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CNNC INTERNATIONAL LIMITED

中核國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2302)

MAJOR TRANSACTION AND CONNECTED TRANSACTION DISPOSAL OF THE ENTIRE INTEREST OF A WHOLLY-OWNED SUBSIDIARY

THE SALE AND PURCHASE AGREEMENT

On 16th October, 2024 (after trading hours), the Company (as vendor) entered into the Sale and Purchase Agreement with CNNCTM (as the Purchaser), pursuant to which, the Company agreed to sell and CNNCTM agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company, at the Completion Consideration (representing the Initial Consideration of HK\$167,352,569.30 subject to the Management Accounts Adjustment), subject to the Audited Accounts Adjustment and the terms and conditions of the Sale and Purchase Agreement.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal, together with the payment of outstanding balance of the Shareholders' Loan, contemplated under the Sale and Purchase Agreement exceed(s) 25%, but all of the applicable percentage ratios are less than 75%, the Disposal constitutes a major transaction of the Company, which is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

In addition, as at the date of this announcement, the Purchaser, CNNCTM, is a subsidiary of CNNC. CNNC is the ultimate controlling shareholder of the Company, holding approximately 66.72% of the Company's issued share capital through its subsidiary, CNOL. Accordingly, CNNCTM, being a subsidiary of CNNC, is a connected person of the Company, hence the Disposal also constitutes a connected transaction of the Company, which is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Based on the above, the Disposal is subject to (i) the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules; and (ii) the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The EGM will be convened by the Company to seek the Independent Shareholders' approval of the Disposal upon the approval of the circular by the Stock Exchange and the circular to be issued by the Company.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the relevant connected transaction contemplated under the Sale and Purchase Agreement is required to abstain from voting on the relevant resolution at the EGM. Given that the Purchaser, CNNCTM, is a subsidiary of CNNC, whereas CNOL is a subsidiary of CNNC, CNOL is regarded as having material interests in the Sale and Purchase Agreement and the transactions contemplated thereunder. Accordingly, CNOL and its associates will be required to abstain from voting on the relevant resolution in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder to be proposed at the EGM. Mr. Wang Cheng, Mr. Zhang Yi, Mr. Sun Ruofan and Mr. Wu Ge, all being Directors, have also held positions in the CNNC Group or its associates and are regarded as having material interests in the Sale and Purchase Agreement and the transactions contemplated thereunder. Accordingly, each of them had abstained from voting at the Board meeting on the relevant resolution. To the best of the Directors' knowledge and information, no other Shareholder is required to abstain from voting on the relevant resolution in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder.

The Independent Board Committee which comprises Mr. Cui Liguang, Mr. Zhang Lei, Mr. Chan Yee Hoi and Ms. Liu Yajie, all being independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Disposal contemplated under the Sale and Purchase Agreement. The Independent Financial Adviser, Red Sun Capital, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (a) details of the Disposal contemplated under the Sale and Purchase Agreement; (b) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (c) a letter of advice from Red Sun Capital to the Independent Board Committee and the Independent Shareholders on the Disposal contemplated under the Sale and Purchase Agreement; and (d) a notice of the EGM, is expected to be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cnnintl.com) on or before 6th November, 2024.

Shareholders and potential investors of the Company should note that Completion is subject to a number of Conditions Precedent which may or may not be fulfilled or waived (as applicable), and the Disposal may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

INTRODUCTION

On 16th October, 2024 (after trading hours), the Company (as vendor) entered into the Sale and Purchase Agreement with CNNCTM (as the Purchaser), pursuant to which, the Company agreed to sell and CNNCTM agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company, at the Completion Consideration (representing the Initial Consideration of HK\$167,352,569.30 subject to the Management Accounts Adjustment), subject to the Audited Accounts Adjustment and the terms and conditions of the Sale and Purchase Agreement.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement agreed by the Parties are summarised below:

Date: 16th October, 2024 (after trading hours)

Parties: (1) the Company, as vendor; and
(2) CNNCTM, as the Purchaser.

Assets to be disposed of

The Sale Shares to be disposed of by the Company represent the entire issued share capital of the Target Company.

