
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in China Nuclear Energy Technology Corporation Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



CHINA NUCLEAR ENERGY TECHNOLOGY CORPORATION LIMITED 中國核能科技集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 611)

- (1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO
THE DISPOSAL OF 14.43% EQUITY INTEREST IN
CHINA NUCLEAR INDUSTRY MAINTENANCE CO., LTD.*;**
(2) SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE;
AND
(3) NOTICE OF SPECIAL GENERAL MEETING

Financial Adviser to the Company in respect of the Subscription



**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders in respect of the Disposal**



Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A notice convening the SGM of China Nuclear Energy Technology Corporation Limited to be held at the Function Room, 2/F, the Harbourview, 4 Harbour Road, Wan Chai, Hong Kong, on Tuesday, 28 December 2021, at 10:00 a.m. is set out on pages SGM-1 to SGM-4 of this circular. Whether or not you are able to attend the SGM, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM (i.e. no later than 10:00 a.m. on Sunday, 26 December 2021) or any adjournment thereof (as case maybe). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the SGM if they so wish.

7 December 2021

To safeguard the health and safety of the Shareholders and to prevent the spreading of the coronavirus disease 2019 ("COVID-19") pandemic, the Company will implement additional precautionary measures at the SGM including, without limitation:

- compulsory body temperature screening;
- mandatory wearing of surgical face masks;
- no distribution of corporate gift or refreshment;
- appropriate distancing and seating will be maintained and as such, the Company may limit the number of attendees at the SGM as may be necessary to avoid over-crowding; and
- any person who does not comply with the precautionary measures to be taken at the SGM may be denied entry into the meeting venue.

The Company strongly advises Shareholders to appoint the chairman of the SGM as their proxy to vote on the relevant resolution(s) as an alternative to attending the SGM in person. Shareholders are advised to read page (i) of this circular for further details and monitor the development of COVID-19. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

* for identification purpose only

PRECAUTIONARY MEASURES FOR SGM

In view of the ongoing development of COVID-19 and recent requirements for prevention and control of its spread by the Hong Kong Government, the Company strongly encourages the Shareholders not to attend the SGM in person and the Company strongly recommends the Shareholders to exercise their voting rights by appointing the chairman of the SGM as their proxy to vote on the relevant resolution(s) at the SGM as an alternative to attending the SGM in person. The Shareholders are reminded that physical attendance at the SGM is not necessary for the purpose of exercising the voting rights. Shareholders who choose to do so should take action as soon as possible to ensure the proxy instructions reach our share registrar not less than 48 hours before the time fixed for holding the SGM (i.e. no later than 10:00 a.m. on Sunday, 26 December 2021).

The Company will implement the following preventive measures at the SGM to protect attending Shareholders from the risk of infection:

- compulsory body temperature check will be conducted for every Shareholder, proxy or other attendee at the entrance of the venue and anyone with abnormal body temperature may be denied entry into the venue;
- the Company may limit the number of attendees at the SGM as may be necessary to avoid over-crowding and maintain appropriate distance and space;
- every Shareholder, proxy or other attendee is mandatorily required to use of surgical face masks throughout the SGM; and
- no distribution of corporate gifts and no refreshments will be served.

Shareholders are in any event asked (a) to consider carefully the risk of attending the SGM, which will be held in an enclosed environment; (b) to follow any requirements or guidelines of the Hong Kong Government relating to COVID-19 in deciding whether or not to attend the SGM; and (c) not to attend the SGM if they have contracted or are suspected to have contracted COVID-19 or have been in close contact with anybody who has contracted or is suspected to have contracted COVID-19.

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DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“China He (HK)”	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, the controlling shareholder of the Company as at the Latest Practicable Date
“CNNC”	China National Nuclear Corporation (中國核工業集團有限公司), an enterprise established in the PRC directly owned by the SASAC
“Company”	China Nuclear Energy Technology Corporation Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 611)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of 14.43% equity interest in the Target Company by the Vendor to the Purchaser pursuant to the Equity Transfer Agreement
“Disposal Completion”	the completion of the Disposal
“Equity Transfer Agreement”	the equity transfer agreement dated 18 November 2021 entered into between the Vendor and the Purchaser in relation to the Disposal
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of such Executive Director

DEFINITIONS

“Financial Adviser”	Huatai Financial Holdings (Hong Kong) Limited, licensed corporation to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO and appointed by the Company in respect of the Subscription
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee, comprising all the independent non-executive Directors, established to consider the terms of the Equity Transfer Agreement and the transactions contemplated thereunder and to advise the Independent Shareholders in this regard
“Independent Financial Adviser”	Octal 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 and appointed by the Company for the purposes of advising the Independent Board Committee and the Independent Shareholders on the Equity Transfer Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders who, under the Listing Rules, are not required to abstain from voting for the transactions contemplated under the Equity Transfer Agreement
“Last Trading Day”	12 November 2021, being the last trading day prior to the signing of the Subscription Agreement
“Latest Practicable Date”	3 December 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

DEFINITIONS

“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 January 2022 or such other date as may be agreed in writing by the parties to the Subscription Agreement
“MW”	megawatts, which is equal to 1,000,000 watts
“Nanshan Holdings”	深圳市新南山控股(集團)股份有限公司 (transliterated as Shenzhen New Nanshan Holdings Group Co. Ltd*), a company established in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002314)
“PRC”	the People’s Republic of China, which for the purposes of this announcement, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	中核投資有限公司 (transliterated as China Nuclear Investment Company Limited*), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of CNNC
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)

DEFINITIONS

“SGM”	a special general meeting of the Company to be convened and held for the purposes of, among other matters, considering and, if thought fit, approving (i) the Subscription Agreement and the transactions contemplated thereunder; (ii) the granting of the Specific Mandate; and (iii) the Equity Transfer Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board at the SGM for the allotment and issue of the Subscription Shares pursuant to the Subscription Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Yahgee International (Hong Kong) Co., Limited (雅致國際(香港)有限公司), a company incorporated in Hong Kong with limited liability
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement under Specific Mandate
“Subscription Agreement”	the subscription agreement dated 14 November 2021 entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Completion”	the completion of the Subscription pursuant to the terms and conditions of the Subscription Agreement
“Subscription Price”	the subscription price of HK\$0.882 per Subscription Share
“Subscription Shares”	538,942,750 Shares to be allotted and issued by the Company to the Subscriber pursuant to the Subscription Agreement
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs

DEFINITIONS

“Target Company”	中核檢修有限公司 (transliterated as China Nuclear Industry Maintenance Co., Ltd.*), a company established in the PRC with limited liability
“US\$”	United States dollar(s), the lawful currency of United States of America
“Vendor”	CNE Holdings Company Limited (中國核能控股有限公司), a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company

For the purpose of illustration only and unless otherwise stated, conversion of RMB into Hong Kong dollars in this circular is based on the exchange rate of HK\$1 to RMB0.82093; conversion of US\$ into Hong Kong dollars in this circular is based on the exchange rate of US\$1 to HK\$7.8. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

* *For identification purpose only*

LETTER FROM THE BOARD



CHINA NUCLEAR ENERGY TECHNOLOGY CORPORATION LIMITED
中國核能科技集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 611)

Executive Directors:

Mr. Zhao Yixin (*Chairman*)
Mr. Liu Genyu (*Vice Chairman*)
Mr. Chung Chi Shing
Mr. Fu Zhigang (*Chief Executive Officer*)
Ms. Jian Qing
Mr. Li Jinying
Mr. Tang Jianhua (*Chief Operation Officer*)
Mr. Wu Yuanchen

Independent Non-executive Directors:

Mr. Chan Ka Ling Edmond
Mr. Kang Xinquan
Mr. Tian Aiping
Mr. Wang Jimin

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Principal Place of Business
in Hong Kong:*

Room 2801
28th Floor
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

7 December 2021

To the Shareholders

Dear Sir or Madam,

- (1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO
THE DISPOSAL OF 14.43% EQUITY INTEREST IN
CHINA NUCLEAR INDUSTRY MAINTENANCE CO., LTD.*;**
**(2) SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE;
AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

Reference is made to the announcements of the Company dated 14 November 2021 and 18 November 2021 in relation to the Subscription and the Disposal, respectively.

LETTER FROM THE BOARD

The purpose of this circular is to provide the Shareholders with, among other matters, further information on (i) the Subscription Agreement and the transactions contemplated thereunder (including the Specific Mandate); (ii) the Equity Transfer Agreement and the transactions contemplated thereunder; (iii) a letter of recommendations from the Independent Board Committee to the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (v) a notice of the SGM.

(1) THE DISPOSAL

On 18 November 2021 (after trading hours), the Vendor, a direct wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase 14.43% equity interest in the Target Company at a consideration of RMB141,110,970 (approximately equivalent to HK\$171,891,598.55) in cash.

THE EQUITY TRANSFER AGREEMENT

Date

18 November 2021 (after trading hours)

Parties

- (a) the Vendor; and
- (b) the Purchaser.

Assets to be disposed

Pursuant to the Equity Transfer Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase 14.43% equity interest in the Target Company.

As at the Latest Practicable Date, the Target Company is held as to 14.43% by the Company while the remaining equity interest is held by other shareholders of the Target Company. Therefore, the Target Company is an associate company of the Group and the results and assets and liabilities of the Target Company have been accounted for in the consolidated financial statements of the Group under equity method of accounting. Upon the Disposal Completion, the Company will no longer hold any equity interest in the Target Company and the Target Company will cease to be an associate company of the Group.

LETTER FROM THE BOARD

Consideration

Pursuant to the Equity Transfer Agreement, the initial consideration for the Disposal is RMB141,110,970 (approximately equivalent to HK\$171,891,598.55) and shall be paid by the Purchaser to the Vendor in full and in a lump sum within 20 days after registration at relevant PRC governmental authorities to effect the changes in the shareholding structure as the result of the Disposal, which will take place within 15 business days after all conditions precedent of the Disposal have been satisfied or waived (as the case may be).

The consideration for the Disposal was agreed between the Vendor and the Purchaser after arm's length negotiations based on the valuation of the assets of the Target Company of RMB977,900,000 as at 30 June 2021 in a valuation report prepared by 中瑞世聯資產評估集團有限公司 (transliterated as Zhongrui Shilian Asset Valuation Group Limited Company*), an independent and duly qualified PRC valuer using the income approach on 14 November 2021, subject to adjustment based on the valuation of the assets of the Target Company in the valuation report to be filed with the SASAC or its authorized and/or designated entity in the PRC.

Conditions precedent of the Disposal

The Equity Transfer Agreement will become effective upon the satisfaction of the following conditions:

- (a) approval by the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder having been obtained by the Purchaser under the Listing Rules;
- (b) approval by the SASAC or its authorized and/or designated entity in the PRC in respect of the Equity Transfer Agreement and the transactions contemplated thereunder having been obtained; and
- (c) relevant valuation reports having been filed with the SASAC or its authorized and/or designated entity in the PRC.

The above conditions (a) to (c) (inclusive) cannot be waived in any event.

Completion of the Disposal is conditional upon the satisfaction (if applicable, waiver) of the following conditions on or before 31 December 2021 or such later date as the Vendor and the Purchaser may agree:

- (a) all the required internal approvals, approvals by governmental or administrative authorities in Hong Kong in respect of the Equity Transfer Agreement and the transactions contemplated thereunder having been obtained by the Vendor;

LETTER FROM THE BOARD

- (b) all the required internal approvals, approvals by governmental or administrative authorities in the PRC in respect of the Equity Transfer Agreement and the transactions contemplated thereunder having been obtained by the Purchaser;
- (c) the warranties, representations and undertaking given by the Vendor under the Equity Transfer Agreement remaining true and accurate in all respects and not misleading;
- (d) the warranties, representations and undertaking given by the Purchaser under the Equity Transfer Agreement remaining true and accurate in all respects and not misleading;
- (e) all parties having duly performed and complied with duties and obligations provided in the Equity Transfer Agreement in all and any material aspects, and having not breached any of the undertakings they had made in the Equity Transfer Agreement; and
- (f) the relevant shareholders of the Target Company having consented to waive any right of first refusal in respect of the Equity Transfer Agreement and the transactions contemplated thereunder.

The Purchaser reserves the right to waive the above conditions (a), (c) and (e) (in respect of the duties, obligations and undertakings applicable to the Vendor); the Vendor reserves the right to waive the above conditions (b), (d) and (e) (in respect of the duties, obligations and undertakings applicable to the Purchaser); the above condition (f) cannot be waived.

As at the Latest Practicable Date, none of the above conditions precedent has been satisfied or waived.

Disposal Completion

The Disposal Completion shall take place immediately upon the satisfaction (if applicable, waiver) of all conditions precedent of the Disposal or such other date as the Vendor and the Purchaser may agree in writing.

Upon the Disposal Completion, the Company will no longer hold any equity interest in the Target Company and the Target Company will cease to be an associate company of the Group.

LETTER FROM THE BOARD

INFORMATION OF THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability. It is principally engaged in the (a) construction work for various types of nuclear reactors, nuclear power plants, and radioactive chemical engineering projects in the PRC; (b) businesses of maintenance of nuclear power plants; and (c) the provision of electrical equipment technology consultancy and technical services. As at the Latest Practicable Date, the Target Company is held as to 14.43% by the Company and is therefore an associate company of the Group and belongs to the other business segments of the Group.

Set out below is the audited financial information of the Target Company for the two financial years ended 31 December 2019 and 2020 prepared in accordance with the generally accepted accounting standards in the PRC are as follows:

	For the year ended 31 December 2019 RMB'000 (audited)	For the year ended 31 December 2020 RMB'000 (audited)
Net Profit before tax	121,209	153,417
Net Profit after tax	105,222	133,396

The audited net asset value of the Target Company as at 31 December 2020 was RMB634,077,628.98.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in new energy operations, including (a) the EPC and consultancy and general construction segment which comprises the Group's EPC and consulting services operations relating to construction of photovoltaic power plant and other general construction and engineering services; (b) the power generation segment which comprises the Group's power generation operations; (c) the financing segment which comprises the Group's financing operations; (d) the manufacturing and trading business segment which comprises the Group's manufacturing and trading of solar power related products; and (e) the other segments which comprise the Group's corporate management, investment and treasury services, to which the Target Company belongs. In addition, the Group has been participating in other businesses such as inspection, maintenance, repair, construction, installation and provision of expertise in such works for nuclear power plants via its associated companies.

LETTER FROM THE BOARD

Upon Disposal Completion, the Company will focus on its new energy operations in the PRC. Besides, the consideration for the Disposal will be settled in cash which would be used to partially repay the bank loan of the Company amounted to US\$30 million (equivalent to approximately HK\$234 million) which will mature in June 2022, the Disposal will ease the short term financial pressure and improve the gearing position of the Group by reducing its liabilities.

The Directors (including the independent non-executive Directors, other than the Directors who had abstained from voting on the Board resolutions in respect of the entering into of the Equity Transfer Agreement) are of the view that the transactions contemplated under the Equity Transfer Agreement are entered into after arm's length negotiation in the ordinary course of business on normal commercial terms or better, and the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL

Based on the consideration for the Disposal and the net assets value of the equity interests to be disposed of, it is estimated that a gain of HK\$11,900,000 (after profits tax paid) will be recognized. The actual gain or loss from the Disposal to be recorded by the Company will depend on the audited consolidated financial statements of the Company.

Upon the Disposal Completion, the Company will no longer hold any equity interest in the Target Company and the Target Company will cease to be an associate company of the Group.

The Group intends to utilize the proceeds for the partial repayment of a bank loan of the Company, which is amounted to US\$30 million (equivalent to approximately HK\$234 million) and will mature in June 2022. The Directors are of the view that the Disposal will ease the short-term financial pressure and improve the gearing position of the Group by reducing its liabilities.

INFORMATION OF THE PARTIES TO THE EQUITY TRANSFER AGREEMENT

The Vendor is a company incorporated in the British Virgin islands with limited liability and is a direct wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

The Purchaser is a company established in the PRC with limited liability and principally engaged in investment holding. It is a direct wholly-owned subsidiary of CNNC, the controlling shareholder of the Company, which is a state-owned enterprise established in the PRC and ultimately owned by the SASAC and is primarily engaged in nuclear energy utilization, natural uranium, nuclear fuel and nuclear technology application, engineering construction, nuclear environmental protection, equipment manufacturing, financial investment and other core industries, as well as market-oriented emerging industries such as nuclear industry services, new energy, trade, and health care.

LETTER FROM THE BOARD

(2) THE SUBSCRIPTION

On 14 November 2021, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue, on the date of the Subscription Completion, 538,942,750 Subscription Shares at the Subscription Price of HK\$0.882 per Subscription Share, at an aggregate consideration of HK\$475,347,506.

THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are as follows:

Date

14 November 2021

Parties

- (a) the Company, as issuer; and
- (b) the Subscriber, as subscriber.

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

Subscription Shares

The Subscription Shares represent:

- (a) approximately 41.04% of the existing issued share capital of the Company as at the Latest Practicable Date; and
- (b) approximately 29.10% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there will be no change in the issued share capital of the Company between the Latest Practicable Date and the date of the Subscription Completion, save for the allotment and issue of the Subscription Shares).

The aggregate nominal value of the Subscription Shares will be HK\$53,894,275.

LETTER FROM THE BOARD

The Subscription Shares, when allotted and issued, will rank *pari passu* in all respects among themselves free from all liens, charges, guarantee, adverse interests and adverse claims, and with the Shares in issue as at the date of allotment and issue of the Subscription Shares, including the right to receive all future dividends and distributions which may be declared, made or paid by the Company on or after the date of allotment and issue of the Subscription Shares.

Subscription Price

The Subscription Price of HK\$0.882 per Subscription Share represents:

- (a) a discount of approximately 6.17% to the closing price of HK\$0.94 per Share as quoted on the Stock Exchange on 12 November 2021, being the Last Trading Day;
- (b) a premium of approximately 0.92% over the average closing price of HK\$0.874 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 0.45% to the average closing price of HK\$0.886 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (d) a premium of approximately 2.56% over the audited consolidated net asset value attributable to each Share (including non-controlling interests) of approximately HK\$0.86 per Share as at 31 December 2020, calculated based on the Group's audited consolidated net asset value of HK\$1,126,825,000 as at 31 December 2020 as disclosed in the audited consolidated financial statements of the Company for the year ended 31 December 2020 and 1,313,094,192 Shares in issue as at 31 December 2020;
- (e) a discount of approximately 2% to the unaudited consolidated net asset value attributable to each Share (including non-controlling interests) of approximately HK\$0.90 per Share as at 30 June 2021, calculated based on the Group's unaudited consolidated net asset value of HK\$1,181,902,000 as at 30 June 2021 as disclosed in the unaudited consolidated financial statements of the Company for the six months ended 30 June 2021 and 1,313,094,192 Shares in issue as at 30 June 2021; and
- (f) a discount of approximately 2% to the closing price of HK\$0.90 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to (a) the recent market prices of the Shares on the Stock Exchange as set out above; (b) the current market condition; and (c) the relevant requirements under the Measures for the Supervision and Administration of State-owned Equities of Listed Companies (《上市公司國有股權監督管理辦法》)(the “**Measures**”), as set out below:

LETTER FROM THE BOARD

Market condition

As of 12 November 2021, being the Last Trading Day, the average closing price of the Company for the last thirty consecutive trading days up to and including the Last Trading Day is HK \$0.882 per Share, which is in line with the Subscription Price per Share. Compared with the Company's average closing price for the last ninety consecutive trading days up to and including the Last Trading Day, which is HK \$0.688, the price premium is about 28.27%.

