Technical Consultancy Agreement is RMB200,000 (equivalent to approximately HK\$249,700) and the contract value shall be paid in cash by CNI23 Huadong Branch to CNI23 (Nanjing) in the following manners: (i) 10% of the contract value payable upon signing of the Technical Consultancy Agreement; (ii) 80% of the contract value payable within thirty (30) days after the Solar Projects equipped with electrical power generation capability (the Solar Projects shall be equipped with electrical power generation capability by 30 June 2013); and (iii) the remaining 10% payable by the end of 31 December 2013 in accordance with the Technical Consultancy Agreement. The consideration has been agreed upon between the parties by reference to the pricing policy set out in the sub-paragraph “Basis in determining the annual caps” below through arm’s length negotiations.

Annual caps

The following table sets out the aggregate annual caps in respect of the continuing connected transactions under the Equipment and Materials Procurement Agreement and the Technical Consultancy Agreement for the financial year ending 31 December 2013.

| | The aggregate annual caps for the financial year ending 31 December 2013 (RMB) |
|---|---|
| Continuing connected transactions | |
| (1) procurement of construction equipment and materials | |
| — roof support | 1,160,000 |
| — electric meter and relevant equipment | 5,840,000 |
| Sub-Total: | 7,000,000 |
| (2) provision of technical consultancy services | 200,000 |
| Total amount: | 7,200,000 <i>(equivalent to approximately HK\$8,989,300)</i> |

As at the date of this announcement, there has been no other transaction between CNI23 (Nanjing) and CNI23 Huadong Branch pursuant to the CNI23 (Nanjing) Framework Agreement except for the Equipment and Materials Procurement Agreement and the Technical Consultancy Agreement. The Company will comply with the relevant requirements under the Listing Rules and will make further announcement(s) as and when appropriate if any other agreements are entered into between the parties pursuant to the CNI23 (Nanjing) Framework Agreement.

Basis in determining the annual caps

In determining the annual caps for the continuing connected transactions under the Equipment and Materials Procurement Agreement and the Technical Consultancy Agreement for the financial year ending 31 December 2013, the Board has based their estimates on the contract value of the Equipment and Materials Procurement Agreement and the Technical Consultancy Agreement. Important and objective assumptions and factors, though not exhaustive but were arrived at after due and careful consideration of data currently in hand, are set out as below:

- (i) the quantity of equipment and materials to be transacted as set out in the Equipment and Materials Procurement Agreement, and the extent of the technical consultancy and project management services, required to be provided by CNI23 (Nanjing) in relation to the Solar Projects;
- (ii) the expected unit prices of relevant construction equipment and materials, and technical consultancy and project management services; and
- (iii) a buffer to cater for price fluctuations of the construction equipment and materials, and technical consultancy and project management services, inflation and foreign exchange rate.

The pricing policy for the continuing connected transactions under the CNI23 (Nanjing) CCT Agreements has been determined based on normal commercial terms which are no less favourable than the terms which can be obtained by CNI23 (Nanjing) from independent third parties for the provision of similar procurement and technical consultancy services. Pricing has been agreed upon between the parties for each transaction by reference to the aforementioned pricing policy through arm's length negotiations.

Reasons for and benefit of entering into the CNI23 (Nanjing) CCT Agreements

The Group is principally engaged in restaurant and hotel operation and property investments in Hong Kong. In addition, the Group has also been participating in other businesses such as (i) inspection, maintenance, repair, construction, installation and provision of expertise in such work for nuclear power plants and also provision of construction works for non-nuclear power companies; (ii) sub-contracting of overseas construction projects; and (iii) manufacturing and sales of prefabricated pipes and related equipment for uses by chemical plants and energy plants via its associates companies. CNI23 (Nanjing), an indirect non wholly-owned subsidiary of the Company, is principally engaged in technical advisory and provision of technical services; wholesale of electrical equipment; wholesale of solar power components; procurement, completion of full set and installation of machinery and equipment and commissioning services. CNI23 (Nanjing) is wholly-owned by Guoxin Energy Limited, a

wholly foreign-owned enterprise established in the PRC, which is owned as to 51% by CNI23 New Energy Limited (a wholly-owned subsidiary of the Company), 29.9% by Fame Raise Limited and 19.1% by Triple Delight Limited.