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

Consideration

Pursuant to the Sale and Purchase Agreement, the consideration payable by the Purchaser for the Disposal shall be the Completion Consideration (representing the Initial Consideration subject to the Management Accounts Adjustment), subject further to the Audited Accounts Adjustment.

Initial Consideration

The Initial Consideration amounting to HK\$167,352,569.30 was determined through arm's length negotiation between the Parties, based on the asset-based valuation of entire equity interest in the Target Company as at the Valuation Benchmark Date, as set out in the Valuation Report prepared by the Independent Valuer.

Management Accounts Adjustment

The Company shall deliver to the Purchaser the Completion Management Accounts no later than two (2) Business Days after the day on which all of the Conditions Precedent have been satisfied or waived. The Initial Consideration shall be adjusted by reference to the Completion NAV as shown in the Completion Management Accounts in accordance with the following formula:

$$\text{Completion Consideration} = (P) + (Q) - (R)$$

whereby:

(P) = the Initial Consideration;

(Q) = the Completion NAV; and

(R) = the Base NAV, amounting to HK\$125,151,242.72.

In any event, the Management Accounts Adjustment shall not exceed 10% of the Initial Consideration.

Payment of the Completion Consideration and outstanding balance of Shareholders' Loan

The Completion Consideration shall be payable by the Purchaser to the Company upon Completion. Payment of the Completion Consideration shall be made in HK\$, or the equivalence in RMB as determined by the average day-end HK\$ to offshore RMB exchange rate quoted by the Industrial and Commercial Bank of China (Asia) Limited over the five settlement days prior to the Completion Date (excluding the Completion Date).

The Purchaser undertakes to procure the payment of the outstanding balance of the Shareholders' Loan pursuant to such amount as shown in the Completion Management Accounts by the Target Company to the Company at Completion. As at the date of the Sale and Purchase Agreement, the outstanding balance of the Shareholders' Loan amounts to approximately HK\$115.2 million.

Audited Accounts Adjustment

The Parties agree that an audit of the Completion Management Accounts (including the profit and loss account and balance sheet) shall be completed by an audit firm jointly appointed by the Parties within twenty (20) Business Days after the Completion Date (or such other date as may be agreed by the Parties in writing). The base date of the audit shall be the day immediately prior to the Completion Date. The relevant completion audit report (the "**Completion Audit Report**") issued by the appointed audit firm shall constitute the basis for any Audited Accounts Adjustment as illustrated below.

In the event that the audited net asset value of the Target Company as shown in the Completion Audit Report is less than the Completion NAV, the shortfall shall be payable by the Company to the Purchaser in cash within thirty (30) Business Days after the date of issue of the Completion Audit Report.

In the event that the audited net asset value of the Target Company as shown in the Completion Audit Report is higher than the Completion NAV, the excess shall be payable by the Purchaser to the Company in cash within thirty (30) Business Days after the date of issue of the Completion Audit Report.

In any event, the Management Accounts Adjustment and the Audited Accounts Adjustment in aggregate shall not exceed 10% of the Initial Consideration.

Conditions Precedent

Completion shall be subject to and conditional upon the fulfilment or waiver (as the case may be) of the following Conditions Precedent:

- (a) the representations, warranties and undertakings made by the Parties under the Sale and Purchase Agreement remain accurate, true and complete in all material respects from the date of the Sale and Purchase Agreement up to and including the Completion Date, and shall have the same effect as if made at and as of such dates, save as expressly provided to the contrary in the Sale and Purchase Agreement;
- (b) each of the Parties has performed and complied with all obligations, responsibilities, undertakings and conditions contained in the Sale and Purchase Agreement that are required to be performed or complied with by it on or prior to the Completion Date;