Based on the Subscription Price of HK \$0.882 per Subscription Share, the implied Price-to-Earnings ("PE") (2020) multiple of the Company is 20.3x. Considering that the Company currently focuses on EPC business and plans to accelerate its development in renewable power generation business, comparable companies with exposure to EPC and renewable power generation listed on the Stock Exchange were considered. As shown in the table below, as of the Last Trading Day, the average PE (2020) of comparable companies in EPC business is 10.9x and that of comparable companies in renewable power generation business industry is 25.7x. The Company's implied PE (2020) calculated based on the Subscription Price is between these two average PE multiples and higher than the average of these two average PE multiples.

Listco Name	Stock Code	PE (2020) As of the Last Trading Day
EPC business		
Beijing Enterprises Clean Energy Group Limited	1250.HK	8.9x
China Shuifa Singyes Energy Holdings Limited	0750.HK	13.0x
Tonking New Energy Group Holdings Limited	8326.HK	NA
Average		10.9x
Renewable power generation business		
China Longyuan Power Group Corporation Limited	0916.HK	23.5x
Xinyi Energy Holdings Limited	3868.HK	32.9x
Xinte Energy Co., Ltd.	1799.HK	34.6x
CGN New Energy Holdings Co., Ltd.	1811.HK	21.6x
China Datang Corporation Renewable Power Co., Limited	1798.HK	15.8x
GCL New Energy Holdings Limited	0451.HK	NA
Average		25.7x
Average of the above two average PE multiples		18.3x

LETTER FROM THE BOARD

Measures

Pursuant to the Measures, the Subscription Price shall be no less than the higher of (i) the arithmetic mean of the daily weighted average of the trading price of the Shares in the 30 trading days preceding the day of the relevant indicative announcement (i.e. the announcement issued by the Company on 14 November 2021), which is approximately HK\$0.881 per Share; or (ii) the audited net asset value attributable to each Share based on the most recent audited financial statements of the Company, which is approximately HK\$0.86 per Share.

Conditions precedent of the Subscription

Completion of the Subscription is conditional upon the satisfaction (if applicable, waiver) of the following conditions:

- (a) the Subscriber having obtained all necessary consents and approvals from its internal decision-making body as well as all relevant governmental and regulatory authorities in the PRC in respect of the Subscription Agreement and the transactions contemplated thereunder;
- (b) the Company having obtained all necessary consents and approvals from its internal decision-making body;
- (c) the Company having obtained all necessary consents, approvals, authorisations and/or filings required by the relevant governmental and regulatory authorities in the PRC in respect of the Subscription Agreement and the transactions contemplated thereunder in accordance with the relevant laws and regulations of the PRC, which includes without limitation, the approval of the SASAC;
- (d) the Shareholders having passed the necessary resolution(s) at the SGM to approve the Subscription Agreement and the transactions contemplated thereunder (including the granting of the Specific Mandate for the allotment and issue of the Subscription Shares);
- (e) the Executive having granted a positive ruling for (i) the rebuttal of the presumption that the Subscriber is acting in concert with China He (HK); and that (ii) the Subscription Completion will not result in the Subscriber having the obligation to make a mandatory general offer pursuant to Rule 26.1 of the Takeovers Code;
- (f) the Listing Committee having granted the approval for the listing of, and permission to deal in, the Subscription Shares, and such approval remaining valid as at the date of the Subscription Completion;

LETTER FROM THE BOARD

- (g) the Shares continuing to be listed and traded on the Stock Exchange and no requests having been received from the SFC and/or the Stock Exchange that the listing status of the Shares on the Stock Exchange will be revoked or cancelled as a result of the completion of the Subscription Agreement or any terms thereunder or other matters;
- (h) all warranties given by the Company under the Subscription Agreement being true, accurate and not misleading as at the date of the Subscription Agreement and the date of the Subscription Completion;
- (i) all warranties given by the Subscriber under the Subscription Agreement being true, accurate and not misleading as at the date of the Subscription Agreement and the date of the Subscription Completion;
- (j) the parties to the Subscription Agreement having complied with the obligations as set out in the Subscription Agreement in all material respects;
- (k) there having been no events or circumstances which have a material adverse effect on the business and financial conditions of the Group since the date of the Subscription Agreement; and
- (l) each of the Company and the Subscriber having obtained all necessary approvals, consents or waivers required to complete the Subscription under any agreements to which any members of the Group is a party, including without limitation, all necessary approvals, consents or waivers from the relevant banks in relation to the finance documents set out in the Subscription Agreement.

On or before the Long Stop Date, (i) the Subscriber may at its discretion waive the fulfilment of the conditions precedent stated in paragraphs (b), (h), (j) (in respect of the obligations applicable to the Company), (k), and (l) (in respect of the obligations applicable to the Company) above; and (ii) the Company may at its discretion waive the fulfilment of the conditions precedent stated in paragraphs (a), (i), (j) (in respect of the obligations applicable to the Subscriber) and (l) (in respect of the obligations applicable to the Subscriber) above.

The conditions precedent stated in paragraphs (c) to (g) above cannot be waived by any party to the Subscription Agreement.

For the avoidance of doubt, the Subscription and the Disposal are not inter-conditional to each other.

In the event that any of the conditions precedent of the Subscription is not fulfilled or waived on or before the Long Stop Date, the Subscription Agreement shall lapse and all obligations of the parties to the Subscription Agreement shall cease and determine and none of the parties to the Subscription Agreement shall have any claim against the other in respect of any matter arising out of or in connection with the Subscription Agreement except for any antecedent breach of any obligation and any liabilities under the Subscription Agreement.

LETTER FROM THE BOARD

In the event that the Long Stop Date has to be extended beyond 31 January 2022, the Company will re-comply with all applicable Listing Rule requirements (including obtaining shareholder approval as required under Rule 13.36(1)) of the Listing Rules.

The Company has received a letter from the SFC in which the Executive rules that (a) the presumed concert party relationship between the Subscriber and China He (HK) pursuant to class (1) of the definition of “acting in concert” under the Takeovers Code is rebutted; and (b) no general offer obligation will arise on the part of the Subscriber as a result of the Subscription Completion. Please refer to the section headed “Information of the Group and the Subscriber” for more information.

As at the Latest Practicable Date, save for the condition precedent stated in paragraph (e) above, none of the above conditions precedent has been fulfilled or waived.

Subscription Completion

If all the conditions precedent of the Subscription have been fulfilled or waived (as the case may be) on or before the Long Stop Date, the Subscription Completion shall take place within 15 business days following the fulfillment or waiver (as the case may be) of the conditions precedent of the Subscription by the parties to the Subscription Agreement or such other date as the parties to the Subscription Agreement may agree in writing.

Nomination of Directors

Subject to compliance with applicable laws, regulations, the Bye-laws and the Listing Rules, for so long as the Subscriber remains as the single largest Shareholder or beneficially holds at least 29.1% of the total number of issued Shares after the Subscription Completion, the Subscriber shall have the right to nominate three candidates to be put forward for the appointment to the Board as Directors (other than independent non-executive Directors), provided that:

- (a) such candidates shall fulfill the qualification and experience requirements of a director under the applicable laws, regulations, the Listing Rules and the Bye-laws;
- (b) the appointment of such candidates shall be subject to the normal procedures for appointment of Directors in accordance with the relevant provisions of the Bye-laws and the approval of the nomination committee of the Company which shall exercise its duties in accordance with its terms of reference; and
- (c) any Directors so appointed by the Board will be subject to the retirement, re-election and Shareholders’ approval requirements under the Bye-laws.

LETTER FROM THE BOARD

The nomination right granted to the Subscriber pursuant to the Subscription Agreement is confined to nominating candidates for appointment as Directors for the Board's consideration. The appointment of such candidates shall go through the normal procedures for appointment of Directors. In particular, the nomination committee of the Company shall consider if the candidates nominated are suitably qualified to become Board members, taking into account, among others, the background, experience, qualification and skills of the candidates and make recommendations to the Board in this regard. The remuneration committee of the Company shall make recommendations to the Board on the remuneration packages of the candidates with reference to a range of factors including the duties and responsibilities, qualifications and experience of the candidates, remuneration policy of the Group and levels of remuneration for peers in the market. The Board will then consider the appointment of the candidates as Directors upon recommendations of the nomination committee and the remuneration committee of the Company. The appointment of the candidates as Directors will be subject to fiduciary duty of the Board and their appointment will be made in compliance with the relevant requirements under the Listing Rules. The Board will not approve the appointment of the any candidates as Directors in case it is known that any candidate is disqualified under applicable law to be Director. Information required under, among others, Rule 13.51(2) of the Listing Rules for the candidates will be taken into consideration by the Board in respect of their appointment as Directors. The candidates so appointed as Directors shall be subject to re-election and approval by the Shareholders as required under the Bye-laws.

The Bye-laws provide that any member holding not less than one-tenth (10%) of the voting rights in the Company may have the right to call a special general meeting by way of requisition, and that the Directors may be elected or appointed at any special general meeting called for such purpose. The Bye-laws also provide that the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board and any Director so appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Shareholders after his appointment and be subject to re-election at such meeting.

Accordingly, the Directors consider that the nomination right of the Subscriber provided in the Subscription Agreement is in line with the nomination right of the other existing registered Shareholders provided under the Bye-laws, forms part of its rights as a duly registered Shareholder upon the Subscription Completion in accordance with the Bye-laws, is subject to the requirements related to the Board under the Bye-laws and the Listing Rules and therefore, complies with Rule 2.03(4) of the Listing Rules.

Specific Mandate

The Subscription Shares will be allotted and issued under the Specific Mandate to be sought from the Shareholders at the SGM.

LETTER FROM THE BOARD

Application for listing

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Directors consider that the Subscription offers a good opportunity for the Company to raise additional funds for business development purposes and to reduce the debt-to-asset ratio and the corresponding finance expenses on the Company. Having regard to the business of Nanshan Holdings, the beneficial owner of the Subscriber, the Company considers that there is potential synergy between the business of Nanshan Holdings with certain of the business segments of the Group requiring logistical support and warehousing services, such as the manufacturing and trading of solar power related products and the engineering, procurement and construction business of the Group.

Taking into account the lower costs and shorter time involved in the Subscription when compared with other means of equity fund raising exercises such as rights issue or open offer, the Directors believe that the Subscription is the most appropriate method. Moreover, the Directors expect that the Subscription will broaden the Shareholders' base of the Company, thereby enhancing the capital base of the Company to facilitate future development and to increase the liquidity of the Shares. Accordingly, the Directors are of the view that the Subscription Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

It is expected that there will not be any fundamental change in the principal business activities of the Company after the Subscription Completion as the Company will continue its existing businesses. As at the Latest Practicable Date, save as the Disposal, the Company has no current plan to dispose of or downsize its existing businesses and introduce new businesses after the Subscription Completion.

USE OF PROCEEDS

The gross proceeds of the Subscription is HK\$475,347,506. The net aggregate proceeds from the Subscription, after deduction of the relevant expenses (including but not limited to the legal expenses and disbursements), are estimated to be approximately HK\$470,347,000, representing a net issue price of approximately HK\$0.873 per Subscription Share. The Directors intend to apply the net proceeds of the Subscription in the following manner:

Approximately 26% of the net proceeds of the Subscription (approximately HK\$120,000,000) will be used for general working capital of the Group (approximately HK\$40,000,000 for daily operating expenses, such as staff costs, rental expenses, professional fees, bank loan interest etc. and approximately HK\$80,000,000 for repayment of bank loans) for maintaining the liquidity of the Group to carry our business and compliance activities.

LETTER FROM THE BOARD

Approximately 74% of the net proceeds of the Subscription (approximately HK\$350,347,000) will be used for the development and expansion of the Group's new energy power station development and operation, and the proceeds will be used for capital injection of the Group's wholly-owned subsidiary, 中核(南京)能源發展有限公司 (transliterated as CNI (Nanjing) Energy Development Company Limited*) ("**CNI Nanjing**"), CNI Nanjing will use the fund for the development of three power generation projects including 80 MW photovoltaic power generation project in Lincang City, Yunnan Province, 50 MW complementary photovoltaic power generation project in Yangjiang City, Guangdong Province, and distributed 20 MW photovoltaic power generation project in Panjin City, Liaoning Province.

INFORMATION OF THE GROUP AND THE SUBSCRIBER

The Group

The Group is principally engaged in new energy operations, including (a) the engineering, procurement and construction ("**EPC**") and consultancy and general construction segment which comprises the Group's EPC and consulting services operations relating to construction of photovoltaic power plant and other general construction and engineering services; (b) the power generation segment which comprises the Group's power generation operations; (c) the financing segment which comprises the Group's financing operations; (d) the manufacturing and trading business segment which comprises the Group's manufacturing and trading of solar power related products; and (e) the other segments which comprise the Group's corporate management, investment and treasury services. In addition, the Group has been participating in other businesses such as inspection, maintenance, repair, construction, installation and provision of expertise in such works for nuclear power plants via its associated companies.

LETTER FROM THE BOARD

The Subscriber

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber is a company incorporated in Hong Kong. It is principally engaged in investment holding and is a direct wholly-owned subsidiary of Nanshan Holdings, a company incorporated in the PRC with limited liability and is listed on the Shenzhen Stock Exchange (stock code: 002314) and headquartered in Shekou, Shenzhen. Nanshan Holdings is principally engaged in the businesses of, among others, modern warehousing and logistics services, property development and integrated development of industrial cities. Nanshan Holdings is held as to approximately 68.43% by its largest shareholder 中國南山開發(集團)股份有限公司 (transliterated as China Nanshan Development Group Co. Limited*) ("**Nanshan Development**"), a company incorporated in the PRC with limited liability, which is principally engaged in the provision of modern integrated logistics services, integrated development of industrial cities, and the provision of financial services, asset management services. The largest shareholder of Nanshan Development is 招商局(南山)控股有限公司 (transliterated as China Merchants (Nanshan) Holdings Co., Ltd.*) ("**China Merchants (Nanshan)**"), holding approximately 36.52% of Nanshan Development, while the rest of the shareholding is held by other shareholders. The parent company of China Merchants (Nanshan) is China Merchants Port Holdings Company Limited ("**China Merchants Port**"), a company incorporated in Hong Kong with limited liability and listed on the Stock Exchange (stock code: 144), which is ultimately controlled by the SASAC. China Merchants Port is principally engaged in ports operation, bonded logistics operation and property investment.

China He (HK), the controlling shareholder of the Company as at the Latest Practicable Date, is indirectly wholly-owned by CNNC, which is ultimately controlled by the SASAC. Accordingly, China He (HK) and the Subscriber are deemed to be acting in concert pursuant to class (1) of the definition of "acting in concert" under the Takeovers Code.

In addition, as the Subscriber and China He (HK) will each be interested in more than 20% of the issued shares of the Company upon the Subscription Completion, the Subscriber and China He (HK) will be deemed to be associated companies of each other for the purposes of the Takeovers Code, and therefore be presumed to be parties acting in concert under the Takeovers Code upon the Subscription Completion. Unless the presumption is rebutted, the Subscription will trigger the obligation on the part of the Subscriber to make a mandatory unconditional general offer for the Shares pursuant to Rule 26.1 of the Takeovers Code.

As at the Latest Practicable Date, the Company has received a letter from the SFC in which the Executive rules that (a) the presumed concert party relationship between the Subscriber and China He (HK) pursuant to class (1) of the definition of "acting in concert" under the Takeovers Code is rebutted; and (b) no general offer obligation will arise on the part of the Subscriber as a result of the Subscription Completion.

LETTER FROM THE BOARD

The Company and Nanshan Development made initial contact through telephone communication upon third party introduction in early September 2021, during which Nanshan Development confirmed its interest in investing in the Company. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquires, there was no past or existing relationship (including financial, business or other) or transactions between the Subscriber (including its connected persons) and the Group.

Upon Subscription Completion, the Subscriber will become a strategic investor of the Company. It is expected that the Subscriber will take part in the day-to-day operation and management through the nomination of candidates as Directors (other than independent non-executive Directors) subject to the applicable laws, regulations, the Listing Rules and the By-laws. It is anticipated that, as the largest shareholder of the Company after the Subscription Completion, the Subscriber may provide further security or undertaking in proportion to its shareholding in the Company when the Group obtains further financing for its business development. In addition, the experience of the Subscriber and/or its connected persons in asset-light business model would potentially help expand the scale of management of the power plants of the Group. The extensive warehousing and logistics facilities and industrial park roof resources of the Subscriber and/or its connected persons, and the business network of the Subscriber and/or its connected persons in, among others, the Yantze River Delta, the Pearl River Delta and Chengdu-Chongqing Economic Circle would also allow the Group to leverage on the experience and networks of the Subscriber and/or its connected persons to pursue its business development.

Save as the nomination of three candidates as Directors (other than independent non-executive Directors) contemplated under the Subscription Agreement, as at the Latest Practicable Date, the Subscriber and/or its connected persons had no current plan to take significant roles or directorships in any member of the Group upon Subscription Completion.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company did not conduct any other equity fund raising activities in the past twelve months before the Latest Practicable Date.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 1,313,094,192 Shares in issue. The Company does not have any other outstanding convertible securities, options, warrants or other derivatives in issue which are convertible or exchangeable into Shares.

LETTER FROM THE BOARD

The shareholding structure of the Company (a) as at the Latest Practicable Date; and (b) immediately after the Subscription Completion (assuming there will be no change in the issued share capital of the Company between the Latest Practicable Date and the date of the Subscription Completion, save for the allotment and issue of the Subscription Shares) are as follows:

Name of Shareholders	As at the Latest Practicable Date		Immediately after the Subscription Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
China He (HK) (Note 1)	400,000,000	30.46	400,000,000	21.60
Mr. Fu Zhigang (Note 2)	100,000	0.01	100,000	0.01
Mr. Liu Genyu (Note 3)	24,998,000	1.90	24,998,000	1.35
The Subscriber	–	–	538,942,750	29.10
Public Shareholders	<u>887,996,192</u>	<u>67.63</u>	<u>887,996,192</u>	<u>47.95</u>
Total	<u>1,313,094,192</u>	<u>100.00</u>	<u>1,852,036,942</u>	<u>100.00</u>

Notes:

- China He (HK) is a wholly-owned subsidiary of the Purchaser, which in turn is wholly-owned by CNNC. As at the Latest Practicable Date, China He (HK) held 400,000,000 shares of the Company and accordingly, both the Purchaser and CNNC were deemed to be interested in the same block of Shares which was registered under China He (HK) by virtue of the SFO.
- Mr. Fu Zhigang is an executive Director and the Chief Executive Officer of the Company.
- Mr. Liu Genyu is an executive Director and the vice chairman of the Board.

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE LISTING RULES

The Subscription

The Subscription Shares will be allotted and issued under the Specific Mandate to be sought from the Shareholders at the SGM.