As set out in the announcement of the Company dated 6 January 2013, the Company intends to diversify its business portfolio to include the solar energy industry in the PRC and the establishment of CNI23 (Nanjing) represents the first step of the Company to enter the relevant field. In light of certain core staff of CNI23 (Nanjing) possessing the relevant expertise and experience in construction of solar energy plants which is favourable to CNI23 (Nanjing) for sourcing relevant construction equipment and materials and conducting certain technical consultancy services, such as equipment testing and on-site management for the Solar Projects, the Directors (including the independent non-executive Directors) considered that the transactions contemplated under the CNI23 (Nanjing) CCT Agreements will allow the Group to bring synergy effect between the Group and CNI23 Huadong Branch, thereby facilitating the expansion of the Group's businesses and creating an additional revenue stream of the Group. As such, the Directors (including the independent non-executive Directors) considered that it is for the Group's benefit to enter into the CNI23 (Nanjing) CCT Agreements.

Mr. Dong Yuchuan, a non-executive Director and the chairman of the Company, is also the chairman of the board and Director General of CNI23, which wholly owns CNI23 HK; Mr. Lei Jian, an executive Director, is the Chairman of China He Investment, a party acting in concert with CNI23 HK; Mr. Han Naishan, an executive Director and is also the Deputy Director General and Chief Engineer of CNI23; Mr. Guo Shuwei, an executive Director, is a director of CNI23 HK and also the General Manager of the International Department of CNECC and the Deputy Director General of CNI23; and Mr. Song Limin, an executive Director, is the secretary to the Director General of CNI23. Accordingly, Messrs. Dong Yuchuan, Lei Jian, Han Naishan, Guo Shuwei and Song Limin had abstained from voting at the Board meeting in respect of, among others, the CNI23 (Nanjing) CCT Agreements and the transactions contemplated thereunder. The Board confirmed that except for Messrs. Dong Yuchuan, Lei Jian, Han Naishan, Guo Shuwei and Song Limin, none of the other Directors had any material interest in the CNI23 (Nanjing) CCT Agreements and the transactions contemplated thereunder. Accordingly, none of the other Directors, except for the abovementioned Directors, was required to abstain from voting on the Board resolutions in relation to the CNI23 (Nanjing) CCT Agreements and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors and except for Messrs. Dong Yuchuan, Lei Jian, Han Naishan, Guo Shuwei and Song Limin who had abstained from voting at the Board meeting approving, among others, the CNI23 (Nanjing) CCT Agreements and the transactions contemplated thereunder due to the reasons stated above) considered the CNI23 (Nanjing) CCT Agreements and the transactions contemplated thereunder were entered into in the ordinary course of business of the Group and on normal commercial terms, and the terms and conditions therein (including the annual caps in respect of the continuing connected transactions under the Equipment and Materials Procurement Agreement and the Technical Consultancy Agreement) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

To the best knowledge of the Directors, CNI23 Huadong Branch is still identifying and/or in preliminary discussion for further construction works such as solar energy plants in the PRC. However, no concrete detail, such as the scale of potential projects and relevant budget, has

been obtained by CNI23 Huadong Branch so far. If there is any additional proposed transaction between CNI23 Huadong Branch and CNI23 (Nanjing) pursuant to the CNI23 (Nanjing) Framework Agreement, the Company will comply with the relevant requirements under the Listing Rules and will make further announcement(s) as and when appropriate.

CNI23 OVERSEAS CCT AGREEMENTS

On a voluntary basis, the Board further announces that on 18 January 2013 (after trading hours), CNI23 Overseas, a wholly-owned subsidiary of the Company, and CNI23 entered into the New CNI23 Overseas Framework Agreement and the Sub-contracting Agreement.

New CNI23 Overseas Framework Agreement

On 18 January 2013 (after trading hours), CNI23 Overseas and CNI23 entered into the New CNI23 Overseas Framework Agreement pursuant to which CNI23 Overseas agreed to continue to engage CNI23 as a construction sub-contractor exclusively to CNI23 Overseas' construction works in the Site during the term of the New CNI23 Overseas Framework Agreement. The major terms of the New CNI23 Overseas Framework Agreement are set out below:

Date

18 January 2013 (after trading hours)

Parties

- (1) CNI23 Overseas; and
- (2) CNI23

As at the date of this announcement, CNI23 HK holds approximately 27.23% shareholding interests of the Company and together with China He Investment, a party acting in concert with it, hold approximately 36.30% shareholding interests of the Company. CNI23 holds 100% shareholding interests of CNI23 HK and therefore is a connected person of the Company within the meaning of the Listing Rules.