- (c) all necessary third-party consents, authorisations and approvals (if required) in connection with the transfer of the Sale Shares have been obtained, and the Sale Shares are not subject to any pledges, freezing orders, encumbrances or third-party rights that may restrict or impede the transfer of the Sale Shares;
- (d) the Company having completed all relevant vetting and approval procedures in relation to connected transactions under the Listing Rules, including but not limited to obtaining the Board's and the Independent Shareholders' approval in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder at the Company's general meeting;
- (e) the Company has obtained all necessary consents and approvals required for the transactions contemplated under the Sale and Purchase Agreement;
- (f) the Purchaser has obtained all necessary consents and approvals required for the transactions contemplated under the Sale and Purchase Agreement; and
- (g) the Purchaser has obtained all required confirmations and/or waivers for the transactions contemplated under the Sale and Purchase Agreement, as well as all relevant third-party consents, authorisations and approvals (if required), and has completed all relevant reviews, registrations and filings with governmental or regulatory authorities or agencies (including those in the PRC and Hong Kong), which include but is not limited to their consents, approvals, authorisations, confirmations, or permits granted or deemed to be granted under applicable foreign direct investment laws and regulations, and such confirmations and/or waivers have not been revoked prior to Completion.

The Purchaser may waive the fulfillment of any of Conditions Precedent (except for Conditions Precedent (d) to (g)) in writing.

If any of the Conditions Precedent are not fulfilled or waived (except for Conditions Precedent (d) to (g)) on or before the Long Stop Date (or such other date as may be agreed by the Parties in writing), the Sale and Purchase Agreement shall be void and terminated.

Completion

Completion shall take place at 10:00 a.m. (or such other time as the Parties may agree in writing) on the Completion Date (i.e. the second Business Day after all of the Conditions Precedent have been satisfied or waived (or such other date as the Parties may agree in writing)).

Immediately after Completion, the Company will cease to hold any equity interest in the Target Company, and the Target Company will cease to be a subsidiary of the Company.

Stamp duty and taxes

All stamp duty payable in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder shall be borne equally by the Parties.

The Parties shall be responsible for their respective taxes arising from the transactions contemplated under the Sale and Purchase Agreement in the PRC in accordance with PRC laws (if applicable).

VALUATION

The Company engaged China Enterprise Appraisals Co., Ltd.* (北京中企華資產評估有限責任公司), the Independent Valuer, to conduct the valuation of the Target Company (including the 7.55% equity interest in CNNC Leasing held by the Target Company) for the purpose of the Disposal.

Valuation approach and methodology

The fair value of the entire equity interest in the Target Company of HK\$167,352,569.30 as at the Valuation Benchmark Date is determined by the Valuer using the asset-based approach. The Valuer issued the Valuation Report on 29th September, 2024.

In arriving at the appraised fair value of the Target Company, the Independent Valuer has considered three generally accepted approaches, namely the income approach, market approach, and asset-based approach in accordance with the Asset Appraisal Practice Code — Enterprise Value. The income approach refers to the determination of the value of an appraised object based on its future expected income, which is capitalised or discounted to present value. The market approach refers to the assessing of the value of an appraised object based on the market price of a comparable reference object by comparing the appraised object with the comparable reference object. The asset-based approach refers to the valuation approach that uses the balance sheet of the appraised object as at a given valuation base date as the basis for appraising the value of various assets and liabilities to determine the value of the appraised object.

Due to the absence of relevant reference object and limited transaction cases that are directly comparable to the valuation subject (i.e. the Target Company) in the Hong Kong capital market, the market approach is not considered to be the most appropriate for the valuation. The valuation subject is an investment holding company without business operation, and its future income could not be predicted or measured in monetary terms. As such, the income approach is not adopted for the valuation. As the Target Company's long-term investments (i.e. the 7.55% equity interest in CNNC Leasing held by the Target Company) constitute its major assets, the asset-based approach has been adopted as the primary method in the valuation.

In relation to the Target Company's long-term investments (i.e. the 7.55% equity interest in CNNC Leasing held by the Target Company), the market approach has been adopted in appraising its fair value. The commonly used valuation ratios in the market approach include price-to-earnings (P/E), price-to-book (P/B), price-to-sales (P/S), and enterprise value to EBITDA (EV/EBITDA). Having considered that (i) the company being evaluated (i.e. CNNC Leasing) is in the leasing industry, where its business is closely related to the macroeconomic environment and is heavily influenced by national monetary policies and financial industry regulations; (ii) leasing companies are capital-driven, where the size of their net capital and the quality of their total assets are critical to realising their value; and (iii) leasing companies' profitability is a key indicator of their value, the P/B ratio and P/E ratio were selected by the Independent Valuer for the valuation of the Target Company's long-term investments.