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

The Disposal

As at the Latest Practicable Date, the Purchaser is a direct wholly-owned subsidiary of CNNC which is the controlling shareholder of the Company. Therefore, the Purchaser is a connected person of the Company and the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Disposal exceed 25% but are all less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and the Disposal is subject to the reporting, announcement and Independent Shareholders' approval requirements.

Pursuant to Rule 14A.70(11) of the Listing Rules, in view of Mr. Zhao Yixin, Mr. Tang Jianhua, Mr. Li Jinying, Mr. Wu Yuanchen and Mr. Fu Zhigang are senior management of the Purchaser, they have abstained from voting on the board resolutions in respect of the entering into of the Equity Transfer Agreement. The relevant resolutions were voted and approved by Directors who are not connected to the transactions contemplated under the Equity Transfer Agreement.

The Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders on the terms of the Equity Transfer Agreement and the transactions contemplated thereunder. Octal Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

SGM

The SGM will be held at the Function Room, 2/F, the Harbourview, 4 Harbour Road, Wan Chai, Hong Kong, on Tuesday, 28 December 2021, at 10:00 a.m. to consider and if thought fit, to approve, among other things, (i) the Subscription Agreement and the transactions contemplated thereunder; (ii) the granting of the Specific Mandate for the allotment and issue of the Subscription Shares; and (iii) the Equity Transfer Agreement and the transactions contemplated thereunder. A form of proxy for use at the SGM is enclosed with this circular.

LETTER FROM THE BOARD

The register of members of the Company will be closed from Wednesday, 22 December 2021 to Tuesday, 28 December 2021 (both dates inclusive) for determining the entitlements to attend the SGM. No transfer of Shares will be registered during this period.

Any Shareholder and his or her or its close associates with a material interest in the resolutions will be required to abstain from voting on the resolutions to approve the Subscription Agreement and the Equity Transfer Agreement and the respective transactions contemplated thereunder at the SGM.

As at the Latest Practicable Date, CNNC indirectly held 400,000,000 issued Shares, representing approximately 30.46% interest in the Company. As such, CNNC and its associates will be required to abstain from voting on the relevant resolutions approving the Equity Transfer Agreement and the transactions contemplated thereunder at the SGM.

Save for the aforesaid and to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the Latest Practicable Date, no other Shareholder is interested in the transactions contemplated under the Subscription Agreement or the Equity Transfer Agreement.

The notice convening the SGM is set out on pages SGM-1 to SGM-4 of this circular. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM (i.e. no later than 10:00 a.m. on Sunday, 26 December 2021) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

RECOMMENDATIONS

The Directors (including the independent non-executive Directors) are of the opinion that the terms of the Subscription Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interest of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Shareholders to vote in favour of the resolutions to be proposed at the SGM in relation to the Subscription Agreement and the transactions contemplated thereunder and the granting of the Specific Mandate.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors after taking into account of the advice of the Independent Financial Adviser) are of the opinion that the transactions contemplated under the Equity Transfer Agreement are entered into after arm's length negotiation in the ordinary course of business on normal commercial terms or better, and the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors after taking into account of the advice of the Independent Financial Adviser) recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

Your attention is drawn to the "Letter from the Independent Board Committee" containing its recommendations to the Independent Shareholders set out on pages 28 to 29 of this circular and the "Letter from the Independent Financial Adviser" containing its advice to the Independent Shareholders and the Independent Board Committee and the principal factors which it has considered in arriving at its advice with regard to the Equity Transfer Agreement and the transactions contemplated thereunder as set out on pages 30 to 48 of this circular.

Shareholders are advised to read carefully the "Letter from the Independent Board Committee" regarding the Equity Transfer Agreement and the transactions contemplated thereunder on pages 28 to 29 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, the text of which is set out on pages 30 to 48 of this circular, considers that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable insofar as the Independent Shareholders are concerned and are in the interests of the Independent Shareholders. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to approve the Equity Transfer Agreement and the transactions contemplated thereunder at the SGM.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the shareholders at the general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. In compliance with the Listing Rules and pursuant to the Bye-laws, the votes at the SGM will be taken by poll, the results of which will be announced after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

FURTHER INFORMATION

Your attention is drawn to the statutory and general information set out in Appendices to this circular.

Yours faithfully,

For and on behalf of the Board

China Nuclear Energy Technology Corporation Limited

Zhao Yixin

Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendations to the Independent Shareholders in connection with the entering into the Equity Transfer Agreement for inclusion in this circular.



CHINA NUCLEAR ENERGY TECHNOLOGY CORPORATION LIMITED
中國核能科技集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 611)

7 December 2021

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION
EQUITY TRANSFER AGREEMENT

We have been appointed to form the Independent Board Committee to consider the Equity Transfer Agreement and the transactions contemplated thereunder and advise the Independent Shareholders as to our opinion on the entering into of the Equity Transfer Agreement, details of which are set out in the circular issued by the Company to the Shareholders dated 7 December 2021 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular will have the same meanings when used herein unless the context otherwise requires. Octal Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable as far as the Independent Shareholders are concerned and whether they are in the interests of the Company and the Shareholders as a whole. We wish to draw your attention to the letter from the Independent Financial Adviser as set out on pages 30 to 48 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account (i) the reasons as disclosed in the paragraph headed “Reasons for and benefits of entering into of the Disposal” of the Circular; (ii) the principal factors and reasons considered by the Independent Financial Adviser, and its conclusion and advice, we are of the view and concur with the opinion of the Independent Financial Adviser that the Equity Transfer Agreement and the transactions contemplated thereunder were entered into in the ordinary and usual course of business of the Group and are on normal commercial terms, the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

Yours faithfully,
Independent Board Committee

Mr. Chan Ka Ling
Edmond

Mr. Kang Xinquan

Mr. Tian Aiping

Mr. Wang Jimin

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the letter of advice from Octal Capital to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



801-805, 8/F, Nan Fung Tower
88 Connaught Road Central
Hong Kong

7 December 2021

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF 14.43% EQUITY INTEREST IN CHINA NUCLEAR INDUSTRY MAINTENANCE CO., LTD.*

INTRODUCTION

We refer to our appointment as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Equity Transfer Agreement, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company (together with its subsidiaries, the “**Group**”) dated 7 December 2021 (the “**Circular**”), of which this letter forms a part. Capitalized terms used in this letter shall have the same meaning as those defined in the Circular unless the context otherwise requires.

As set out in the Letter from the Board, on 18 November 2021, the Vendor, a direct wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase 14.43% equity interest in the Target Company at a consideration of RMB141,110,970 (approximately equivalent to HK\$171,891,598.55) (the “**Consideration**”) in cash.

As at the Latest Practicable Date, the Purchaser is a direct wholly-owned subsidiary of CNNC which is the controlling shareholder of the Company. Therefore, the Purchaser is a connected person of the Company and the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Disposal exceed 25% but are all less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and the Disposal is subject to the reporting, announcement and Independent Shareholders’ approval requirements.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders on the terms of the Equity Transfer Agreement and the transactions contemplated thereunder.

We, Octal Capital, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on, among other things, the terms of the Equity Transfer Agreement in this regard. We are not connected with the directors, chief executive and substantial shareholders of the Company or the Purchaser or any of their respective subsidiaries or their respective associates and do not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group as at the Latest Practicable Date and therefore is considered suitable to give independent advice to the Independent Shareholders. During the last two years, there was no engagement between the Company or the Purchaser and us. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Group or the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or their respective associates. We were not aware of any relationships or interests between the Company and us during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular as provided by the management of the Company were true at the time they were made and continue to be true as at the date of the Circular. We have also relied on our discussion with the management of the Company regarding the Equity Transfer Agreement including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the management of the Company respectively in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Company. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, the Purchaser and their respective associates, nor have we carried out any independent verification of the information supplied to us.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Principal factors and reasons considered

In arriving at our opinion in respect of the Equity Transfer Agreement, we have considered the following principal factors and reasons:

1. Information on the Group

Business of the Group

The Company is an investment holding company. The Group is principally engaged in new energy operations, including (a) the EPC and consultancy and general construction segment which comprises the Group's EPC and consulting services operations relating to construction of photovoltaic power plant and other general construction and engineering services; (b) the power generation segment which comprises the Group's power generation operations; (c) the financing segment which comprises the Group's financing operations; (d) the manufacturing and trading business segment which comprises the Group's manufacturing and trading of solar power related products; and (e) the other segments which comprise the Group's corporate management, investment and treasury services, to which the Target Company belongs. In addition, the Group has been participating in other businesses such as inspection, maintenance, repair, construction, installation and provision of expertise in such works for nuclear power plants via its associated companies.

Financial information of the Group

Set out below is a summary of the consolidated audited financial information of the Group for each of the three financial years (the "FY") ended 31 December 2018, 2019 and 2020 as extracted from the annual report of the Company for FY 2019 (the "**2019 Annual Report**") and FY 2020 (the "**2020 Annual Report**"), and the consolidated unaudited financial information of the Group for the six months (the "1H") ended 30 June 2020 and 2021 as extracted from the interim report of the Company for 1H 2021 (the "**2021 Interim Report**"):

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	FY 2018	FY 2019	FY 2020	1H 2020	1H 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Reportable segment revenue:					
– EPC and consultancy and general construction	1,731,036	2,306,824	1,867,569	762,408	816,476
– Power generation	119,206	169,803	212,033	89,293	212,007
– Financing	28,487	27,293	24,966	7,956	14,821
– Manufacturing and trading business	<u>377,539</u>	<u>388,658</u>	<u>66,626</u>	<u>107,131</u>	<u>–</u>
Total revenue	<u>2,256,268</u>	<u>2,892,578</u>	<u>2,171,194</u>	<u>966,788</u>	<u>1,043,304</u>
Share of results of associate	<u>12,623</u>	<u>17,499</u>	<u>21,996</u>	<u>10,272</u>	<u>13,840</u>
Profit after tax for the year/period	<u>94,415</u>	<u>104,021</u>	<u>70,368</u>	<u>32,914</u>	<u>39,770</u>

FY 2018 versus FY 2019

The Group recorded total revenue of approximately HK\$2,893 million for FY 2019. The EPC and consultancy and general construction segment contributed approximately HK\$2,307 million for FY 2019, which accounted for approximately 79.8% of total revenue of the Group for FY 2019. The total revenue for FY 2019 increased by approximately HK\$636 million or 28.2% as compared to that for FY 2018, primarily attributable to the EPC and consultancy and general construction segment with significant percentage of completion recognised during FY 2019. Besides, the Group recorded share of results of associate of approximately HK\$17 million for FY 2019, representing an increase of approximately HK\$5 million or 38.6% as compared to the same of approximately HK\$13 million for FY 2018. The share of results of associate was mainly attributable to the net profit generated by the Target Company.

The Group recorded profit after tax of approximately HK\$104 million for FY 2019, representing an increase of approximately HK\$10 million or 10.2% as compared to the profit after tax of approximately HK\$94 million for FY 2018. Such increase was mainly due to (i) the increase in revenue as mentioned above; (ii) the increase in share of results of associate as mentioned above; and (iii) the decrease in income tax expenses of approximately HK\$22 million mainly as a result of an under-provision of tax expenses in respect of prior year recorded for FY 2018.

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FY 2019 versus FY 2020

The Group recorded total revenue of approximately HK\$2,171 million for FY 2020. The EPC and consultancy and general construction segment contributed approximately HK\$1,868 million for FY 2020, which accounted for approximately 86.0% of total revenue of the Group for FY 2020. The total revenue for FY 2020 decreased by approximately HK\$721 million or 24.9% as compared to that for FY 2019, primarily attributable to a decrease in revenue generated by the EPC and consultancy and general construction segment during FY 2020. Besides, the Group recorded share of results of associate of approximately HK\$22 million for FY 2020, representing an increase of approximately HK\$5 million or 25.7% as compared to the same of approximately HK\$17 million for FY 2019. The share of results of associate was mainly attributable to the net profit generated by the Target Company.

The Group recorded profit after tax of approximately HK\$70 million for FY 2020, representing a decrease of approximately HK\$34 million or 32.4% as compared to the profit after tax of approximately HK\$104 million for FY 2019. Such decrease was mainly due to (i) the decrease in revenue as mentioned above; and (ii) the increase in construction costs of approximately HK\$222 million, partly offset by the increase in share of results of associate as mentioned above.

1H 2020 versus 1H 2021

The Group recorded total revenue of approximately HK\$1,043 million for 1H 2021. The EPC and consultancy and general construction segment contributed approximately HK\$816 million for 1H 2021, which accounted for approximately 78.3% of total revenue of the Group for 1H 2021. The total revenue for 1H 2021 increased by approximately HK\$77 million or 7.9% as compared to that for 1H 2020, primarily attributable to an increase in revenue generated by the EPC and consultancy and general construction segment during 1H 2021. Meanwhile, the power generation segment recorded an increase in revenue of approximately HK\$123 million or 137.4% as compared to the same of approximately HK\$89 million for 1H 2020. Such increase was mainly due to the income generated from the operation of wind power project in Suining County, Jiangsu Province during 1H 2021 which contributed steady power generation income and profit to the power generation segment of the Group. Besides, the Group recorded share of results of associate of approximately HK\$14 million for 1H 2021, representing an increase of approximately HK\$4 million or 34.7% as compared to the same of approximately HK\$10 million for 1H 2020. The share of results of associate was mainly attributable to the net profit generated by the Target Company.

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The Group recorded profit after tax of approximately HK\$40 million for 1H 2021, representing an increase of approximately HK\$7 million or 20.8% as compared to the net profit of approximately HK\$33 million for 1H 2020. Such increase was mainly due to (i) the increase in revenue as mentioned above, especially the substantial increase of revenue of the power generation segment; and (ii) the increase of share of results of associate as mentioned above.

Set out below is the summary of the audited consolidated statement of financial position of the Group as at 31 December 2018, 2019 and 2020 as extracted from the 2019 Annual Report and the 2020 Annual Report, and the unaudited consolidated statement of financial position of the Group as at 30 June 2021 as extracted from the 2021 Interim Report:

	As at 31 December			As at 30
	2018	2019	2020	June
	HK\$'000 (audited)	HK\$'000 (audited)	HK\$'000 (audited)	HK\$'000 (unaudited)
Non-current assets	1,601,129	1,480,259	2,870,421	2,747,536
Current assets	2,737,537	4,206,117	4,402,151	4,700,402
Total assets	4,338,666	5,686,376	7,272,572	7,447,938
Non-current liabilities	529,463	786,944	1,887,213	1,862,544
Current liabilities	2,927,534	3,962,554	4,258,534	4,403,492
Total liabilities	3,456,997	4,749,498	6,145,747	6,266,036
Net current (liabilities)/assets	(189,997)	243,563	143,617	296,910
Net assets	881,669	936,878	1,126,825	1,181,902
Equity attributable to owners of the Company	866,872	928,762	1,106,844	1,158,128
Cash and cash equivalent	415,874	448,553	386,473	596,977
Total borrowings	1,676,470	2,484,520	3,494,561	3,646,641
Gearing ratio	143.0%	217.3%	275.8%	258.0%

Note: Gearing ratio represents total borrowings less cash and cash equivalents divided by total equity (i.e. net assets).

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As at 30 June 2021, the major assets of the Group included (i) property, plant and equipment amounted to approximately HK\$2,374 million; (ii) trade and bills receivables amounted to approximately HK\$1,786 million; (iii) contract assets amounted to approximately HK\$1,004 million, which altogether accounted for approximately 69.3% of the total assets of the Group. The major liabilities of the Group included (i) bank borrowings amounted to approximately HK\$3,647 million; and (ii) trade and bills payables amounted to approximately HK\$2,284 million, which altogether accounted for approximately 94.7% of the total liabilities of the Group.

As set out in the above table, the total assets of the Group increased significantly from approximately HK\$4,339 million as at 31 December 2018 to approximately HK\$7,448 million as at 30 June 2021 which was mainly attributable to the additions of property, plant and equipment after several acquisitions of wind power generation equipment in FY 2018 and FY2019. On the other hand, the total liabilities of the Group also increased significantly from approximately HK\$3,457 million as at 31 December 2018 to approximately HK\$6,266 million as at 30 June 2021, mainly attributable to the increase of total borrowings during the period. As understood from the management of the Company, the increase of total borrowings was mainly as a result of the increase of loan financing for the acquisitions of wind power generation equipment as mentioned above.

In view of the increase in total borrowings during the period as stated above, the gearing ratio of the Group calculated by dividing total borrowings net of cash and cash equivalent by total equity as at 31 December 2018, 2019 and 2020 and 30 June 2021 were approximately 143.0%, 217.3%, 275.8% and 258.0% respectively.

2. Information of the Target Company

Business of the Target Company

The Target Company is a company established in the PRC with limited liability. It is principally engaged in the (a) construction work for various types of nuclear reactors, nuclear power plants, and radioactive chemical engineering projects in the PRC; (b) businesses of maintenance of nuclear power plants; and (c) the provision of electrical equipment technology consultancy and technical services.

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Financial information of the Target Company

The table below sets out selected financial information of the Target Company based on consolidated financial statements for the FY 2019 and 2020 and 1H 2020 and 2021.

	FY 2019	FY 2020	1H 2020	1H 2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Total revenue	1,008,600	1,102,983	468,861	499,671
Net profit before tax	121,209	153,417	51,827	70,716
Net profit after tax	105,222	133,396	46,284	63,020

FY 2019 versus FY 2020

The Target Company recorded total revenue of approximately RMB1,103 million for FY 2020, representing an increase of approximately RMB94 million or 9.4% as compared to that for FY 2019, primarily attributable to the increase in construction projects during FY 2020.

The Target Company recorded net profit after tax of approximately RMB133 million for FY 2020, representing an increase of approximately RMB28 million or 26.8% as compared to that for FY 2019. Such increase was primarily attributable to (i) the increase in revenue as abovementioned and (ii) the increase in other income.

1H 2020 versus 1H 2021

The Target Company recorded total revenue of approximately RMB500 million for 1H 2021, representing an increase of approximately RMB31 million or 6.6% as compared to that for 1H 2020, primarily attributable to the increase in provision of construction and maintenance services during 1H 2021.

The Target Company recorded net profit after tax of approximately RMB63.0 million for 1H 2021, representing an increase of approximately RMB17 million or 36.2% as compared to that for 1H 2020, primarily attributable to (i) the increase in revenue as abovementioned and (ii) the increase in other income.

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Set out below is the summary of the consolidated statement of financial position of the Target Company as at 31 December 2019 and 2020 and 30 June 2021:

	As at 31 December		As at 30
	2019	2020	June
	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(unaudited)
Non-current assets	128,917	259,877	265,779
Current assets	488,127	476,819	543,957
Total assets	617,044	736,696	809,736
Non-current liabilities	–	400	400
Current liabilities	84,795	102,219	150,545
Total liabilities	84,795	102,619	150,945
Net current assets	403,332	374,600	393,412
Net assets	213,712	634,077	658,791

As at 30 June 2021, the major assets of the Target Company included (i) account receivables amounted to approximately RMB292 million; (ii) fixed assets amounted to approximately RMB210 million; (iii) cash and cash equivalent amounted to approximately RMB111 million, which together accounted for approximately 75.7% of the total assets of the Target Company. The major liabilities of the Target Company included (i) dividend payables amounted to approximately RMB53 million; (ii) wage payables amounted to approximately RMB35 million; and (iii) account payables amounted to approximately RMB10 million, which together accounted for approximately 65.0% of the total liabilities of the Target Company.