Term

The New CNI23 Overseas Framework Agreement commenced on 18 January 2013 and completed by 28 February 2013.

Nature of Transactions

Pursuant to the New CNI23 Overseas Framework Agreement, CNI23 agreed to:

- (1) provide construction and installation works, including but not limited to construction works, installation of equipment and facilities, pipes installation, electrical equipment and meters installation, insulation and non-corrosive engineering work, testing, repair and maintenance works;
- (2) supervise and manage construction works;
- (3) supply construction equipment and designated materials;

- (4) purchase materials and consumables;
- (5) supply management and technical personnel and construction workers;
- (6) provide facilities in relation to production and living area (if necessary);
- (7) provide transportation services for the construction equipment and materials and the related services;
- (8) provide water, electricity and related facilities, provisional power equipment and facilities and repair and maintenance services at the Site;
- (9) provide miscellaneous services such as office equipment, telecommunications systems, living facilities for staff, security, insurance and other related services; and
- (10) provide such other construction works as may be required by CNI23 Overseas from time to time.

The New CNI23 Overseas Framework Agreement is a master agreement which sets out the principles of construction works to be carried out by CNI23 for CNI23 Overseas in the Site upon which detailed terms (including the contract value) are to be determined between the parties by way of entering into separate sub-contracting agreement(s) or such other agreement(s) as CNI23 Overseas may require. Pursuant to the New CNI23 Overseas Framework Agreement, the parties entered into the Sub-contracting Agreement, which has also been set out in the New CNI23 Overseas Framework Agreement. The Sub-contracting Agreement provides the detailed terms of the construction works required to be carried out by CNI23 in respect of the Construction Project. Please refer to the section headed "Sub-Contracting Agreement" below for further information. According to the New CNI23 Overseas Framework Agreement, the parties agreed that such detailed terms shall be fair and reasonable and on normal commercial terms which are no less favourable than the terms which can be obtained by CNI23 Overseas from independent third parties for similar construction projects.

Sub-contracting Agreement

On 18 January 2013 (after trading hours) and after signing of the New CNI23 Overseas Framework Agreement, CNI23 Overseas entered into the Sub-contracting Agreement with CNI23, pursuant to which CNI23 Overseas agreed to sub-contract the construction works for the Construction Project exclusively to CNI23. The major terms of the Sub-contracting Agreement are set out below:

Date

18 January 2013 (after trading hours) and after signing of the New CNI23 Overseas Framework Agreement

Parties

- (1) CNI23 Overseas; and
- (2) CNI23

Term

The services provided by CNI23 under the Sub-contracting Agreement commenced on 18 January 2013 and completed by 28 February 2013.

Nature of Transactions

Pursuant to the Sub-contracting Agreement, CNI23 agreed to provide similar services set out in the sub-paragraph “Nature of Transactions” of the section headed “New CNI23 Overseas Framework Agreement” and the detailed requirements for the works are set out in the Sub-contracting Agreement.

On 18 January 2013, CNI23 Overseas entered into the Construction Agreement with COOEC-ENPAL in relation to the construction works for the Construction Project. CNI23 Overseas also entered into the Guarantee Agreement with COOEC-ENPAL and CNI23 whereby CNI23 agreed to guarantee the obligations of CNI23 Overseas under the Construction Agreement with COOEC-ENPAL. Pursuant to the Sub-contracting Agreement, notwithstanding the signing of the Sub-contracting Agreement, the obligations of CNI23 under the Guarantee Agreement would not be affected.

Consideration

The total contract value for the Sub-contracting Agreement was RMB619,613 (equivalent to approximately HK\$773,600). The consideration was agreed upon between the parties through arm’s length negotiations.

Reasons for and benefit of entering into the CNI23 Overseas CCT Agreements

Reference is made to the announcement of the Company on 14 November 2012. After CNI23 Overseas has completed its obligations under the construction agreement dated 15 October 2012 and entered into between CNI23 Overseas and COOEC-ENPAL in relation to the construction of a captive power station in the Site, the cooperation between CNI23 Overseas and COOEC-ENPAL has continued by entering into the Construction Agreement in relation to the Construction Project.

As CNI23 Overseas required the expertise of CNI23 to assist in carrying out the construction works required under the Construction Project, the Directors (including the independent non-executive Directors) considered that it was for the benefit of the Group to enter into the CNI23 Overseas CCT Agreements so as to maximize the profits and bring synergy effect between the Group and CNI23, thereby facilitating the expansion of the Group’s businesses.