To select appropriate comparables, the Independent Valuer focused on market transactions involving companies engaging in the business of provision of finance leases in the PRC. Comparable transactions within a recent timeframe were identified and selected from a valuation database based on, among others, (i) the subject company involved in the market transaction is principally engaged in the business of provision of finance leases in the PRC; and (ii) the market transaction involved a transfer of minority interest of the subject company (similar to the minority interest of CNNC Leasing held by the Target Company). Based on these selection criteria and review procedures, the Independent Valuer selected four comparable transactions. The results of the market approach considered the average of both the P/B ratio and P/E ratio. The average P/B ratio derived from the comparable transactions was 0.9861, and the average P/E ratio derived therefrom was 13.70.

As at the Valuation Benchmark Date, the carrying amount of the net assets of the Target Company was approximately HK\$125.2 million, and the appraised value of its net assets is approximately HK\$167.4 million, representing an increase of approximately HK\$42.2 million over the carrying amount of the net assets. The main reason for the increase is the Target Company's long-term investments increased by approximately HK\$42.2 million after being appraised using the market approach, from a carrying amount of approximately HK\$430.6 million.

Key assumptions of the Valuation

The following key assumptions were adopted in the preparation of the Valuation Report:

1. it is assumed that all subjects to be appraised are in the process of transaction, and the valuer makes estimations in an analogical market according to the transaction conditions of the assets to be appraised;

2. it is assumed that all assets, whether currently traded or intended for future market transactions, are exchanged between buyers and sellers with equal standing. Both parties are provided with the opportunity and time to obtain sufficient market information, and the transaction is conducted on a voluntary basis with rational judgment regarding the functionality, use, and price of the assets;
3. it is assumed that there are no material changes to the relevant laws, regulations, policies, or macroeconomic conditions in the jurisdiction where the valuation subject currently operates, nor significant changes to the political, economic, and social environment in the regions where the parties to this transaction are located at;
4. it is assumed that the valuation subject will continue as a going concern as of the Valuation Benchmark Date;
5. it is assumed that there will be no material changes in the relevant interest rates, exchange rates, tax bases and tax rates, and policy-related charges, etc. in relation to the valuation subject after the Valuation Benchmark Date;
6. it is assumed that after the Valuation Benchmark Date, the management of the valuation subject will remain responsible, stable, and capable of assuming their positions;
7. unless otherwise specified, it is assumed that the valuation subject fully complied with all relevant laws and regulations;
8. it is assumed that there are no force majeure and unforeseeable factors that will lead to a significant adverse impact on the valuation subject after the Valuation Benchmark Date;
9. it is assumed that the accounting policies adopted by the valuation subject after the Valuation Benchmark Date are consistent in all material aspects with those adopted at the time of preparation of the Valuation Report;
10. it is assumed that the valuation subject will maintain the same business scope, operations, and management direction and level as the current situation after the Valuation Benchmark Date; and
11. it is assumed that after the Valuation Benchmark Date, the cash inflow and outflow of the valuation subject are the average inflow and outflow respectively.

The Directors have reviewed and considered the Valuation Report, the methodology adopted, the basis, key assumptions and the quantitative inputs used, in arriving at the valuation and the rationale of the Independent Valuer adopting the asset-based approach. There are no irregularities noted by the Directors (including the independent non-executive Directors) in relation to the quantitative inputs in the valuation and the Directors consider the methodology adopted for and the basis, key assumptions and quantitative inputs used in the valuation to be fair and reasonable.

INFORMATION ON THE TARGET GROUP

The Target Company

The Target Company is an investment holding company incorporated in Hong Kong on 23rd December, 2008 with limited liability. As at the date of this announcement, (i) the total number of the issued shares of the Target Company is 10,000; and (ii) the Target Company is wholly and beneficially owned by the Company.

CNNC Leasing

As at the date of this announcement, the Target Company holds 7.55% equity interest in CNNC Leasing. CNNC Leasing is a company established under the laws of the PRC on 22nd December, 2015 and controlled by CNNC (the ultimate parent company of the Group) and its subsidiaries (but excluding the Group) (the “**Parent Group**”). CNNC Leasing is principally engaged in the provision of financial leasing and financial guarantees on clean energy-related projects including but not limited to nuclear energy, wind power and hydro power.