3. Reasons for the Entering into the Equity Transfer Agreement

As set out in the Letter from the Board, upon Disposal Completion, the Company will focus on its new energy operations in the PRC and the Consideration will be settled in cash which would use to partially repay the loans of the Company and improve the liquidity of the Company.

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In view of the aforementioned intention of the Company, we noted from the above section headed “Financial Information of the Group” that the total borrowings of the Group have increased significantly from approximately HK\$3,457 million as at 31 December 2018 to approximately HK\$6,266 million as at 30 June 2021, representing an increase of approximately 81.2% over the period. As a result of the increase in total borrowings, the gearing ratio of the Group has also increased significantly from approximately 143.0% as at 31 December 2018 to approximately 258.0% as at 30 June 2021. Based on our discussion with the management of the Company and a list of bank borrowings obtained from the Group, we understand that a bank loan amounted to US\$30 million (equivalent to approximately HK\$234 million) will mature in June 2022, which is expected to be repaid partially by using the proceeds from the Disposal. The Directors are of the view that the Disposal will ease the short-term financial pressure and improve the gearing position of the Group by reducing its liabilities.

We noted from the section headed “Financial information of the Target Company” that the Target Company has achieved a moderate growth in revenue and net profit for the recent years. However, in view that the Target Company is owned by the Group as to approximately 14.43% only, the Group cannot exert control or substantial influence over the Target Company and the financial results of the Target Company cannot be consolidated into the consolidated financial statements of the Group. On the other hand, as disclosed in the Letter from the Board, based on the consideration for the Disposal and the net assets value of the equity interests to be disposed of, it is estimated that a gain of HK\$11,900,000 (after profits tax paid) will be recognized by the Group. The Disposal provides an opportunity for the Group to realise the investment in the Target Company.

In view of the above, the Disposal represents a good opportunity for the Company to realise the intrinsic value of the Target Company and off-load the non-core business so as to ease the short-term financial burden and improve the gearing position of the Group. As such, we are of the view that the Disposal is in the interests of the Company and the Independent Shareholders as a whole.

4. Principal terms of Equity Transfer Agreement

The major terms of the Equity Transfer Agreement are summarized as below:

- Date: 18 November 2021
- Parties: (a) the Vendor; and
(b) the Purchaser.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Assets to be disposed

Pursuant to the Equity Transfer Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase 14.43% equity interest in the Target Company.

As at the Latest Practicable Date, the Target Company is held as to 14.43% by the Company while the remaining equity interest is held by other shareholders of the Target Company. Therefore, the Target Company is an associate company of the Group and the results and assets and liabilities of the Target Company have been accounted for in the consolidated financial statements of the Group under equity method of accounting. Upon the Disposal Completion, the Company will no longer hold any equity interest in the Target Company and the Target Company will cease to be an associate company of the Group.

Consideration

The Consideration of RMB141,110,970 (approximately equivalent to HK\$171,891,598.55) for the Disposal was agreed between the Vendor and the Purchaser after arm's length negotiations based on the valuation of the assets of the Target Company of RMB977,900,000 as at 30 June 2021 (the "**Valuation**") in a valuation report (the "**Valuation Report**") prepared by 中瑞世聯資產評估集團有限公司(transliterated as Zhongrui Shilian Asset Valuation Group Limited Company*) (the "**Valuer**"), an independent and duly qualified PRC valuer using the income approach on 14 November 2021, subject to adjustment based on the valuation of the assets of the Target Company in the valuation report to be filed with the SASAC or its authorised and/or designated entity in the PRC.

Assessment on the Consideration

To assess the fairness and reasonableness of the Consideration, we have reviewed the Valuation Report in respect of the Valuation of the equity interest of the Target Company as at 30 June 2021 which is contained in Appendix I to the Circular. The Target Company were valued by the Valuer appointed by the Company. Set out below is a summary of certain major information as extracted from the Valuation Report.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(i) Qualification of the Valuer

In assessing the independence of the Valuer, we interviewed the person in charge of the preparation of the Valuation Report and made inquiry on any current or prior relationship between the Valuer and the Group, the Purchaser, the Target Company and the connected persons of any of them, and the Valuer confirmed that it is independent of and not connected with these persons. Meanwhile, we have also reviewed the scope of services provided under the engagement of the Valuer and we note that the scope of work is appropriate to the opinion given and, as confirmed by the Valuer during our enquiry, there were no limitations on the scope of work.

In compliance with the requirements of Rule 13.80 of the Listing Rules, we have reviewed and enquired the qualification and experience of the Valuer in charge of the Valuation. We have also reviewed and enquired with the Valuer on its qualification and experience in relation to the preparation of the Valuation Report. We note that it possesses experience in, among others, valuation services mainly including securities asset evaluation, financial asset evaluation, tangible asset evaluation and consulting, real estate evaluation and equity transfer evaluation. We also understand that Mr. Wang, the person in charge of the Valuation, is a certified valuer with over 16 years' experience in participating in valuation projects in the PRC.

Based on above, we are of the view that the Valuer and Mr. Wang are independent, qualified, experienced and competent in performing business valuations and providing a reliable opinion in respect of the Valuation.

(ii) Valuation methodologies and assumptions

We have reviewed the Valuation Report and discussed with the Valuer regarding the methodologies and assumptions adopted in arriving at the Valuation.

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As discussed with the Valuer, we understand both income approach and asset-based approach are considered suitable approaches for the Valuation. In particular, the income approach, which is commonly adopted in the business valuation for valuation subject with supportable operating profit and cash flow forecast, is considered suitable due to the fact that the Target Company has been operating continuously for several years and its business has entered into a stable development stage, such that the income and associated risks are generally measurable to come up with the appraised value of the Target Company. Meanwhile, the asset-based approach, which provides an indication of value based on the replacement cost of the subject asset, is considered suitable as it represents an asset-based method of determining the value of the assessed assets by considering the fair value of the Target Company by deducting the fair value of liabilities from the fair value of various assets, whereas the core assets of the Target Company mainly consist of tangible assets, including buildings, equipment and account receivables and there are sufficient information for the Valuer to evaluate the Target Company. On the other hand, the Valuer considered that the market approach is not suitable, taking into account that the Target Company is specialized in construction and maintenance works for nuclear related sectors in the PRC and transaction cases of companies in related business is rare, the Valuer could not obtain sufficient comparable companies and comparable transactions for assessing the Valuation under the market approach. Therefore, the market approach is considered not appropriate.

After considering the reasons for adopting the income approach and the asset-based approach and the limitations of adopting the market approach, we are of the opinion that the valuation approaches adopted for the assessment of the Valuation are reasonable and acceptable. According to the Valuation Report, the appraised value of the 100% equity interest of the Target Company under the income approach and the asset-based approach were approximately RMB978 million and RMB840 million respectively. Having taken into account that the income approach can reflect the intrinsic value of the Target Company based on its core competitiveness in terms of technical advantages, customer resources and research and development capabilities, we concur with the Valuer that the evaluation results based on the income approach can reflect the fair value of the Target Company more comprehensively and reasonably, thus the Valuer has concluded the result of the Valuation under the income approach.

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Based on our discussion with the Valuer, we understand that the Valuation under the income approach is derived from the discounted cash flow forecast of the Target Company (the “**Discounted Cash Flow Forecast**”) prepared by the Group which covered the budget period commenced from 1 July 2021 to 31 December 2025 (the “**Forecast Period**”), with the estimated terminal value at the end of the Forecast Period. We have reviewed and discussed with the Valuer in respect of the assumptions applied in the Valuation. Details of the valuation assumptions are set out in the Appendix I of the Circular. Based on our discussion with the Valuer and our review of the Discounted Cash Flow Forecast, we understand that (i) the projected annual revenue of the Target Company for the Forecast Period is directly derived from the projected annual revenue with reference to the long-term sales contracts (the “**Sales Contracts**”) signed between the Target Company and its customers; (ii) the projected operating cost of Target Company for the Forecast Period is primarily based on the historical costs, the existing service contracts and the current accounting policies of the Target Company; (iii) the projected capital expenditure is mainly based on the development plan for acquiring plant and machinery during the Forecast Period; and (iv) the projected working capital for the Forecast Period is mainly made reference to the historical working capital of the Target Company for maintaining its operation. Moreover, the discount rate is determined through the Capital Asset Pricing Model (“**CAPM**”), by taking into account of the risk-free rate of return, excess risk premium, company-specific risk excess return and the re-levered beta of comparable companies. We understand from the Valuer that in calculating the re-levered beta used in the CAPM, it has attempted to identify any comparable companies listed in the PRC which are principally engaged in the similar business of the Target Company. However, the Valuer could not identify comparable companies based on above criteria. In this regard, the Valuer has revised the selection criteria by extending the business scope to include companies which are primarily engaged in construction of power generation plants listed in the PRC.

Upon our enquiry with the Valuer, we understand that the re-levered beta, being an indicator of systematic risks and the volatility of such companies to the overall market, would not be materially different regardless of whether they operate in the broader industry (i.e. construction of power generation plants industry) or in a more specific industry (i.e. construction of nuclear power generation plants industry, being part of the construction of power generation plants industry). Therefore, we are of the view that the revised selection criteria applied by the Valuer is appropriate. We have further obtained the list of comparable companies used for calculating the re-levered beta from the Valuer and noted that these comparable companies met the revised selection criteria as aforementioned. Based on above, we concur with the Valuer that the comparable companies identified based on the revised selection criteria in calculating the re-levered beta is appropriate.

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Meanwhile, the Discounted Cash Flow Forecast is reviewed and confirmed by the Directors and the reporting accountants of the Company (the “**Reporting Accountants**”). The comfort letters on the Discounted Cash Flow Forecast issued by the Reporting Accountants and the Directors are set out in Appendix II and III of the Circular respectively. Regarding the above assumptions used in the Discounted Cash Flow Forecast, we have (i) reviewed the list of the Sales Contracts of the Target Company; (ii) compared the projected operating cost against the historical operating cost for the past three years; (iii) reviewed the estimation basis of the capital expenditure, including the breakdown of the capital expenditure for the Forecast Period; and (iv) reviewed the estimation basis of the working capital, including the historical operating cash inflow and outflow. Based on our review on the list of the Sales Contracts, we noted that there are 20 Sales Contracts entered into between the Target Company and its customers. The length of the Sales Contracts ranges from approximately 2.3 years to 5 years. The Sales Contracts mainly commence in 2021 and cover the period up to 2026 and hence the overall duration of the Sales Contracts covers the Forecast Period. Based on the Discounted Cash Flow Forecast, the growth rate of the forecast revenue and forecast operating costs of the Target Company during the Forecast Period both range from approximately 3% to 7%. We understand from the management of the Company that (i) the forecast revenue during the Forecast Period are estimated based on the Sales Contracts signed between the Target Company and its customers; and (ii) the forecast operating costs are estimated based on historical operating margin of the Target Company and the corresponding forecast revenue during the Forecast Period. Based on above, we are of the view that the growth rate of the forecast revenue and the forecast operating cost of the Target Company during the Forecast Period are fair and reasonable.

The Valuer also advised that the general assumptions used in the Valuation are common assumptions adopted in various business valuation projects including but not limited to (i) no material change in the existing political, economic, social, legal, tax conditions where the business is currently in operation; (ii) the Target Company will continue to operate after the date of the Valuation; and (iii) the management team of the Target Company will duly perform its duties and maintains the existing operation style. In this regard, we have discussed with the Directors regarding their views on the assumptions adopted in the Discounted Cash Flow Forecast and understood that the Directors have (i) reviewed the Discounted Cash Flow Forecast and its calculation schedule upon which the Valuation has been made; (ii) discussed with the management of the Company and the Valuer the assumptions upon which the Discounted Cash Flow Forecast has been prepared; (iii) agreed that the Target Company will continue to operate and maintain its existing operation style; and (iv) considered the comfort letter on the Discounted Cash Flow Forecast from the Reporting Accountants set out in Appendix II of the Circular regarding the calculations of the Discounted Cash Flow Forecast. Based on the above, we concur with the Directors that the assumptions adopted in the Discounted Cash Flow Forecast are fair and reasonable.

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Taking into account (i) the Valuer is independent from the Company and has relevant experience in conducting the projects similar to the Valuation; (ii) the methodologies and assumptions adopted in the Discounted Cash Flow Forecast are fair and reasonable; (iii) the Directors have discussed and reviewed the assumptions adopted in the Valuation Report; and (iv) the Discounted Cash Flow Forecast has been reviewed by the Directors and the Reporting Accountants, we consider that the Valuation is fair and reasonable. In view that the Consideration was determined based on arm's length negotiations between the Purchaser and the Vendor with reference to the Valuation and was calculated by multiplying the appraised value of the Target Company based on the Valuation by the equity interest of 14.43% owned by the Vendor, we are of the view that the Consideration is fair and reasonable.

Conditions precedent

The Equity Transfer Agreement will become effective upon the satisfaction of the following conditions:

- (a) approval by the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder having been obtained by the Purchaser under the Listing Rules;
- (b) approval by the SASAC or its authorized and/or designated entity in the PRC in respect of the Equity Transfer Agreement and the transactions contemplated thereunder having been obtained; and
- (c) relevant valuation reports having been filed with the SASAC or its authorized and/or designated entity in the PRC.

Completion of the Disposal is conditional upon the satisfaction (if applicable, waiver) of the following conditions on or before the Long Stop Date:

- (a) all the required internal approvals, approvals by governmental or administrative authorities in Hong Kong in respect of the Equity Transfer Agreement and the transactions contemplated thereunder having been obtained by the Vendor;
- (b) all the required internal approvals, approvals by governmental or administrative authorities in the PRC in respect of the Equity Transfer Agreement and the transactions contemplated thereunder having been obtained by the Purchaser;
- (c) the warranties, representations and undertaking given by the Vendor under the Equity Transfer Agreement remaining true and accurate in all respects and not misleading;

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- (d) the warranties, representations and undertaking given by the Purchaser under the Equity Transfer Agreement remaining true and accurate in all respects and not misleading;
- (e) all parties having duly performed and complied with duties and obligations provided in the Equity Transfer Agreement in all and any material aspects, and having not breached any of the undertakings they had made in the Equity Transfer Agreement; and
- (f) the relevant shareholders of the Target Company having consented to waive any right of first refusal in respect of the Equity Transfer Agreement and the transactions contemplated thereunder.

As the conditions precedent to the Equity Transfer Agreement are mainly statutory requirements, in particular the approval by the Independent Shareholders according to the Listing Rules and the approval by the SASAC taking into account the state-owned background of the Target Company, we consider the conditions precedent to be fair and reasonable so far as the Independent Shareholders are concerned.

Payment terms

Pursuant to the Equity Transfer Agreement, the initial consideration for the Disposal is RMB141,110,970 (approximately equivalent to HK\$171,891,598.55) and shall be paid by the Purchaser to the Vendor in full and in a lump sum within 20 days after registration at relevant PRC governmental authorities to effect the changes in the shareholding structure as the result of the Disposal, which will take place within 15 business days after all conditions precedent of the Disposal have been satisfied or waived (as the case may be).

We noted that the Purchaser a direct wholly-owned subsidiary of CNNC, the controlling shareholder of the Company, which is a state-owned enterprise established in the PRC and ultimately owned by the SASAC. Having considered the state-owned enterprise background of the Purchaser, we are of the view that the possibility of default in payment is relatively low and therefore we concur with the Directors that the payment terms under the Equity Transfer Agreement are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5. Financial effects to the Group of the Disposal

Upon the Disposal Completion, the Vendor will no longer hold any equity interest in the Target Company and the Target Company will cease to be an associate company of the Group.

Earnings

Based on the Consideration and the net assets value of the equity interests to be disposed of, it is estimated that a gain of HK\$11,900,000 (after profits tax paid) will be recognized. The actual gain or loss from the Disposal to be recorded by the Company will depend on the audited consolidated financial statements of the Company.

Net assets

Upon the Disposal Completion, the net assets of the Group attributable to the Shareholders will be increased by the estimated gain from the Disposal of approximately HK\$11,900,000 (after profits tax paid). The actual increase in the net assets of the Group attributable to the Shareholders from the Disposal to be recorded by the Company will depend on the audited consolidated financial statements of the Company.

Gearing

As at 30 June 2021, the Group had a gearing ratio of approximately 258.0%, which is calculated by total borrowings less cash and cash equivalents divided by total equity (i.e. net assets). Upon the Disposal Completion, it is expected that the total assets of the Group will increase after taking into account the expected gain on the Disposal. As such, assuming the total liabilities of the Group will remain at same level, it is expected that the gearing ratio will decrease.

Cashflow

Upon the Disposal Completion, the Group's working capital will increase by the amount of proceeds of not exceeding approximately RMB141,110,970 (approximately equivalent to HK\$171,891,598.55).

It should be noted that the aforementioned analyses are for illustrative purposes only and do not purport to represent how the financial result and the financial position of the Group will be upon the Disposal Completion.

Based on the foregoing, we are of the view that the financial effects of the Disposal are favorable to the Group and accordingly we are of the view that the Disposal is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the above principal factors, we are of the opinion that the Disposal is not in the ordinary and usual course of business of the Group because of its “one-off” nature. Nevertheless, the Disposal and the terms of the Equity Transfer Agreement are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned as well as is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, and we advise the Independent Shareholders, to vote in favor of the resolution to approve the Disposal and the transactions contemplated thereunder to be proposed at the SGM.

Yours faithfully,

For and on behalf of

Octal Capital Limited

Alan Fung

Louis Chan

Managing Director

Director

Note: Mr. Alan Fung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2003. Mr. Fung has more than 28 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong.

Mr. Louis Chan has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2008. Mr. Chan has more than 20 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong.

This asset valuation report is prepared in accordance with the China Asset Valuation Rules



**ASSET VALUATION REPORT ON THE VALUE OF
THE ENTIRE SHAREHOLDERS' EQUITY OF
CHINA NUCLEAR INDUSTRY MAINTENANCE CO., LTD.*
HELD AND TO BE TRANSFERRED BY
CNE HOLDINGS COMPANY LIMITED,
A WHOLLY-OWNED SUBSIDIARY OF
CHINA NUCLEAR ENERGY TECHNOLOGY CORPORATION LIMITED**
Zhong Rui Ping Bao Zi [2021] No.001075
(Volume 1 of 1)



Zhongrui Shilian Asset Valuation Group Limited Company*

14 November 2021

Receipt Number of the Asset Valuation Report

(National Unified Coding of China Appraisal Society)

Coding of the asset valuation report : 1143020020202101366

Name of the asset valuation report : The Value of the Entire Shareholders' Equity of
China Nuclear Industry Maintenance Co., Ltd.*
Held and to be Transferred by CNE Holdings
Company Limited, a Wholly-owned Subsidiary of
China Nuclear Energy Technology Corporation
Limited

Reference number of the : Zhong Rui Ping Bao Zi [2021] No.001075
asset valuation report

Name of asset valuation agency : Zhongrui Shilian Asset Valuation Group Limited
Company*

Signatory asset valuation professionals : Liang Honglei (asset valuer), Wang Yu (asset valuer)

Note: This receipt only demonstrates national unified coding has been obtained for this asset valuation report and shall not be deemed as the basis of exempting the asset valuation agency and signatory asset valuation professionals from relevant legal liabilities.