Messrs. Dong Yuchuan, Lei Jian, Han Naishan, Guo Shuwei and Song Limin had abstained from voting at the Board meeting in respect of, among others, the CNI23 Overseas CCT Agreements and the transactions contemplated thereunder due to the reason set out in the sub-paragraph “Reasons for and benefit of entering into the CNI23 (Nanjing) CCT Agreements” of the section headed “CNI23 (Nanjing) CCT Agreements” above. The Board confirmed that except for Messrs. Dong Yuchuan, Lei Jian, Han Naishan, Guo Shuwei and Song Limin, none of the other Directors had any material interest in the CNI23 Overseas CCT Agreements and the transactions contemplated thereunder. Accordingly, none of the other Directors, except for the abovementioned Directors, was required to abstain from voting on the Board resolutions in relation to the CNI23 Overseas CCT Agreements and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors and except for Messrs. Dong Yuchuan, Lei Jian, Han Naishan, Guo Shuwei and Song Limin who had abstained from voting at the Board meeting approving, among others, the CNI23 Overseas CCT Agreements and the transactions contemplated thereunder due to the reasons stated above) considered the CNI23 Overseas CCT Agreements and the transactions contemplated thereunder were entered into in the ordinary course of business of the Group and on normal commercial terms, and the terms and conditions therein (including the annual caps in respect of the CNI23 Overseas CCT Agreements) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, there has been no other transaction between CNI23 Overseas and CNI23 pursuant to the New CNI23 Overseas Framework Agreement except for the Sub-contracting Agreement. CNI23 Overseas will continue to identify further construction projects in the Middle East to maximize its profit and facilitate the expansion of its businesses. The Company will comply with the relevant requirements under the Listing Rules and will make further announcement(s) as and when appropriate.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CNI23 HK holds approximately 27.23% shareholding interests of the Company and together with China He Investment, a party acting in concert with it, hold approximately 36.30% shareholding interests of the Company. CNI23 holds 100% shareholding interests of CNI23 HK and therefore is a connected person of the Company within the meaning of the Listing Rules. CNI23 Huadong Branch is a branch of CNI23 and a connected person of the Company within the meaning of the Listing Rules. Accordingly the transactions contemplated under the CNI23 (Nanjing) CCT Agreements and the CNI23 Overseas CCT Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios in respect of the aggregate annual caps of the continuing connected transactions under the Equipment and Materials Procurement Agreement and the Technical Consultancy Agreement are less than 5%, the CNI23 (Nanjing) CCT Agreements and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules but exempted from Independent Shareholders' approval requirement.

As the relevant applicable percentage ratios in respect of the annual caps of the continuing connected transactions under the CNI23 Overseas CCT Agreements are less than 5% and the annual consideration of the CNI23 Overseas CCT Agreements is less than HK\$1,000,000, the CNI23 Overseas CCT Agreements and the transactions contemplated thereunder are exempted from the reporting, announcement and annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In the announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“associates” has the meaning ascribed thereto in the Listing Rules;

“Board” the board of Directors;

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|---------------------------------------|---|
| “China He Investment” | China He Investment (Hong Kong) Company Limited 中核投資(香港)有限公司, a company incorporated in Hong Kong with limited liability; |
| “CNECC” | 中國核工業建設股份有限公司 (transliterated as China Nuclear Engineering Corporation Co., Ltd.*), a state-owned enterprise established in the PRC and owns 80% of CNI23; |
| “CNI23” | 中國核工業二三建設有限公司 (transliterated as China Nuclear Industry 23 Construction Company Limited*), a state-owned enterprise established in the PRC; |
| “CNI23 HK” | China Nuclear Industry 23 Construction (Hong Kong) Company Limited 中國核工業二三建設(香港)有限公司, a company incorporated in Hong Kong with limited liability; |
| “CNI23 Huadong Branch” | 中國核工業二三建設有限公司華東分公司 (transliterated as China Nuclear Industry 23 Construction Company Limited Huadong Branch), a branch of CNI23 which was established in the PRC; |
| “CNI23 (Nanjing)” | 中核二三(南京)能源發展有限公司 (CNI23 (Nanjing) Energy Development Company Limited), an indirect non wholly-owned subsidiary of the Company which was established in the PRC; |
| “CNI23 (Nanjing) CCT Agreements” | the CNI23 (Nanjing) Framework Agreement, the Equipment and Materials Procurement Agreement and the Technical Consultancy Agreement; |
| “CNI23 (Nanjing) Framework Agreement” | the framework agreement dated 3 May 2013 entered into between CNI23 (Nanjing) and CNI23 Huadong Branch in relation to the provision of procurement of construction equipment and materials and technical consultancy and project management services; |
| “CNI23 Overseas” | CNI23 Overseas Development Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company; |
| “CNI23 Overseas CCT Agreements” | the New CNI23 Overseas Framework Agreement and the Sub-contracting Agreement; |
| “Company” | China Nuclear Industry 23 International Corporation Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange; |
| “connected person(s)” | has the same meaning ascribed thereto in the Listing Rules; |
| “Construction Agreement” | the construction agreement dated 18 January 2013 entered into between CNI23 Overseas and COOEC-ENPAL in relation to the Construction Project; |
| “Construction Project” | the construction of an API oil return pipeline project in the Site; |