Set out below is the audited financial information of the Target Group prepared in accordance with the Hong Kong Financial Reporting Standards issued by a Certified Public Accountant for the two years ended 31st December, 2023 and the six months ended 30th June, 2024:

	For the year ended 31st December,		For the six months ended
	2022	2023	30th June, 2024
	<i>Approximately HK\$' million</i>	<i>Approximately HK\$' million</i>	<i>Approximately HK\$' million</i>
	(audited)	(audited)	(audited)
Revenue	—	—	—
Profit/(loss) before taxation	28.092	12.834	116.266 <i>(Note)</i>
Profit/(loss) after taxation	25.701	10.453	114.651 <i>(Note)</i>

**As at
30th June,
2024**

*Approximately
HK\$' million
(audited)*

Net assets 125.151

Note: During the six months ended 30th June, 2024, the Target Group recorded profit after tax of approximately HK\$114.651 million (year ended 31st December, 2023: approximately HK\$10.453 million), which was primarily due to a reversal on impairment loss on amount due from a fellow subsidiary of approximately HK\$108.899 million.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As at the date of this announcement, the Company is principally engaged in the trading of natural uranium products. It is the strategic positioning of the Group to become the major platform of its parent group in overseas uranium resources exploration, development and trading. This strategic alignment is expected to facilitate the Group in further strengthening its uranium trading business and expand its reach into the PRC and worldwide market, which in turn would enhance the Group's profitability in the long run.

The Directors consider the Disposal of the Target Company, which holds a minority interest in CNNC Leasing which is unrelated to the Company's principal business, a prudent and timely opportunity for the Group to monetise its investment at a fair and reasonable price. Despite CNNC Leasing has been yielding dividend income in past years, it is deemed a non-core asset and does not align with the Group's primary focus on uranium resources. The Directors are of the view that the Disposal will allow the Group to reallocate resources more effectively towards advancing its core business and executing its long-term strategy in uranium resource trading and other related business activities.

The Disposal is also expected to improve the Group's liquidity, allowing for a more efficient allocation of internal resources. The net proceeds from the Disposal, estimated to be approximately HK\$164.4 million, based on the Initial Consideration and after deducting the estimated professional fees and other related expenses and taxes directly attributable to the Disposal, will be applied to bolster the Group's working capital and enhance its financial capacity for further development of the Group's uranium-related business.

The Directors are of the view that by divesting this non-core assets, the Group will be better positioned to reduce financial exposure and capital commitment to non-strategic sectors and channel resources into expanding its uranium business, thus supporting its strategic goal of strengthening its position in the global uranium trading market, which shall be beneficial to the long-term development and overall profitability of the Group in the long run.

In view of the above, the Directors (other than the independent non-executive Directors whose views will be contained in the circular to be published by the Company after considering the advice from the Independent Financial Adviser), have reviewed the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder and consider them to be on normal commercial terms, fair, and reasonable, and hence the Disposal is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

Upon Completion, 100% equity interest of the Target Company will be held by CNNCTM, and ultimately owned by the CNNC Group. The Company will cease to have any equity interest in the Target Company and, accordingly, the Target Company will cease to be a subsidiary of the Company and the financial results and assets and liabilities of the Target Group will no longer be consolidated into the consolidated financial statements of the Group.

Based on the Initial Consideration and the Base NAV, the Group currently estimates that it will record a gain of approximately HK\$39.2 million (after deducting the estimated professional fees and other related expenses and taxes of approximately HK\$3.0 million) on the Disposal. The actual gain or loss on the Disposal to be recorded by the Company will depend on the Completion Consideration (as adjusted from the Initial Consideration after the Management Accounts Adjustment) and as further adjusted by the Audited Accounts Adjustment, and the actual consolidated net asset value of the Target Company as at the Completion Date, and therefore may be different from the amount mentioned above.

Shareholders and potential investors should note that the above expectation is for illustrative purposes only. The actual accounting gain or loss in connection with the Disposal may be different from the above and will be determined based on the financial position of the Target Company as at the Completion Date.