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DISCLAIMER

I. This asset valuation report was prepared in accordance with Asset Valuation Standards – Basic Standards for issued by the Ministry of Finance and the Practice Guidelines and Code of Ethics for Asset Valuation issued by China Appraisal Society.

II. The client or other users of the asset valuation report should use the asset valuation report within the scopes as specified in it in accordance with the laws and administrative regulations. The asset valuation agency and its asset valuation professionals take no responsibility for any non-compliance of the above-mentioned requirements for the use of the asset valuation report by the client or other users of the asset valuation report.

III. The asset valuation report shall only be used by the client, other users of the asset valuation report stipulated in the asset valuation engagement contract, and users of the asset valuation report as required by laws and administrative regulations. Save for the above, any other institutions or individuals may not use the asset valuation report.

IV. The users of the asset valuation report should correctly interpret and use the valuation conclusion, which is not equivalent to the realizable value of the valuation target and should not be considered as a guarantee for the realizable value of the valuation target.

V. The users of the asset valuation report should be aware of the assumptions, on which the valuation conclusion is based, and the notes on special matters and the restrictions on the use of the asset valuation report.

VI. The asset valuation agency and its asset valuation professionals have complied with the laws, administrative regulations and asset valuation standards and adhered to the principles of independence, objectivity and impartiality, and are legally liable for the asset valuation report issued by them.

VII. The lists of assets and liabilities related to the valuation target should be declared by the client and the appraised enterprise and certified by signature, seal or other means permitted by laws. The client and other relevant parties shall be responsible for the truthfulness, completeness and legality of the materials provided by them in accordance with laws.

VIII. The asset valuation agency and its asset valuation professionals have no existing or expected relationship of interests with the valuation target as set out in the asset valuation report, no existing or expected relationship of interests with the relevant parties, and have no prejudice against the relevant parties.

IX. The asset valuation professionals have conducted on-site investigation on the valuation target and the assets involved in the asset valuation report, and given necessary consideration to the legal ownership status of the valuation target and the assets involved, conducted verification on the information regarding the legal ownership of the valuation target and the assets involved, made proper disclosure in respect of the issues identified, and requested the client and other relevant parties to consummate the titles in order to fulfil the requirements for the issuance of the asset valuation report.

X. The analysis, judgments and conclusions of the asset valuation report issued by the asset valuation agency are subject to the assumptions and restrictions stated in the asset valuation report; the users of the asset valuation report should fully consider the assumptions, constraints, notes on special matters and their impacts on the valuation conclusion contained in the asset valuation report.

**SUMMARY OF THE ASSET VALUATION REPORT ON
THE VALUE OF THE ENTIRE SHAREHOLDERS' EQUITY OF
CHINA NUCLEAR INDUSTRY MAINTENANCE CO., LTD.*
HELD AND TO BE TRANSFERRED BY
CNE HOLDINGS COMPANY LIMITED,
A WHOLLY-OWNED SUBSIDIARY OF
CHINA NUCLEAR ENERGY TECHNOLOGY CORPORATION LIMITED**

Zhong Rui Ping Bao Zi [2021] No.001075

China Nuclear Energy Technology Corporation Limited,

Upon your engagement, we, Zhongrui Shilian Asset Valuation Group Limited Company*, adhering to the principles of independence, objectivity and impartiality, have valued the market value of the entire shareholders' equity of China Nuclear Industry Maintenance Co., Ltd.* as at the valuation reference date through conducting appropriate asset valuation procedures and in compliance with the laws, administrative regulations and asset valuation standards. We hereby summarize the asset valuation report as follows:

Valuation Purpose: In order to meet the requirement of the equity of China Nuclear Industry Maintenance Co., Ltd.* held and to be transferred by CNE Holdings Company Limited, a wholly-owned subsidiary of China Nuclear Energy Technology Corporation Limited and in accordance with relevant regulations of the state and relevant departments, Zhongrui Shilian Asset Valuation Group Limited Company* has been engaged by China Nuclear Energy Technology Corporation Limited to conduct asset valuation on the value of the entire shareholders' equity of China Nuclear Industry Maintenance Co., Ltd.* for the purpose of providing valuation reference for the said economic activity.

Valuation Target: The value of the entire shareholders' equity of China Nuclear Industry Maintenance Co., Ltd.*

Valuation Scope: All assets and liabilities of China Nuclear Industry Maintenance Co., Ltd.*, including current assets, non-current assets (long-term equity investment, fixed assets, construction in progress, right-of-use assets, intangible assets, long-term deferred expenses, deferred income tax assets and other non-current assets), current liabilities and non-current liabilities.

Valuation Reference Date: 30 June 2021

Type of Value: Market value

Valuation Method: Asset-based approach, income approach

Valuation Conclusion: The valuation results under income approach are adopted as the valuation conclusion in this asset valuation report. The specific valuation conclusion is as follows:

As at the valuation reference date, the book value of total assets of China Nuclear Industry Maintenance Co., Ltd.* was RMB825,626,500, the book value of total liabilities was RMB168,478,400 and the book value of the entire shareholders' equity was RMB657,148,100 with the appraised value of RMB977,900,000, representing an increase of 48.81%.

Summary of Asset Valuation Results (Income Approach)

Unit: RMB'0,000

Items		Book value	Appraised value	Increase/Decrease	Increase %
		A	B	C=B-A	D=C/A×100%
Current assets	1	44,830.45			
Non-current assets	2	37,732.20			
Of which: Long-term receivables	3				
Long-term equity investment	4	1,484.38			
Investment in other equity instruments	5				
Other non-current financial assets	6				
Investment properties	7				
Fixed assets	8	21,001.85			
Construction in progress	9	568.82			
Right-of-use assets	10	2,271.29			
Intangible assets	11	2,449.88			
Long-term deferred expenses	12	1,040.39			
Deferred income tax assets	13	30.78			
Other non-current assets	14	8,884.81			
Total assets	15	82,562.65			
Current liabilities	16	15,138.08			
Non-current liabilities	17	1,709.76			
Total liabilities	18	16,847.84			
Net assets	19	65,714.81	97,790.00	32,075.19	48.81

Please refer to the Asset Valuation Schedule for the details of asset valuation.

This asset valuation report is solely designed to provide reference value for the economic activity described herein. The valuation conclusion is valid for one year from the valuation reference date.

Relevant matters discovered during the course of valuation that may affect the valuation conclusion and are beyond the valuers' practice and competence to value and estimate are set out as below:

(I) Notes on Special Matters Related to Make Reference to the Conclusions of Reports Issued by Other Institutions

BDO China SHU LUN PAN Certified Public Accountants LLP issued a standard and unqualified auditor's report with Xin Kuai Shi Bao Zi [2021] No. ZG214785 on 15 October 2021.

(II) Notes on Special Matters Related to Incomplete or Defective Ownership Information

1. As at the valuation reference date, buildings under the valuation scope included training workshops (Phase I) on F-2-3 plot of Fuding Wendu Industrial Zone (福鼎文渡工業區) of Fuding Branch, China Nuclear Industry Maintenance Co., Ltd.* with total floor area of 2,483.16 square meters (sq.m.); power distribution room, reception office and gas room of Lianyungang Branch, China Nuclear Industry Maintenance Co., Ltd.*, which are under the process of applying the building ownership certificates; reception office 2 which has not yet been acquired the building ownership certificate and has total floor area of 183.57 sq.m.; 10KV substation of Dalian Branch, China Nuclear Industry Maintenance Co., Ltd.*, which has not yet been acquired the building ownership certificate and provided construction drawing or actual measuring area as its floor area. Since the appraised enterprise has undertaken that it will bear corresponding legal responsibilities for any problem occurring in the following housing property, the impact of such matter therefore is not considered in this valuation.

APPENDIX I

SUMMARY OF VALUATION REPORT OF THE TARGET COMPANY

No.	Certificate No.	Name of building	Structure	Year and month of completion	Measuring unit	Floor area/volume (m ² /m ³)	Book value	
							Original value	Net value
1	No certificate acquired	Training workshops (Phase I) and others on F-2-3 plot of Fuding Wendu Industrial Zone	Reinforced concrete construction	2019/2/20	sq.m.	2483.16	6,906,325.89	6,396,025.05
1-1	No certificate acquired	Training workshop	Reinforced concrete construction	2019/2/20	sq.m.	2436		
1-2	No certificate acquired	Guard room	Reinforced concrete construction	2019/2/20	sq.m.	19.8		
1-3	No certificate acquired	Toilet	Reinforced concrete construction	2019/2/20	sq.m.	27.36		
2	No certificate acquired	Power distribution room	Brick-concrete	2017/12/18	sq.m.	58.5		
3	No certificate acquired	Reception office	Reinforced concrete	2017-12-19	sq.m.	47.84		
4	No certificate acquired	Gas room	Reinforced concrete	2017/12/19	sq.m.	8.64		
5	No certificate acquired	Reception office 2	Mixed structure	2017/12/18	sq.m.	68.59		
6	No certificate acquired	10KV substation	Brick-concrete	2012/12/1	sq.m.	120.96		

The appraised enterprise has undertaken that such assets, which have not yet been acquired ownership certificates, are obtained legally with housing property attributed to it. Therefore, there is no ownership dispute and every floor area reported for valuation is consistent with its actual situation.

2. Intangible asset – land use rights

The intangible asset – lands under the valuation scope included F8-1 plot of Wufuwei, Kouyang Village Committee (口洋村委會五福圍F8-1地段) and lot of Xinweizai, Wufuwei, Pearl Bay (珍珠灣五福圍新圍仔地段的土地), the land premium of which were fully paid in accordance with the contract. The registered owner of the land use right certificate is China Nuclear Industry Huaxing Construction Co., Ltd. (中國核工業華興建設有限公司). In addition, the land use right certificate is under the procedure of ownership change and transfer, for which ownership certificate documents such as transfer contract and payment voucher have been provided by the appraised enterprise to demonstrate its ownership on the above-mentioned land use rights. Moreover, the appraised enterprise has undertaken that it will bear corresponding legal responsibilities for any problem occurring in the above land use rights, the impact of such matter therefore is not considered in this valuation. The details of which are set out below:

No.	Land use right certificate No.	Name of land parcel	Location of land	Nature of land	Use of land	Maturity date	Development level	Area (m ²)	Original book value	Book value
1	Dong Fu Guo Yong (2010) No. 0100141	F8-1 lot of Wufuwei, Kouyang Village Committee	F8-1 lot of Wufuwei, Kouyang Village Committee	Transfer	Residential land	2080/3/19	Five connections and one leveling	1,749.70	809,904.76	802,063.36
2	Dong Fu Guo Yong (2009) No.0100156	Lot of Xinweizai, Wufuwei, Pearl Bay	Lot of Xinweizai, Wufuwei, Pearl Bay	Transfer	Residential land	2079/10/28	Five connections and one leveling	44,651.31	20,667,142.86	20,465,652.62

(III) Notes on Special Matters Related to Restrictions on Valuation Procedures

1. The technical specifications or parameter data of various buildings (structures) and equipment assets under the valuation scope are provided by the appraised enterprise. For equipment reported for valuation by the appraised enterprise, the valuers have strived for on-site inspection and verification as much as possible. For assets such as the internal structure of equipment that cannot be investigated on-site due to impacts of work environment, location, time limit and the COVID-19 epidemic, the valuers have inspected and verified through investigating, inquiring, or accessing to relevant records with relevant personnel of the appraised enterprise.
2. Without conducting technical inspection on technical parameters and performance of various equipment as at the valuation reference date, the valuation professionals have made judgments through site investigation and based on an assumption that relevant technical materials and operating records provided by the appraised enterprise are true and effective under the premise of no testing equipment used.

(IV) Notes on Special Matters Related to Pending Legal and Economic Matter on the
Valuation Reference Date

No.	Enterprise	Status	Litigation/ Arbitration	Plaintiff	Defendant	The third party	Cause of action	The authority of judgment	Subject amount involved in the case (RMB'000)	Introduction of the case
1	China Nuclear Industry Maintenance Co., Ltd.*	In progress	Litigation	Sanmen Zhuoyi Catering Co., Ltd. (三门卓逸餐 飲有限公司)	Respondent 1: Sanmen Branch, China Nuclear Industry Maintenance Co., Ltd.* Respondent 2: China Nuclear Industry Maintenance Co., Ltd.*	Nil	Disputes over catering service contract	Sanmen County People's Court	46,564	Introduction of the case: Disputes over executing catering service contract Claims: 1. Request to order the defendants to pay RMB89,131 for the depreciation charge of supporting facilities for restaurant invested by the plaintiff; 2. To order the defendants to pay entertainment expenses of RMB39,137 from 2018 to 2019; 3. To compensate RMB70,000 for the subsidies granted to staff by the plaintiff during the epidemic; 4. To compensate the loss of RMB247,296 by the plaintiff due to the top-up amount that shall be paid while failing to pay during the epidemic; 5. Refund the performance bond of RMB20,000 of the plaintiff. Progress up to now: The trial was held on 29 July 2021.

(V) This report is compiled based on business licenses, ownership certificate documents, financial statements, accounting vouchers, asset ledger and other relevant information concerning this valuation provided and certified by the client and the relevant parties. The client, property owner and relevant parties are responsible for the authenticity, validity and integrity of the original valuation materials provided as set out above.

(VI) Nature and Amount of Matters such as Guarantees, Leases and its Contingent Liabilities (Contingent Assets) and their Relationship with the Valuation Target

No.	Branch	Company name	Amount of the lease contract	Subject of the lease	Commencement date of the lease	Maturity date of the lease
1	Headquarters, China Nuclear Industry Maintenance Co., Ltd.*	Shanghai Tongyi Real Estate Co., Ltd. (上海通益置業有限公司)	27,149,226.44	Building	2018/5/25	2022/5/24
2	Headquarters, China Nuclear Industry Maintenance Co., Ltd.*	Shanghai Yanrun Enterprise Consulting Co., Ltd. (上海衍潤企業諮詢有限公司)	5,275,380.78	Building	2018/5/25	2022/5/24
3	Shenzhen Branch, China Nuclear Industry Maintenance Co., Ltd.*	Housing and Property Affairs Center of Dapeng New District, Shenzhen (深圳市大鵬新區住房和物業事務中心)	425,641.55	Building	2020/9/15	2023/9/14
4	Shenzhen Branch, China Nuclear Industry Maintenance Co., Ltd.*	Shenzhen Xingbangde Investment Development Co., Ltd. (深圳市興邦德投資發展有限公司)	23,015,964.34	Building	2018/7/1	2023/6/30
5	Yangjiang Branch, China Nuclear Industry Maintenance Co., Ltd.*	Yangjiang CNNC Kelly Enterprise Management Co., Ltd. (陽江中核凱利企業管理有限公司)	385,301.28	Building	2019/8/1	2021/7/31
6	Fuqing Branch, China Nuclear Industry Maintenance Co., Ltd.*	Lin Daoli (林道利), Sun Lanfang (孫蘭芳)	13,720,770.00	Building	2017/8/30	2022/8/30
7	Fuqing Branch, China Nuclear Industry Maintenance Co., Ltd.*	Lin Daoli (林道利), Sun Lanfang (孫蘭芳)	1,350,240.00	Building	2017/10/30	2022/10/30
8	Taishan Branch, China Nuclear Industry Maintenance Co., Ltd.*	Hakka Villa, Chixi Town, Taishan and Zeng Guorong (台山市赤溪鎮客家山莊及曾國榮)	6,000,000.00	Building	2019/6/16	2024/6/15
9	Haiyang Branch, China Nuclear Industry Maintenance Co., Ltd.*	Rongcheng Shidao Taoyuan Yujia Folk Custom Tourism Service Co., Ltd. (榮成市石島桃園漁家民俗旅遊服務有限公司)	1,950,000.00	Building	2021/6/1	2024/5/31
10	Sanmen Branch, China Nuclear Industry Maintenance Co., Ltd.*	Yang Pingpong (楊平蓬)	6,369,880.00	Building	2017/11/15	2027/11/14
11	Sanmen Branch, China Nuclear Industry Maintenance Co., Ltd.*	Peng Zhangjian (彭章建)	630,000.00	Building	2019/11/1	2021/11/14
12	Haiyan Branch, China Nuclear Industry Maintenance Co., Ltd.*	CNNC Nuclear Power Operation Management Co., Ltd. (中核核電運行管理有限公司)	264,000.00	Building	2021/2/1	2021/12/31

(VII) The Impact of Possible Discounts Due to Lack of Control on the Value of the Valuation Target is not Considered in This Asset Valuation Report.

(VIII) Other Matters Requiring Explanation

1. The valuation conclusion of this asset valuation report reflects the value of the valuation target for the valuation purpose as stated in this report as at the valuation reference date and under an assumption that there are no changes in going concern and the external macro-economic environment.
2. The valuation conclusion of this asset valuation report has neither been taken into consideration the potential relevant expenses and taxes in the process of ownership registration or change of the appraised assets, nor the impact of possible changes of tax obligation arising from the increase/decrease of the appraised value.
3. The valuation agency and the valuers shall assume no responsibility for the failure of the client and relevant parties to explain the possible deficiencies that could affect the valuation conclusion to the valuers a timely basis, to the extent that such deficiencies could not be known in normal circumstances while the valuers have implemented necessary valuation procedures.
4. In the term of validity after the valuation reference date, if the quantity and pricing standard of assets change, treatment should be carried out in accordance with the following principles:
 - (1) When the quantity of assets changes, corresponding adjustments should be made to the amount of assets in accordance with the original valuation method;
 - (2) When the pricing standard of assets changes, which greatly affects the results of asset valuation, the client should engage qualified asset valuation agency to re-determine the appraised value on a timely basis;
 - (3) When determining the actual price of the assets, the client should give due consideration to the changes of the quantity and pricing standard of assets after the valuation reference date and make corresponding adjustments.
5. The financial statements of the long-term equity investment of the appraised enterprise are unaudited in this valuation.
6. The client is China Nuclear Energy Technology Corporation Limited and CNE Holdings Company Limited, its wholly-owned subsidiary, holds 14.43% equity of the appraised enterprise.

THE USERS OF THE ASSET VALUATION REPORT SHALL TAKE INTO FULL ACCOUNT THE ASSUMPTIONS, RESTRICTIONS AND NOTES ON SPECIAL MATTERS SPECIFIED IN THE ASSET VALUATION REPORT AND THEIR IMPACT ON THE VALUATION CONCLUSION.

THE ABOVE CONTENT IS EXTRACTED FROM THE TEXT OF THE ASSET VALUATION REPORT. FOR DETAILS OF THIS VALUATION ENGAGEMENT AND A PROPER UNDERSTANDING OF THE VALUATION CONCLUSION, PLEASE READ THE TEXT OF THE ASSET VALUATION REPORT.