| | |
|---|---|
| “COOEC-ENPAL” | COOEC-ENPAL Engineering Co., Ltd. 海工英派爾工程有限公司, a limited liability company established in the PRC; |
| “Director(s)” | director(s) of the Company; |
| “Equipment and Materials Procurement Agreement” | the agreement dated 3 May 2013 entered into between CNI23 (Nanjing) and CNI23 Huadong Branch in relation to the procurement of construction equipment and materials and provision of related technical support services for the Solar Projects; |
| “Guarantee Agreement” | the guarantee agreement dated 18 January 2013 entered into between CNI23 Overseas, CNI23 and COOEC-ENPAL whereby CNI23 agreed to guarantee the obligations of CNI23 Overseas under the Construction Agreement with COOEC-ENPAL; |
| “Group” | the Company and its subsidiaries; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC; |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong; |
| “Independent Shareholder(s)” | Shareholder(s) other than CNI23 HK and its associate; |
| “Iraq” | the Republic of Iraq; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |
| “New CNI23 Overseas Framework Agreement” | the framework agreement dated 18 January 2013 entered into between CNI23 Overseas and CNI23 in relation CNI23 Overseas’ sub-contracting construction works exclusively to CNI23 in the Site; |
| “PRC” | The People’s Republic of China; |
| “RMB” | Renminbi, the lawful currency of the PRC; |
| “Share(s)” | ordinary share(s) of HK\$0.10 each in the share capital of the Company; |
| “Shareholder(s)” | holder(s) of the Share(s); |
| “Site” | Missan Oil Fields of Buzurgan area in Iraq; |
| “Solar Projects” | 揚州經濟開發區光伏發電示範項目出口加工區2MW子項目 (transliterated as 2MW project of photovoltaic power demonstration projects export processing zones in Yangzhou Economic Development Zone*) and 寶應30MWp漁光互補光伏發電項目 (transliterated as Baoying 30MWp fishing-solar complementary photovoltaic power project*); |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |

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| “Sub-contracting Agreement” | the sub-contracting agreement dated 18 January 2013 entered into between CNI23 Overseas and CNI23 in relation to CNI23 Overseas sub-contracting the construction works for the Construction Project exclusively to CNI23; |
| “Technical Consultancy Agreement” | the agreement dated 3 May 2013 entered into between CNI23 (Nanjing) and CNI23 Huadong Branch in relation to the provision of technical consultancy and project management services for the Solar Projects; and |
| “%” | per cent. |

By order of the Board
China Nuclear Industry 23 International Corporation Limited
DONG Yuchuan
Chairman

Hong Kong, 3 May 2013

For the purposes of illustration only, any amount denominated in RMB in this announcement and translated into HK\$ was translated at the rate of RMB0.80095 = HK\$1. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.

As at the date of this announcement, the Directors of the Company are: Mr. Dong Yuchuan, who is the chairman and a non-executive Director; Mr. Chan Shu Kit, who is the vice-chairman and an executive Director; Mr. Lei Jian, Mr. Han Naishan, Mr. Guo Shuwei, Mr. Chung Chi Shing, Ms. Jian Qing and Mr. Song Limin, all of whom are executive Directors; and Mr. Chan Ka Ling, Edmond, Mr. Chang Nan, Dr. Dai Jinping and Mr. Yu Lei, all of whom are independent non-executive Directors.

* *For identification purposes only*