The net proceeds from the Disposal, based on the Initial Consideration and after deducting the estimated professional fees and other related expenses and taxes directly attributable to the Disposal of approximately HK\$3.0 million, will amount to approximately HK\$164.4 million. It is intended that the net proceeds will be used for further development of the Group's uranium-related business and as general working capital of the Group.

INFORMATION ON THE PURCHASER

The Purchaser, CNNCTM, is a company incorporated in Hong Kong with limited liability and is a subsidiary of CNNC. CNNC is the ultimate controlling shareholder of the Company, holding approximately 66.72% of the Company's issued share capital through its subsidiary, CNOL. The Purchaser is principally engaged in treasury management and investment.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal, together with the payment of outstanding balance of the Shareholders' Loan, contemplated under the Sale and Purchase Agreement exceed(s) 25%, but all of the applicable percentage ratios are less than 75%, the Disposal constitutes a major transaction of the Company, which is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

In addition, as at the date of this announcement, the Purchaser, CNNCTM, is a subsidiary of CNNC. CNNC is the ultimate controlling shareholder of the Company, holding approximately 66.72% of the Company's issued share capital through its subsidiary, CNOL. Accordingly, CNNCTM, being a subsidiary of CNNC, is a connected person of the Company, hence the Disposal also constitutes a connected transaction of the Company, which is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Based on the above, the Disposal is subject to (i) the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules; and (ii) the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The EGM will be convened by the Company to seek the Independent Shareholders' approval of the Disposal upon the approval of the circular by the Stock Exchange and the circular to be issued by the Company.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the relevant connected transaction contemplated under the Sale and Purchase Agreement is required to abstain from voting on the relevant resolution at the EGM. Given that the Purchaser, CNNCTM, is a subsidiary of CNNC, whereas CNOL is a subsidiary of CNNC, CNOL is regarded as having material interests in the Sale and Purchase Agreement and the transactions contemplated thereunder. Accordingly, CNOL and its associates will be required to abstain from voting on the relevant resolution in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder to be proposed at the EGM. Mr. Wang Cheng, Mr. Zhang Yi, Mr. Sun Ruofan and Mr. Wu

Ge, all being Directors, have also held positions in the CNNC Group or its associates and are regarded as having material interests in the Sale and Purchase Agreement and the transactions contemplated thereunder. Accordingly, each of them had abstained from voting at the Board meeting on the relevant resolution. To the best of the Directors' knowledge and information, no other Shareholder is required to abstain from voting on the relevant resolution in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder.

The Independent Board Committee which comprises Mr. Cui Liguu, Mr. Zhang Lei, Mr. Chan Yee Hoi and Ms. Liu Yajie, all being independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Disposal contemplated under the Sale and Purchase Agreement. The Independent Financial Adviser, Red Sun Capital, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (a) details of the Disposal contemplated under the Sale and Purchase Agreement; (b) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (c) a letter of advice from Red Sun Capital to the Independent Board Committee and the Independent Shareholders on the Disposal contemplated under the Sale and Purchase Agreement; and (d) a notice of the EGM, is expected to be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cnnintl.com) on or before 6th November, 2024.

Shareholders and potential investors of the Company should note that Completion is subject to a number of Conditions Precedent which may or may not be fulfilled or waived (as applicable), and the Disposal may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audited Accounts Adjustment”	refers to the adjustment as particularised in the paragraph headed “The Sale and Purchase Agreement — Audited Accounts Adjustment” in this announcement
“Base Audited Accounts”	the audited accounts of the Target Company for the six months ended 30th June, 2024 prepared and signed by a Certified Public Accountant in accordance with the Hong Kong Financial Reporting Standards