**TEXT OF THE ASSET VALUATION REPORT ON
THE VALUE OF THE ENTIRE SHAREHOLDERS' EQUITY OF
CHINA NUCLEAR INDUSTRY MAINTENANCE CO., LTD.*
HELD AND TO BE TRANSFERRED BY
CNE HOLDINGS COMPANY LIMITED,
A WHOLLY-OWNED SUBSIDIARY OF
CHINA NUCLEAR ENERGY TECHNOLOGY CORPORATION LIMITED**

Zhong Rui Ping Bao Zi [2021] No.001075

China Nuclear Energy Technology Corporation Limited,

Upon your engagement, Zhongrui Shilian Asset Valuation Group Limited Company* (hereinafter referred to as “we”), complying with the laws, administrative regulations and asset valuation standards as well as adhering to the principles of independence, objectivity and impartiality, has valued the market value of the entire shareholders' equity of China Nuclear Industry Maintenance Co., Ltd.* as at 30 June 2021 through conducting appropriate asset valuation procedures and adopting asset-based approach and income approach, so as to meet the requirement of such equity of China Nuclear Industry Maintenance Co., Ltd.* held and to be transferred by China Nuclear Energy Technology Corporation Limited. We hereby report the details of asset valuation as follows:

**I. THE CLIENT, THE APPRAISED ENTERPRISE AND OTHER USERS OF THE
ASSET VALUATION REPORT AS AGREED IN THE ASSET VALUATION
ENGAGEMENT CONTRACT**

The client of this asset valuation is China Nuclear Energy Technology Corporation Limited and the appraised enterprise is China Nuclear Industry Maintenance Co., Ltd.* There are no other users of the asset valuation report as agreed in the asset valuation engagement contract.

(I) Overview of the Client

1. Particulars of registration

Name: China Nuclear Energy Technology Corporation Limited

Registered address: Clarendon House, 2 Church Street, Hamilton, Bermuda

Registered capital: 500,000,000 HKD

Business address: Unit 2801, 28/F, China Resources Building, 26 Harbour Road,
Wanchai, Hong Kong

Company profile: Adhering to the corporate spirit of “integrity, professionalism, astuteness, pioneer, innovation and respect”, China Nuclear Energy Technology Corporation Limited has always been cautious and conscientious and committed to excellence with an aim to create greater value for shareholders. It is positioned as a foreign investment and financing service platform for industrialization of China’s new nuclear technology and implementation of overseas nuclear power development strategy. It aims to establish a financial services business focusing on financing and leasing of nuclear power, clean energy, energy conservation and environmental protection industries, thereby realizing industry and financial synergies. With continually increasing revenue from photovoltaic power generation, solar thermal power generation, biomass energy and other engineering business, it has successfully developed into a top-tier contractor for new energy engineering and construction, while also has realized the goal of integrating photovoltaic power station investment-engineering, procurement and construction (EPC) -operation.

(II) Overview of the Appraised Enterprise**1. Particulars of registration**

Name: China Nuclear Industry Maintenance Co., Ltd.* (hereinafter referred to as “CNI Maintenance”)

Unified social credit code: 914403001922009115

Type: Joint-stock company (Sino-foreign equity joint venture)

Domicile: No. 500-1, Panlong Road, Qingpu District, Shanghai

Legal representative: Huang Zhijun (黃志軍)

Registered capital: RMB114,597,000

Date of establishment: 9 January 1988

Term of business: 9 January 1988 to 6 September 2054

Scope of business: Construction for various types of nuclear reactors, nuclear power plants and radioactive chemical engineering; maintenance of nuclear power plants and nuclear facilities, maintenance and testing of mechanical and electrical equipment, technology consulting and technical services; installation of equipment, lines and pipelines for public, civil and industrial construction projects, and construction of substations below 35 KV; production and installation of non-standard steel parts; import and export of construction materials, decoration materials, and hardware materials and related supporting businesses (no commodity involves state-run trade administration; if any commodity involves quota, license administration and other requirements, application shall be made pursuant to the relevant state regulation). Items, which are subject to approval in accordance with the laws, shall be operated only after obtaining approval from the relevant authorities.

2. History

China Nuclear Industry Maintenance Co., Ltd.*, formerly known as Shenzhen CNI23 Nuclear Power Maintenance Co., Ltd. (深圳中核二三核電檢修有限公司), was established on 9 January 1988 with a registered capital of RMB27,790,000 under the approval of Shenzhen Municipal People's Government, of which, China Nuclear Industry 23 Construction Co., Ltd. (中國核工業二三建設有限公司) contributed RMB18,063,500, accounting for 65% of the registered capital, while the Labor Union Committee of China Nuclear Industry 23 Construction Co., Ltd. (中國核工業第二三建設公司工會委員會) contributed RMB9,726,500, accounting for 35% of the registered capital. In 2012, China Nuclear Industry 23 Construction Co., Ltd. increased capital contribution by RMB5,240,000, and BSC Group Holdings Limited (中國大陽集團控股有限公司) subscribed for the registered capital of RMB3,670,000. After the capital increase, the registered capital of CNI Maintenance was changed to RMB36,700,000. On 13 January 2015, China Nuclear Engineering & Construction Corporation Limited (中國核工業建設股份有限公司) entered into a capital increase and share expansion agreement with the original shareholders of CNI Maintenance, pursuant to which, it was agreed that China Nuclear Engineering & Construction Corporation Limited increased capital of RMB104,242,700 (RMB15,730,000 accounted in paid-up capital and RMB88,512,700 accounted in capital reserve). After the capital increase, the registered capital of CNI Maintenance was changed to RMB52,430,000. In 2016, China Nuclear Engineering & Construction Corporation Limited acquired all equity interest in CNI Maintenance held by BSC Group Holdings Limited and made capital increase. After that, the registered capital of CNI Maintenance was changed to RMB67,410,000. In 2018, the capital reserve of CNI Maintenance was transferred to capital. After completion, the registered capital of CNI Maintenance was changed to RMB114,597,000, of which China Nuclear Engineering & Construction Corporation Limited contributed RMB58,446,000, accounting for 51.00% of the registered capital; China Nuclear Industry 23 Construction Co., Ltd. contributed RMB25,443,100, accounting for 22.20% of the registered capital; Guangdong CNNC Huiyuan Engineering Co., Ltd. (廣東中核惠原工程有限公司) contributed RMB14,172,900, accounting for 12.37% of the registered capital; and CNE Holdings Company Limited contributed RMB16,535,100, accounting for 14.43% of the registered capital. Its unified social credit code is 914403001922009115; legal representative is Huang Zhijun; registered address is No. 500-1, Panlong Road, Qingpu District, Shanghai.

The shareholding structure as of the valuation reference date is set out as below:

No.	Shareholders and capital contribution	Shareholding percentage	Paid-up capital contribution (RMB0'000)
1	China Nuclear Engineering & Construction Corporation Limited	51.00%	5,844.60
2	China Nuclear Industry 23 Construction Co., Ltd.	22.20%	2,544.31
3	Guangdong CNNC Huiyuan Engineering Co., Ltd.	12.37%	1,417.29
4	CNE Holdings Company Limited	14.43%	1,653.51
	Total	100%	11,459.70

3. Major qualifications of the appraised enterprise

No.	Name of the qualification	Certificate No.	Certification unit
1	Professional Contracting of Nuclear Engineering – Grade I	DW231604462	Shanghai Housing and Urban-Rural Development Management Committee
2	Professional Contracting of Building Electrical and Mechanical Installation Engineering – Grade I	DW231604462	Shanghai Housing and Urban-Rural Development Management Committee
3	Professional Contracting of Fire-Fighting Facilities Engineering – Grade II	DW231604462	Shanghai Housing and Urban-Rural Development Management Committee
4	General Contracting of Mechanical and Electrical Engineering – Grade III	DW231604462	Shanghai Housing and Urban-Rural Development Management Committee
5	General Contracting of Petrochemical Engineering – Grade III	DW231604462	Shanghai Housing and Urban-Rural Development Management Committee
6	Professional Contracting of Water-proof, Corrosion-proof and Insulation Engineering – Grade II	DW231604462	Shanghai Housing and Urban-Rural Development Management Committee
7	Professional Contracting of Form Scaffolding	DW231604462	Shanghai Housing and Urban-Rural Development Management Committee

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No.	Name of the qualification	Certificate No.	Certification unit
8	High-tech Enterprise	GR201931000731	Science and Technology Commission of Shanghai Municipality Shanghai Municipal Finance Bureau Shanghai Municipal Office of the State Administration of Taxation
9	Radiation Safety Permit	Yue Huan Fu Zheng [04506]	Department of Ecology and Environment of Guangdong Province
10	Erection, Modification and Maintenance of Special Type Equipment (Hoisting Machinery)	TS3431K42-2023	Shanghai Municipal Administration for Market Regulation
11	Nuclear Industry Quality Management System Certification	0350121EJ20005R1L	Xingyuan Certification Center Co., Ltd.
12	Environmental Management System Certification	0350121E20297R2L	Xingyuan Certification Center Co., Ltd.
13	Occupational Health and Safety Management System Certification	0350121S30282R2L	Xingyuan Certification Center Co., Ltd.
14	Quality Management System Certification (GB/T 19001-2016/ISO 9001:2015)	0350121Q30481R6L-1	Xingyuan Certification Center Co., Ltd.
15	Quality Management System Certification (GB/T 19001-2016/ISO 9001:2015,GB/T 50430-2017)	0350121Q30481R6L	Xingyuan Certification Center Co., Ltd.
16	Supplier Certificate of China National Nuclear Corporation	CNNC-180040601	Xingyuan Certification Center Co., Ltd.
17	Safety Production Permit	(Hu) JZ An Xu Zheng Zi [2019] No.012278	Shanghai Housing and Urban-Rural Development Management Committee
18	Undertake Installation (Maintenance) of Electric Power Construction Permit – Grade IV	4-1-00581-2020	East China Regulatory Bureau of National Energy Administration
19	Production Standardization Certificate of China National Nuclear Corporation Safety – Grade II	AQBIICNNC (He) 2021009	China National Nuclear Corporation

4. Assets, financial and operating position for the last two years and one period

The financial position of the appraised enterprise for the last two years and one period is as follows:

Unit: RMB

Items	31 December 2019	31 December 2020	30 June 2021
Cash and cash equivalents	287,491,251.51	150,591,993.71	110,701,504.07
Financial assets held for sale			
Bills receivables			
Accounts receivable	75,258,615.18	191,271,805.07	292,047,698.76
Financing receivables			
Prepayments	98,815,155.33	97,758,151.70	6,488,964.91
Dividends receivable			
Other receivables	23,716,770.93	20,830,148.36	22,459,756.72
Inventories	2,845,204.89	4,403,265.05	4,937,157.14
Contract assets		5,773,872.05	7,350,968.97
Other current assets		6,190,215.98	4,318,413.71
Total current assets	488,126,997.84	476,819,451.92	448,304,464.28
Financial assets available for sale			
Long-term receivables			
Long-term equity investment			14,843,818.41
Investment in other equity instruments			
Other non-current financial assets			
Investment properties			
Fixed assets	118,245,882.87	216,204,245.36	210,018,451.99
Construction in progress		5,688,206.65	5,688,206.65
Right-of-use assets			22,712,886.86
Intangible assets	3,470,733.11	24,758,084.61	24,498,761.67
Goodwill			
Long-term deferred expenses	7,143,005.58	13,187,413.13	10,403,922.41
Deferred income tax assets	57,178.89	39,379.52	307,825.80
Other non-current assets			88,848,143.40

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THE TARGET COMPANY**

Items	31 December 2019	31 December 2020	30 June 2021
Total non-current assets	128,916,800.45	259,877,329.27	377,322,017.19
Total assets	617,043,798.29	736,696,781.19	825,626,481.47
Short-term borrowings			
Bills payables			
Accounts payable	2,888,047.98	10,513,353.86	10,863,771.06
Advance receipts	11,188,312.63		
Employees' remuneration payable	23,976,047.07	32,388,656.01	35,185,891.41
Tax payable	7,671,436.81	8,654,393.71	5,646,422.46
Dividends payable			53,358,655.14
Other payables	39,070,962.71	43,023,592.22	25,602,323.26
Contract liabilities			4,578,297.03
Other current liabilities		7,639,156.41	16,145,444.03
Total current liabilities	84,794,807.20	102,219,152.21	151,380,804.39
Long-term borrowings			
Bonds payable			
Long-term payable			
Long-term employees' remuneration payable			
Special payable			
Lease liabilities			16,697,568.46
Deferred income		400,000.00	400,000.00
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		400,000.00	17,097,568.46
Total liabilities	84,794,807.20	102,619,152.21	168,478,372.85
Total owners' equity	532,248,991.09	634,077,628.98	657,148,108.62
Total of liabilities and owner's equity	617,043,798.29	736,696,781.19	825,626,481.47

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SUMMARY OF VALUATION REPORT OF
THE TARGET COMPANY

The financial position of the appraised enterprise for the last two years and one period is as follows:

Unit: RMB

Items	2019	2020	January - June 2021
I. Total operating income	1,008,660,461.42	1,102,982,802.21	578,674,162.45
Including: operating income	1,008,660,461.42	1,102,982,802.21	578,674,162.45
II. Total operating cost	889,338,016.91	953,161,588.52	490,413,932.82
Including: operating cost	780,958,412.69	824,224,920.01	428,669,270.04
Tax and surcharges	6,958,457.41	7,221,168.15	2,988,210.97
Sales expense			
Administrative expense	69,197,617.13	81,832,322.34	37,511,464.86
Research and development expense	34,307,570.11	42,038,654.27	21,074,833.64
Financial expense	(2,084,040.43)	(2,155,476.25)	170,153.32
Add: other income	1,938,546.13	3,335,055.61	955,730.20
Investment income			(156,181.59)
Gain arising from fair value changes			
Credit impairment loss	(278,122.79)	91,076.48	(1,810,960.01)
Impairment loss for assets		4,405.31	21,318.17
Gains on disposal of assets			
III. Operating profit	120,982,867.85	153,251,751.09	87,270,136.40
Add: Non-operating income	425,212.72	213,215.64	158,489.62
Less: Non-operating expenses	198,997.65	47,686.10	49,651.49
IV. Gross profit	121,209,082.92	153,417,280.63	87,378,974.53
Less: Income tax expense	15,987,114.59	20,021,753.13	10,949,839.75
V. Net profit	105,221,968.33	133,395,527.50	76,429,134.78
VI. Other comprehensive income, net of tax	105,221,968.33	133,395,527.50	76,429,134.78
VII. Total comprehensive income	105,221,968.33	133,395,527.50	76,429,134.78

The financial data for 2019, 2020 and the valuation reference date of the appraised enterprise have been audited by BDO China SHU LUN PAN Certified Public Accountants LLP with issuing standard and unqualified auditor's reports of Xin Kuai Shi Bao Zi [2020] No. ZG27640, Xin Kuai Shi Bao Zi [2021] No. ZG22670 and Xin Kuai Shi Bao Zi [2021] No. ZG214785.

5. Relationship between the client and the appraised enterprise

The client is China Nuclear Energy Technology Corporation Limited and CNE Holdings Company Limited, its wholly-owned subsidiary, holds 14.43% equity of CNI Maintenance.

(III) Other Users of the Asset Valuation Report as Agreed in the Asset Valuation Engagement Contract

There are no other users of the asset valuation report as agreed in the asset valuation engagement contract.

This asset valuation report shall only be used by the client and the users of the asset valuation report as permitted by the state laws and regulations, and shall not be used or relied upon by any other third party.

II. PURPOSE OF THE VALUATION

Upon your engagement, Zhongrui Shilian Asset Valuation Group Limited Company* has conducted valuation on the value of the entire shareholders' equity of China Nuclear Industry Maintenance Co., Ltd.*, held and to be transferred by CNE Holdings Company Limited, a wholly-owned subsidiary of China Nuclear Energy Technology Corporation Limited for the purpose of providing China Nuclear Energy Technology Corporation Limited valuation reference.

III. VALUATION TARGET AND VALUATION SCOPE

(I) Valuation Target

The valuation target is the value of the entire shareholders' equity of China Nuclear Industry Maintenance Co., Ltd.*

(II) Valuation Scope

The valuation covers all assets and liabilities of China Nuclear Industry Maintenance Co., Ltd.* As at the valuation reference date, assets under the valuation scope included current assets, long-term equity investment, fixed assets, construction in progress, intangible assets, long-term deferred expenses, right-of-use assets, deferred income tax assets and other non-current assets with the book value of total assets of RMB825,626,500. Liabilities included current liabilities and non-current liabilities with the book value of total liabilities of RMB168,478,400. The book value of net assets was RMB657,148,100. The table set out below illustrates the specific types of assets and their audited book values:

Unit: RMB

No.	Name of Items	Book value
I	Total current assets	448,304,464.28
1	Cash and cash equivalents	110,701,504.07
2	Financial assets held for sale	
3	Bills receivables	
4	Accounts receivable	292,047,698.76
5	Prepayments	6,488,964.91
6	Other receivables	22,459,756.72
7	Inventories	4,937,157.14
8	Contract assets	7,350,968.97
9	Other current assets	4,318,413.71
II	Total non-current assets	377,322,017.19
1	Long-term receivables	
2	Long-term equity investment	14,843,818.41
3	Investment in other equity instruments	
4	Fixed assets	210,018,451.99
5	Construction in progress	5,688,206.65
6	Right-of-use assets	22,712,886.86
7	Intangible assets	24,498,761.67
8	Long-term deferred expenses	10,403,922.41
9	Deferred income tax assets	307,825.80
10	Other non-current assets	88,848,143.40
III	Total assets	825,626,481.47

No.	Name of Items	Book value
IV	Current liabilities	151,380,804.39
1	Short-term borrowings	
2	Bills payables	
3	Accounts payable	10,863,771.06
4	Advance receipts	
5	Employees' remuneration payable	35,185,891.41
6	Tax payable	5,646,422.46
7	Dividends payable	53,358,655.14
8	Other payables	25,602,323.26
9	Contract liabilities	4,578,297.03
10	Other current liabilities	16,145,444.03
V	Non-current liabilities	17,097,568.47
1	Long-term borrowings	
2	Long-term payable	
3	Lease liabilities	16,697,568.47
4	Deferred income	400,000.00
5	Deferred income tax liabilities	
6	Other non-current liabilities	
VI	Total liabilities	168,478,372.86
VII	Net assets (Total shareholders' equity)	657,148,108.61

The valuation target and valuation scope are consistent with the valuation target and valuation scope involved in the economic activity. The book value has been audited by BDO China SHU LUN PAN Certified Public Accountants LLP with issuing a standard and unqualified auditor's report of Xin Kuai Shi Bao Zi [2021] No. ZG214785.

(III) Major Assets of the Enterprise

1. Accounts receivable

Accounts receivable represent receivables for project payments and design consulting service fees that shall be charged to the unit receiving construction services. As at the valuation reference date, the book balance of accounts receivable was RMB293,065,227.90 with a net book value of RMB292,047,698.76 upon making provision for bad debts of RMB1,017,529.14.

2. Other receivables

Other receivables represent deposits paid, reserve funds, bid bond, etc. The book balance of other receivables was RMB23,381,785.16 with a net book value of RMB22,459,756.72 upon making provision for bad debts of RMB922,028.44.

3. Inventories

Inventories mainly include raw materials stored in warehouses of various branches. The warehouses of supply department and spare part department, which are in a reasonable layout, will be carried out a large inventory at the end of each year and certain small-scale spot checks at ordinary times. Engineering construction represents completed but unsettlement project.

4. Long-term equity investment

There is one long-term equity investment, which is without actual control over one share-holding subsidiary. Details of which are set out below:

Unit: RMB

No.	Name of investee	Date of investment	Percentage of investment %	Book value
1	Zhongyuan Operation and Maintenance Overseas Engineering Co., Ltd. (中原運維海外工程有限公司)	2021/6/28	15%	14,843,818.41
Total				14,843,818.41
Less: Impairment provision for long-term equity investment				
Total				14,843,818.41

The financial position of the appraised enterprise for the last period is as follows:

Unit: RMB

Items	30 June 2021
Total current assets	80,944,379.69
Total non-current assets	
Total assets	80,944,379.69
Total current liabilities	(8,749.35)
Total liabilities	(8,749.35)
Total owners' equity	80,953,129.04
Total of liabilities and owner's equity	80,944,379.69

The operating conditions of the appraised enterprise for the last period are as follows:

Unit: RMB

Items	January – June 2021
I. Total operating income	0.00
II. Total operating cost	0.00
III. Operating profit	(1,041,210.58)
IV. Total profit	(1,041,210.58)
Less: Income tax expense	
V. Net profit	(1,041,210.58)

5. Buildings (structures)

1) Buildings

Including, among others, commercial and residential buildings in Wangmu Community (王母小區), office building of Fuding Wendu (福鼎文渡), warehouse and R&D building and office buildings of Fengye (豐業), all of which are located in various branches.

2) Structures

Including, among others, asphalt roads, marble fields, gully pots, double-wall corrugated drainage pipes and septic tanks, all of which are located in various branches.

6. Machinery and equipment

- 1) Machinery and equipment mainly includes, among others, three-phase squirrel-cage asynchronous motor, medium voltage circuit breaker cabinet, manual gate valve and Weiteli welding machine.
- 2) Transportation equipment mainly includes vehicles for production and office such as various passenger cars and sedans, all of which are located in various branches.
- 3) Electronic office equipment includes equipment for production and office such as various computers, air conditioners, printers and copiers, all of which are located in various branches. Business equipment is under unified management of the equipment department and will be maintained regularly to ensure its well-maintained and operating condition.

7. Intangible assets

(1) Intangible assets – lands

There are totally 8 intangible assets – lands included in the valuation scope with a book value of RMB24,130,752.78. Details of which are as follows:

No.	Land use right certificate no.	Name of land parcel	Location of land	Acquisition date	Maturity date	Development level	Area (m ²)	Book value
1	Zhe 2017 Haiyan Xian Bu Dong Chan Quan No. 0005020	Land use right	No. 88 Qinshan Avenue, Qinshan Street		2065/9/8	Five connections and one leveling	6,989.00	2,863,036.80
2	Dong Fu Guo Yong (2010) No. 0100141	Lot F8-1, Wufuwei, Kouyang Village Committee			2080/3/19	Five connections and one leveling	1,749.70	802,063.36
3	Dong Fu Guo Yong (2009) No. 0100156	Lot of Xinweizai, Wufuwei, Pearl Bay			2079/10/28	Five connections and one leveling	44,651.31	20,465,652.62
4	Su (2020) Lianyungang Shi Bu Dong Chan Quan No.0031475		East of Yanshan Road, South of Provincial Road 242, Development Zone	2011	2060/8/4		23,471.20	
	Su (2020) Lianyungang Shi Bu Dong Chan Quan No.0031479							
	Su (2020) Lianyungang Shi Bu Dong Chan Quan No.0031512							
	Su (2020) Lianyungang Shi Bu Dong Chan Quan No.0031578							

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No.	Land use right certificate no.	Name of land parcel	Location of land	Acquisition date	Maturity date	Development level	Area (m ²)	Book value
5	Liao (2021) Dalian Wafangdian Bu Dong Chan Quan No.09012090		No. 203, Hongyanhe Road, Hongyanhe Town	2020/12/25	2049/1/21	Five connections and one leveling	2,956.00	
6	Liao (2021) Dalian Wafangdian Bu Dong Chan Quan No.09012100		No. 207-7, Hongyanhe Road, Hongyanhe Town	2020/12/25	2057/4/30	Five connections and one leveling	16,869.00	
	Liao (2021) Dalian Wafangdian Bu Dong Chan Quan No.09012099							
	Liao (2021) Dalian Wafangdian Bu Dong Chan Quan No.09012098							
	Liao (2021) Dalian Wafangdian Bu Dong Chan Quan No.09012097							
	Liao (2021) Dalian Wafangdian Bu Dong Chan Quan No.09012096							
	Liao (2021) Dalian Wafangdian Bu Dong Chan Quan No.09012095							
	Liao (2021) Dalian Wafangdian Bu Dong Chan Quan No.09012094							
	Liao (2021) Dalian Wafangdian Bu Dong Chan Quan No.09012093							
	Liao (2021) Dalian Wafangdian Bu Dong Chan Quan No.09012092							
	Liao (2021) Dalian Wafangdian Bu Dong Chan Quan No.09012091							
7	Haiyan Guo Yong 2015 No.1-4243		No. 235 Chaoyang West Road, Wuyuan Town	2008/12/8	2051/7/12		4,831.30	
8	Min (2016) Fuding Shi Bu Dong Chan Quan No.0002764		F-2-3 plot of Concentration Area, Fuding Wendu Industrial Project		2062/10/20		4,087.76	

(2) Intangible assets – others

Intangible assets – others reported and under the valuation scope include, among others, 6 services such as UFIDA software and OA office software system purchased by the enterprise with a book value of RMB368,008.89, 264 invention patents and utility model patents, 13 software copyrights and 7 trademarks.

(IV) Type and Quantity of Off-Balance Sheet Assets Reported by the Enterprise

The off-balance sheet assets reported and under the valuation scope include, among others, 264 invention patents and utility model patents, 13 software copyrights and 7 trademarks.

No.	Title	Date of Publication (Announcement)	Application Number	Date of Application	Patent Type	Patentee
1	Pipe body suspension device	2021/7/23	CN202022378504.0	2020/10/22	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
2	Taper shank dismounting tool	2021/7/23	CN202022378648.6	2020/10/22	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
3	Elastic pin disassembling and assembling tool	2021/7/23	CN202022378712.0	2020/10/22	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
4	Measuring device	2021/7/23	CN202022379001.5	2020/10/22	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
5	Numerical adjustment tool for switch instrument	2021/7/23	CN202022669274.3	2020/11/17	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
6	Insulation treatment device for air duct heater	2021/7/23	CN202022378505.5	2020/10/22	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
7	Moving contact spring mounting tool	2021/7/23	CN202022377884.6	2020/10/22	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
8	Testing circuit and testing device	2021/6/25	CN202110351416.8	2021/3/31	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
9	Control circuit and control device for limiting equipment operation	2021/6/8	CN202021555479.2	2020/7/30	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
10	Pipeline gap adjusting device	2021/6/4	CN202021556149.5	2020/7/30	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
11	Pipeline roundness adjusting device	2021/5/28	CN202021543613.7	2020/7/29	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
12	Drill bit fixing clamp	2021/5/28	CN202021573776.X	2020/7/31	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
13	Motor height adjusting tool	2021/5/28	CN202021513956.9	2020/7/27	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
14	Special tool for centering	2021/5/28	CN202021555613.9	2020/7/30	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
15	Solenoid valve dismounting tool	2021/5/28	CN202021511729.2	2020/7/27	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
16	Coupler dismounting tool	2021/5/28	CN202021511874.0	2020/7/27	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
17	Dismantling tool	2021/5/28	CN202021543703.6	2020/7/29	Utility model	China Nuclear Industry Maintenance Co., Ltd.*

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No.	Title	Date of Publication (Announcement)	Application Number	Date of Application	Patent Type	Patentee
18	Valve cage dismantling tool	2021/5/28	CN202021511658.6	2020/7/27	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
19	Adjusting device and adjusting equipment	2021/5/28	CN202021511875.5	2020/7/27	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
20	Disassembling and assembling tool for bearing locking nut	2021/5/28	CN202021555611.X	2020/7/30	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
21	Chain block lifting device	2021/5/28	CN202021511688.7	2020/7/27	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
22	Pump shaft dismantling tool	2021/5/28	CN202021511871.7	2020/7/27	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
23	Pump body centering device	2021/5/28	CN202021573810.3	2020/7/31	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
24	Temperature control valve structure	2021/5/28	CN202021555614.3	2020/7/30	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
25	Loop testing device	2021/5/28	CN202021573780.6	2020/7/31	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
26	Object falling prevention device	2021/5/28	CN202021555480.5	2020/7/30	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
27	Pipe body suspension device	2021/5/11	CN202011141463.1	2020/10/22	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
28	Pipe fitting polishing device	2021/5/11	CN202011303013.8	2020/11/19	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
29	Overhaul platform	2021/5/11	CN201911146588.0	2019/11/21	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
30	Anti-rotation auxiliary device for bolt locking plate	2021/5/11	CN202011290055.2	2020/11/17	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
31	Oil seal dismantling device	2021/5/11	CN202011231962.X	2020/11/6	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
32	Rotor drawing device	2021/5/11	CN202011291458.9	2020/11/18	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
33	Detachable lifting frame	2021/5/11	CN202010747338.9	2020/7/29	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
34	Lifting crane	2021/5/11	CN201911146581.9	2019/11/21	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
35	Reheater testing device	2021/5/11	CN202010730074.6	2020/7/27	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
36	Detection device	2021/5/11	CN201911148597.3	2019/11/21	Invention application	China Nuclear Industry Maintenance Co., Ltd.*

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No.	Title	Date of Publication (Announcement)	Application Number	Date of Application	Patent Type	Patentee
37	Control system, control method, main control device and storage medium	2021/5/11	CN202010746297.1	2020/7/29	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
38	Power supply control circuit and power supply cabinet for motor no-load test	2021/5/7	CN202021555478.8	2020/7/30	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
39	Valve fixing device	2021/5/4	CN201911055336.7	2019/10/31	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
40	Reshipment device	2021/5/4	CN202021573808.6	2020/7/31	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
41	Damping assembly and motor damping device	2021/5/4	CN202021555612.4	2020/7/30	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
42	Static balance detection mechanism and static balance detection device	2021/4/23	CN202021573779.3	2020/7/31	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
43	Detection device	2021/4/13	CN202021543845.2	2020/7/29	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
44	Meter erecting tool	2021/4/13	CN202021573807.1	2020/7/31	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
45	Preparation method of composite micro-nano structure plating layer capable of preventing marine organism pollution	2021/4/2	CN202011461350.X	2020/12/12	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
46	Recorder calibration auxiliary device	2021/3/30	CN201910931642.6	2019/9/29	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
47	Optical image and acoustic image fusion method and system	2021/3/9	CN202011332991.5	2020/11/24	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
48	Detachable lifting frame	2021/2/26	CN202021543904.6	2020/7/29	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
49	Reheater testing device	2021/2/26	CN202021511873.6	2020/7/27	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
50	Force unloading device for pneumatic valve overhauling	2021/2/9	CN201910734090.X	2019/8/9	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
51	Multifunctional maintenance circuit applied to electrical switch cabinet and nuclear power station power distribution system	2021/2/2	CN201910636126.0	2019/7/15	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
52	Maintenance skill training system	2021/2/2	CN201910673238.3	2019/7/24	Invention application	China Nuclear Industry Maintenance Co., Ltd.*

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No.	Title	Date of Publication (Announcement)	Application Number	Date of Application	Patent Type	Patentee
53	Switch drawer test circuit and test equipment	2021/1/29	CN201910673215.2	2019/7/24	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
54	Operation shed for nuclear power equipment maintenance	2021/1/19	CN201910639561.9	2019/7/16	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
55	Relay testing device and tester	2021/1/19	CN201910639653.7	2019/7/16	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
56	Cable fixing mechanism	2021/1/15	CN201910634152.X	2019/7/15	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
57	Switch calibration method and switch calibration device applied to nuclear power station float liquid level meter	2021/1/12	CN201910631118.7	2019/7/12	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
58	Valve seat disassembling and assembling tool	2020/12/29	CN201910562919.2	2019/6/26	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
59	Motor carbon brush grinding tool	2020/12/4	CN201810588998.X	2018/6/8	Invention licensing	China Nuclear Industry Maintenance Co., Ltd.*
60	Display fixing device	2020/12/4	CN202020223148.2	2020/2/27	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
61	Argon filling protecting device for pipeline welding	2020/10/30	CN201910355704.3	2019/4/29	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
62	Straight shank interior grinding machine transformation special tool, straight shank cutting machine and straight shank polishing machine	2020/10/30	CN201910356580.0	2019/4/29	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
63	Maintenance platform	2020/10/30	CN201922028078.5	2019/11/21	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
64	Height adjusting device and overhaul platform	2020/10/30	CN201922042119.6	2019/11/21	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
65	Insulation detection device	2020/10/30	CN201921673219.2	2019/9/29	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
66	Detection device	2020/10/30	CN201922029267.4	2019/11/21	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
67	Air-tight door control device and air-tight door	2020/10/20	CN201921864303.2	2019/10/31	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
68	Clamping turnover device and overhaul platform	2020/10/16	CN201922028076.6	2019/11/21	Utility model	China Nuclear Industry Maintenance Co., Ltd.*

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No.	Title	Date of Publication (Announcement)	Application Number	Date of Application	Patent Type	Patentee
69	Coarse screen grabbing device and lifting appliance	2020/10/16	CN201921864331.4	2019/10/31	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
70	Valve fixing device	2020/10/16	CN201921864254.2	2019/10/31	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
71	Chassis structure and lifting crane	2020/10/13	CN201922042192.3	2019/11/21	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
72	Lifting crane	2020/9/29	CN201922028079.X	2019/11/21	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
73	Suspension arm structure and lifting crane	2020/9/29	CN201922042120.9	2019/11/21	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
74	Suspension arm structure and lifting crane	2020/9/29	CN201922028080.2	2019/11/21	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
75	Hoisting device and overhaul platform	2020/9/29	CN201922027975.4	2019/11/21	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
76	Horizontal adjusting device and overhaul platform	2020/9/29	CN201922042116.2	2019/11/21	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
77	Special argon filling tool for pipeline repair welding	2020/9/18	CN201920612734.3	2019/4/29	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
78	Nuclear accident emergency simulation training system	2020/9/4	CN202010477389.4	2020/5/29	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
79	Liquid limiting device	2020/9/1	CN201921742532.7	2019/10/16	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
80	Maintenance skill training system	2020/9/1	CN201921179730.7	2019/7/24	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
81	Flywheel mounting mechanism	2020/8/28	CN201921673218.8	2019/9/29	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
82	Instrument calibration circuit applied to power plant control room	2020/8/28	CN201921624030.4	2019/9/26	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
83	Dust removal equipment	2020/7/31	CN201921108091.5	2019/7/15	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
84	Thread cleaning device	2020/7/31	CN201921677173.1	2019/9/29	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
85	Argon filling tool	2020/7/31	CN201921555577.3	2019/9/18	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
86	Welding support	2020/7/31	CN201921539553.9	2019/9/17	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
87	Welding auxiliary tool for tube socket fillet weld	2020/7/31	CN201921555314.2	2019/9/18	Utility model	China Nuclear Industry Maintenance Co., Ltd.*

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No.	Title	Date of Publication (Announcement)	Application Number	Date of Application	Patent Type	Patentee
88	Pipeline aligning auxiliary tool	2020/7/31	CN201921539134.5	2019/9/17	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
89	Grinding tool	2020/7/31	CN201921539366.0	2019/9/17	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
90	Grinding plate angle adjusting tool of grinding machine	2020/7/31	CN201921555576.9	2019/9/18	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
91	Wear ring dismounting tool and wear ring dismounting device	2020/7/31	CN201921539552.4	2019/9/17	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
92	Vertical motor assembly disassembling and assembling tool	2020/7/31	CN201921558167.4	2019/9/18	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
93	Disassembling tool for generator flywheel pin	2020/7/31	CN201921557094.7	2019/9/18	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
94	Fan blade disassembling tool	2020/7/31	CN201921677174.6	2019/9/29	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
95	Mounting tool	2020/7/31	CN201921539554.3	2019/9/17	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
96	Bearing sleeve disassembling and assembling tool	2020/7/31	CN201921539728.6	2019/9/17	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
97	Force unloading device for pneumatic valve maintenance	2020/7/31	CN201921302925.6	2019/8/9	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
98	Disassembling and assembling tool	2020/7/31	CN201921539555.8	2019/9/17	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
99	Hoisting tool and load test equipment	2020/7/31	CN201921539133.0	2019/9/17	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
100	Depth measurement auxiliary tool and gap measurement device	2020/7/31	CN201921539727.1	2019/9/17	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
101	Detection box	2020/7/31	CN201920986702.X	2019/6/26	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
102	Pressure gauge connecting device	2020/7/31	CN201921296323.4	2019/8/9	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
103	Recorder calibration auxiliary device	2020/7/31	CN201921673217.3	2019/9/29	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
104	Inserting sleeve assembling device for inserting sleeve welding	2020/7/24	CN201921100888.0	2019/7/15	Utility model	China Nuclear Industry Maintenance Co., Ltd.*

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105	Bolt heating rod	2020/7/24	CN201921625872.1	2019/9/26	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
106	Auxiliary device for extracting rotor	2020/7/21	CN201921109698.5	2019/7/15	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
107	Self-locking hand vise for nuclear power station maintenance	2020/7/10	CN201921296124.3	2019/8/9	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
108	Disassembling tool for valve seat of stop valve	2020/7/10	CN201921106916.X	2019/7/15	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
109	Cement cover plate opening tool	2020/7/10	CN201921302799.4	2019/8/9	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
110	Operation shed for nuclear power equipment maintenance	2020/7/10	CN201921114585.4	2019/7/16	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
111	Electricity testing device	2020/7/10	CN201921149922.3	2019/7/22	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
112	Multifunctional maintenance circuit applied to electrical switch cabinet and nuclear power station power distribution system	2020/7/10	CN201921110003.5	2019/7/15	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
113	Switch drawer test circuit and test equipment	2020/7/10	CN201921178008.1	2019/7/24	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
114	Cutting machine control device	2020/6/23	CN201920613089.7	2019/4/29	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
115	Disc shaft tool	2020/6/23	CN201920986247.3	2019/6/26	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
116	Valve seat disassembling and assembling tool	2020/6/23	CN201920986687.9	2019/6/26	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
117	Micro differential pressure calibration device	2020/6/23	CN201921555313.8	2019/9/18	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
118	Primary side blocking plate disassembling and assembling robot	2020/6/5	CN201921294216.8	2019/8/12	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
119	Split type primary side blocking plate	2020/6/5	CN201921293882.X	2019/8/12	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
120	Welding gun nozzle for argon tungsten-arc welding	2020/5/19	CN201921115371.9	2019/7/16	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
121	Plugging device for pipeline welding	2020/5/19	CN201921109697.0	2019/7/15	Utility model	China Nuclear Industry Maintenance Co., Ltd.*