“Base NAV”	the audited net asset value of the Target Company as shown in the Base Audited Accounts as at 30th June, 2024, amounting to HK\$125,151,242.72
“Board”	the board of Directors
“Business Day(s)”	a day on which commercial banks in Hong Kong and the PRC are open for general business (other than any Saturday and Sunday)
“CNNC”	China National Nuclear Corporation (中國核工業集團有限公司), which is directly wholly-owned by the SASAC as at the date of this announcement
“CNNC Group”	CNNC and its subsidiaries (other than the Group)
“CNNC Leasing”	CNNC Financial Leasing Limited Company* (中核融資租賃有限公司), a company established under the laws of the PRC on 22nd December, 2015 and controlled by CNNC
“CNOL”	CNNC Overseas Limited (中核海外有限公司) (formerly known as CNNC Overseas Uranium Holding Limited (中核海外鈾業控股有限公司), a company incorporated in Hong Kong with limited liability, being a subsidiary of CNNC and the immediate holding company of the Company holding approximately 66.72% Shares as at the date of this announcement
“Company”	CNNC International Limited (中核國際有限公司), a company incorporated in the Cayman Islands whose issued Shares are listed on the Main Board of the Stock Exchange (Stock Code: 2302)
“Completion”	the completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Consideration”	the total consideration payable by the Purchaser to the Company for the Sale Shares (i.e. Initial Consideration subject to the Management Accounts Adjustment), details of which are set out in the paragraph headed “The Sale and Purchase Agreement — Consideration” in this announcement
“Completion Date”	the second Business Day after all of the Conditions Precedent have been satisfied or waived (or such other date as the Parties may agree in writing)

“Completion Management Accounts”	the unaudited management accounts of the Target Company as at the Completion Management Accounts Date consisting of a profit and loss account and a balance sheet with a breakdown of the assets and liabilities of the Target Company
“Completion Management Accounts Date”	the day immediately prior to the Completion Date (or such other date as the Parties may agree in writing)
“Completion NAV”	the net asset value of the Target Company as shown in the Completion Management Accounts
“Conditions Precedent”	the conditions precedent to Completion, as set forth in the paragraph headed “The Sale and Purchase Agreement — Conditions Precedent” in this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Company pursuant to the terms and conditions of the Sale and Purchase Agreement
“EGM”	the extraordinary general meeting of the Company to be convened and held to, among other things, consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, comprising all independent non-executive Directors, established for the purpose of advising the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder

“Independent Financial Adviser” or “Red Sun Capital”	Red Sun Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders other than CNOL and its associates
“Independent Valuer”	China Enterprise Appraisals Co., Ltd.* (北京中企華資產評估有限責任公司), a qualified valuer in the PRC who is independent of the Company and its connected persons
“Initial Consideration”	the initial consideration for the Disposal in the amount of HK\$167,352,569.30
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Long Stop Date”	31st January, 2025 (or such other date as the Parties may agree in writing)
“Management Accounts Adjustment”	refers to the adjustment as particularised in the paragraph headed “The Sale and Purchase Agreement — Consideration — Management Accounts Adjustment” in this announcement
“Parties”	the parties to the Sale and Purchase Agreement, namely, the Company and the Purchaser, and each a “Party”
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region
“Purchaser” or “CNNCTM”	CNNC Treasury Management Co. Limited (中核財資管理有限公司), a company incorporated in Hong Kong with limited liability and a subsidiary of CNNC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 16th October, 2024 entered into by the Parties in relation to the Disposal

“Sale Shares”	10,000 ordinary shares of HK\$1 each of the Target Company, representing the entire issued share capital of the Target Company
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中國國務院國有資產監督管理委員會)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholders’ Loan”	the non-interest bearing and unsecured loans provided by the Company to the Target Company, which is interest-free, unsecured and repayable on demand, and has a carrying amount of approximately HK\$115.2 million as at the date of the Sale and Purchase Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Company”	CNNC International (HK) Limited (中核國際(香港)有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Target Group”	the Target Company and its subsidiaries
“Valuation Benchmark Date”	the valuation benchmark date adopted in the Valuation Report, i.e. 30th June, 2024

“Valuation Report” the valuation report prepared by the Independent Valuer in respect of the valuation of the Target Company as at the Valuation Benchmark Date

“%” per cent

By order of the Board
CNNC International Limited
中核國際有限公司
Li Philip Sau Yan
Company Secretary

Hong Kong, 16th October, 2024

As at the date of this announcement, the Board comprises non-executive Director and chairman, namely, Mr. Wang Cheng, executive Director and chief executive officer, namely, Mr. Zhang Yi, non-executive Directors, namely, Mr. Wu Ge and Mr. Sun Ruofan, and independent non-executive Directors, namely, Mr. Cui Liguo, Mr. Zhang Lei, Mr. Chan Yee Hoi and Ms. Liu Yajie.

* *For identification purposes only*