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No.	Title	Date of Publication (Announcement)	Application Number	Date of Application	Patent Type	Patentee
122	Pump body centering auxiliary device and pump body centering adjustment equipment	2020/5/19	CN201920828986.X	2019/6/3	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
123	Positioning mechanism and drill bit repairing equipment	2020/5/19	CN201920999915.6	2019/6/26	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
124	Pressure vessel top cover grinding tool	2020/5/19	CN201920613142.3	2019/4/29	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
125	Anti-falling external member	2020/5/19	CN201920989478.X	2019/6/26	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
126	Stretching device for assisting bolt dismounting	2020/5/19	CN201921100956.3	2019/7/15	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
127	Stud disassembling and assembling tool	2020/5/19	CN201920986169.7	2019/6/26	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
128	Pipe thread fastening auxiliary tool	2020/5/19	CN201920654549.0	2019/5/8	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
129	Isolation emptying device	2020/5/19	CN201920986248.8	2019/6/26	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
130	Seawater channel liquid level detection device	2020/5/19	CN201921302798.X	2019/8/9	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
131	Storage battery capacity checking device	2020/5/19	CN201920986726.5	2019/6/26	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
132	Automatic timing device	2020/5/19	CN201921296294.1	2019/8/9	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
133	Smoke sensing dismounting device	2020/5/19	CN201921673220.5	2019/9/29	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
134	Relay testing device and tester	2020/5/19	CN201921109486.7	2019/7/16	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
135	Rotor assembly tool for pump	2020/5/19	CN201921558078.X	2019/9/18	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
136	Cold end insulation treatment equipment	2020/5/19	CN201921179729.4	2019/7/24	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
137	Expansion device	2020/5/15	CN201920828899.4	2019/6/3	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
138	Portable reaming tool	2020/4/17	CN201920612909.0	2019/4/29	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
139	Loop state detection device and detector	2020/4/17	CN201921110344.2	2019/7/16	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
140	Blocking plate	2020/4/17	CN201920818349.4	2019/5/31	Utility model	China Nuclear Industry Maintenance Co., Ltd.*

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No.	Title	Date of Publication (Announcement)	Application Number	Date of Application	Patent Type	Patentee
141	Cable fixing mechanism	2020/4/17	CN201921100959.7	2019/7/15	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
142	Rail position measuring tool	2020/4/7	CN201920613071.7	2019/4/29	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
143	Belt dynamometer	2020/4/7	CN201920989414.X	2019/6/26	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
144	Inclined ruler	2020/4/7	CN201920986246.9	2019/6/26	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
145	Lubricating device for switch plug-in of power drawer	2020/4/3	CN201921100957.8	2019/7/15	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
146	Argon filling protection device for pipeline welding	2020/3/20	CN201920612807.9	2019/4/29	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
147	Pipeline alignment adjusting tool	2020/3/20	CN201920613145.7	2019/4/29	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
148	Cable winding and unwinding tool	2020/3/20	CN201920613074.0	2019/4/29	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
149	Check valve clack dismounting device	2020/3/13	CN201920612971.X	2019/4/29	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
150	Support device	2020/3/13	CN201920615357.9	2019/4/29	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
151	Special tool for transformation of straight-shank internal grinding machine, straight-shank cutting machine and straight-shank polishing machine	2020/2/28	CN201920613028.0	2019/4/29	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
152	Automatic liquid adding device for storage battery	2020/2/28	CN201920989432.8	2019/6/26	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
153	Non-polar charging circuit and device	2020/2/28	CN201920612906.7	2019/4/29	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
154	Machine tool working lamp and nuclear power station lighting system	2020/2/11	CN201920612808.3	2019/4/29	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
155	Primary side blocking plate disassembling and assembling robot and primary side blocking plate installing method	2019/11/8	CN201910737920.4	2019/8/12	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
156	Flange gasket manufacturing device	2019/9/6	CN201821563685.0	2018/9/25	Utility model	China Nuclear Industry Maintenance Co., Ltd.*

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157	Argon filling tool	2019/7/12	CN201821568998.5	2018/9/25	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
158	Pipeline aligning device	2019/7/12	CN201821568932.6	2018/9/25	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
159	Grinding device	2019/7/12	CN201821568996.6	2018/9/25	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
160	Grinding device	2019/7/12	CN201821568933.0	2018/9/25	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
161	Jig for positioning pasted label	2019/7/12	CN201821563491.0	2018/9/25	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
162	Disassembling and assembling tool	2019/6/7	CN201821569111.4	2018/9/25	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
163	Auxiliary tool for disassembling and assembling bolt	2019/6/7	CN201821567563.9	2018/9/25	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
164	Cable protection device	2019/6/7	CN201821577361.2	2018/9/25	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
165	Flowing back exhaust header	2019/4/19	CN201820978707.3	2018/6/22	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
166	Changer check-up appurtenance	2019/4/19	CN201820987478.1	2018/6/25	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
167	Wireless transmitting circuit, welding handle and welding set	2019/4/19	CN201820988216.7	2018/6/25	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
168	Welding argon filling fixture	2019/4/5	CN201810586985.9	2018/6/8	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
169	Reducing nest of tubes is to device	2019/3/15	CN201820985078.7	2018/6/25	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
170	Pull out key device	2019/3/15	CN201820983612.0	2018/6/22	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
171	Pneumatic control valve feedback connection device	2019/3/15	CN201820983805.6	2018/6/25	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
172	Joint check-up instrument of nuclear power pressure	2019/3/15	CN201820983296.7	2018/6/22	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
173	Stub (tube) welding argon filling frock	2019/2/26	CN201820895059.5	2018/6/8	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
174	Wireless receiving circuit, welding machine and welding set	2019/2/19	CN201820978874.8	2018/6/25	Utility model	China Nuclear Industry Maintenance Co., Ltd.*

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175	Antistatic device for battery operation and maintenance	2019/2/19	CN201820900194.4	2018/6/8	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
176	Distribution board switch drawer cleaning device	2019/2/12	CN201820373277.2	2018/3/20	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
177	Dual-purpose key of distribution board cabinet door	2019/2/12	CN201820782141.7	2018/5/24	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
178	Transformer cabinet door unlatching tool	2019/2/12	CN201820781570.2	2018/5/24	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
179	Fuse base	2019/2/12	CN201820712819.4	2018/5/14	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
180	Battery liquid filler	2019/2/12	CN201820763922.1	2018/5/22	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
181	Temperature controller off-line tester	2019/2/5	CN201820742357.0	2018/5/18	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
182	Charger capable of automatically identifying battery polarity	2019/1/22	CN201820618438.X	2018/4/27	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
183	Relay test base	2018/12/18	CN201820515673.4	2018/4/12	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
184	Electric contact oxide layer treater	2018/12/4	CN201820408331.2	2018/3/26	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
185	Welding training and operation platform	2018/9/4	CN201721816517.3	2017/12/22	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
186	Heated pump impeller assembly and disassembly tools	2018/9/4	CN201721816292.1	2017/12/22	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
187	Safety valve electrical grinding case	2018/9/4	CN201721817302.3	2017/12/22	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
188	Valve grinding device	2018/9/4	CN201721346697.3	2017/10/19	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
189	Electrical grinding instrument	2018/9/4	CN201721817310.8	2017/12/22	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
190	Portable pump spindle centering instrument	2018/9/4	CN201721890794.9	2017/12/29	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
191	Fan wheel assembly and disassembly tools	2018/9/4	CN201721895615.0	2017/12/29	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
192	Extracting tool of steel reinforced seal pad	2018/9/4	CN201721890046.0	2017/12/29	Utility model	China Nuclear Industry Maintenance Co., Ltd.*

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193	Scaffold connector	2018/9/4	CN201721815009.3	2017/12/22	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
194	Supporting structure convenient to trompil of well inner wall	2018/9/4	CN201721815819.9	2017/12/22	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
195	Motorised valve off-line testing arrangement	2018/9/4	CN201721603148.X	2017/11/27	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
196	Line nose protective sheath	2018/9/4	CN201721902423.8	2017/12/29	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
197	Pump exhausting rotor specialized tool	2018/9/4	CN201721816277.7	2017/12/22	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
198	Grinding tool	2018/8/31	CN201721816545.5	2017/12/22	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
199	Door shape equipment jacking upper portion positioner	2018/8/31	CN201721817281.5	2017/12/22	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
200	Air lock door boosting instrument	2018/8/31	CN201721814440.6	2017/12/22	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
201	Centering instrument of shaft coupling	2018/8/31	CN201721814461.8	2017/12/22	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
202	Calibration device for turbine flow transmitter	2018/5/22	CN201510532539.6	2015/8/26	Invention licensing	China Nuclear Industry Maintenance Co., Ltd.*
203	Spanner	2018/3/13	CN201720697517.X	2017/6/15	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
204	Nuclear power station main steam isolation valve valve rod lifting device	2018/3/13	CN201720800007.0	2017/7/4	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
205	Ladder of marking time	2018/3/13	CN201720673297.7	2017/6/12	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
206	Hydraulic damper displacement sensor safety cover	2018/3/13	CN201720689078.8	2017/6/14	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
207	Valve sealing detection device for nuclear power engineering	2017/11/7	CN201720088296.6	2017/1/20	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
208	Instrument switch aviation quick-operation joint's wiring tool	2017/10/24	CN201720058318.4	2017/1/17	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
209	Short circuit rod	2017/10/17	CN201710453299.X	2017/6/15	Invention application	China Nuclear Industry Maintenance Co., Ltd.*

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**SUMMARY OF VALUATION REPORT OF
THE TARGET COMPANY**

No.	Title	Date of Publication (Announcement)	Application Number	Date of Application	Patent Type	Patentee
210	Disassembly and reassembly tool for nuclear island axial flow fan impeller	2017/10/13	CN201720025476.X	2017/1/10	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
211	Wire rope's centre gripping fixing tool	2017/10/13	CN201720058710.9	2017/1/17	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
212	Diaphragm formula pneumatic actuator's maintenance debug	2017/10/13	CN201720058736.3	2017/1/17	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
213	Pump shaft centering adjustment auxiliary device	2017/10/10	CN201720025480.6	2017/1/10	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
214	Drilling positioning device	2017/9/19	CN201621247378.2	2016/11/22	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
215	Detection method of alarm function of chlorine leakage alarm apparatus	2017/8/25	CN201510056074.1	2015/2/3	Invention licensing	China Nuclear Industry Maintenance Co., Ltd.*
216	Screwdriver with illumination function	2017/8/8	CN201621225445.0	2016/11/15	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
217	Electric motor rotor draw-out device	2017/7/7	CN201621247440.8	2016/11/22	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
218	Lean on back wheel bolt roof pressure pincers	2017/7/4	CN201621184197.X	2016/11/3	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
219	Pipeline flange assembly	2017/7/4	CN201621177760.0	2016/11/3	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
220	Three-phase breaker trip fault detection diagnosis device	2017/3/22	CN201620784128.6	2016/7/21	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
221	Scrap iron absorption device	2016/12/28	CN201620764316.2	2016/7/19	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
222	Dismounting apparatus of motor end cover	2016/12/28	CN201620743844.X	2016/7/13	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
223	Cutting torch support frame	2016/10/12	CN201620478669.6	2016/5/24	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
224	Waste interception device	2016/10/12	CN201620480295.1	2016/5/24	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
225	Disassembly and assembly tool of temperature probe for water pressure test of evaporator of nuclear power station	2016/8/24	CN201510501200.X	2015/8/14	Invention licensing	China Nuclear Industry Maintenance Co., Ltd.*
226	Centrifugal pump washes transport vehicle	2016/1/13	CN201520620500.5	2015/8/17	Utility model	China Nuclear Industry Maintenance Co., Ltd.*

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**SUMMARY OF VALUATION REPORT OF
THE TARGET COMPANY**

No.	Title	Date of Publication (Announcement)	Application Number	Date of Application	Patent Type	Patentee
227	Instrument for verifying water pump leakproofness	2016/1/13	CN201520624541.1	2015/8/19	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
228	Instrument for inspection of nuclear generator system centering at nuclear power stations	2016/1/13	CN201520586903.2	2015/8/6	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
229	Central positioning tool installed in valve teletransmission mechanism	2016/1/6	CN201520716935.X	2015/9/16	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
230	Surplus pump jack-up hoist and mount appurtenance that arranges of nuclear power station RRA	2016/1/6	CN201520619692.8	2015/8/17	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
231	Scriber	2016/1/6	CN201520718558.3	2015/9/16	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
232	Nuclear power station regenerative heat exchanger rag bolt moment spanner for check-up	2015/12/30	CN201520582868.7	2015/8/5	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
233	Wrench	2015/12/30	CN201520678192.1	2015/9/2	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
234	Instrument for depositing RRI plate heat exchanger's bolt	2015/12/30	CN201520566284.0	2015/7/31	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
235	Head for pressure detection of nuclear island ventilation system	2015/12/30	CN201520650967.4	2015/8/26	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
236	Heater	2015/12/30	CN201520650431.2	2015/8/26	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
237	Equipment for large-scale water pitcher liquid level switch of check-up	2015/12/30	CN201520616169.X	2015/8/14	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
238	Instrument for loading test at hoisting points	2015/12/30	CN201520564062.5	2015/7/30	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
239	Relay tester	2015/12/30	CN201520664650.6	2015/8/31	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
240	Tool for clearing up the aquatic thing trap of nuclear power station	2015/7/29	CN201520072425.9	2015/1/30	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
241	Thin copper pipe aligning tool	2015/7/29	CN201520072427.2	2015/1/30	Utility model	China Nuclear Industry Maintenance Co., Ltd.*

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**SUMMARY OF VALUATION REPORT OF
THE TARGET COMPANY**

No.	Title	Date of Publication (Announcement)	Application Number	Date of Application	Patent Type	Patentee
242	Tool for trompiling on the pipeline	2015/7/29	CN201520071339.0	2015/1/30	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
243	Positioning tool for assisting the installation bearing	2015/7/29	CN201520072409.4	2015/1/30	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
244	Supplementary tool for valve shaft dismounting	2015/7/29	CN201520072903.0	2015/2/2	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
245	Fixing device	2015/7/29	CN201520080846.0	2015/2/3	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
246	Tool for rinsing condenser water-cooling wall pipe	2015/7/29	CN201520071418.1	2015/1/30	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
247	Solid wrench	2015/6/17	CN201420869249.1	2014/12/31	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
248	Nut disassembling sleeve	2015/6/17	CN201420869259.5	2014/12/31	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
249	Device for dismounting acceleration sensor	2015/6/17	CN201420866401.0	2014/12/31	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
250	Auxiliary device for pulling-out tool	2015/6/10	CN201420869257.6	2014/12/31	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
251	Screwdriver	2015/6/3	CN201420869242.X	2014/12/31	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
252	Supporting tool used for disassembling and assembling nuclear power plant generator excitation system	2015/6/3	CN201420869245.3	2014/12/31	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
253	Tool used for measuring end surface deviation between gear box coupling and motor coupling	2015/6/3	CN201520074248.2	2015/1/30	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
254	Tool for verifying intermediate relay	2015/6/3	CN201520075795.2	2015/1/30	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
255	Tool for testing intermediate relay	2015/6/3	CN201520077419.7	2015/2/2	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
256	Tool used for inspecting rotating equipment routinely through stethoscopy	2015/6/3	CN201520074773.4	2015/2/2	Utility model	China Nuclear Industry Maintenance Co., Ltd.*

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SUMMARY OF VALUATION REPORT OF THE TARGET COMPANY

No.	Title	Date of Publication (Announcement)	Application Number	Date of Application	Patent Type	Patentee
257	Device for spent fuel dry-type storage project underwater operating board hoisting	2015/6/3	CN201520076359.7	2015/2/3	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
258	Tool for clamping lighting fixture	2015/5/27	CN201420869232.6	2014/12/31	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
259	Safety helmet	2015/5/27	CN201420869273.5	2014/12/31	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
260	Wiring tool	2015/5/27	CN201420869271.6	2014/12/31	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
261	Cable laying apparatus	2015/5/27	CN201420869277.3	2014/12/31	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
262	High voltage cable laying device	2015/5/27	CN201520076158.7	2015/2/3	Utility model	China Nuclear Industry Maintenance Co., Ltd.*
263	Two-position five-way valve detection device for hydrogen production unit	2015/4/29	CN201510057067.3	2015/2/3	Invention application	China Nuclear Industry Maintenance Co., Ltd.*
264	Special centering device for small pump	2013/10/16	CN201320282290.4	2013/5/22	Utility model	China Nuclear Industry Maintenance Co., Ltd.*

The trademarks are listed in the following table:

No.	Trade Name	Status	Registration Number	Date of Application	International Classification
1	中核檢修	Registered	32929006	2018-08-16	Class 11 lamps and air conditioners
2	CNIMC	Registered	32929378	2018-08-16	Class 7 machinery and equipment
3	CNIMC	Registered	32926238	2018-08-16	Class 42 design and research
4	CNIMC	Registered	32943388	2018-08-16	Class 41 education and entertainment
5	CNIMC	Registered	32932867	2018-08-16	Class 11 lamps and air conditioners
6	CNIMC	Registered	32926197	2018-08-16	Class 40 material processing
7	CNIMC	Registered	32932894	2018-08-16	Class 37 construction and repair

The software copyrights are listed in the following table:

No.	Software Name	Date of Development Completion	Date of Initial Publication	Registration Number	Date of Authorization
1	Nuclear Power Maintenance Management Experience Feedback Subsystem (核電檢修管理經驗反饋子系統)	2015.11.30	Unpublished	2016SR036898	2016.2.24
2	Nuclear Power Maintenance Management Business Contract Subsystem (核電檢修管理商務合同子系統)	2015.10.20	Unpublished	2016SR035947	2016.2.23
3	Nuclear Power Maintenance Management Information Equipment Subsystem Software (核電檢修管理信息化設備子系統軟件)	2016.10.20	2016.10.30	2017SR061110	2017.2.28
4	Nuclear Power Maintenance Management Qualification and License Subsystem Software (核電檢修管理資質證照子系統軟件)	2016.10.10	2016.10.30	2017SR061105	2017.2.28
5	Data Management Subsystem for MBE Project Digital Inspection and Maintenance Service Management Platform (MBE項目數字化檢維修服務管理平台數據管理子系統)	2017.10.03	2017.11.03	2018SR076766	2018.1.31
6	Dose Management Subsystem Software for Nuclear Power Maintenance Management (核電檢修管理劑量管理子系統軟件)	2017.10.30	2017.11.20	2018SR170154	2018.3.15
7	Human Resource Management Subsystem Software for Nuclear Power Maintenance Management (核電檢修管理人力資源管理子系統軟件)	2017.08.10	2017.11.20	2018SR167975	2018.3.14
8	Nuclear Power Maintenance Management Business Contract Subsystem Software (核電檢修管理商務合同子系統軟件)	2017.11.09	2017.11.20	2018SR170840	2018.3.15
9	Dynamic Management Subsystem for MBE Project Digital Inspection and Maintenance Service Management Platform (MBE項目數字化檢維修服務管理平台動態管理子系統)	2018.09.15	2018.10.13	2019SR0803068	2019.08.01
10	Examination Management Subsystem for MBE Project Digital Inspection and Maintenance Service Management Platform (MBE項目數字化檢維修服務管理平台考試管理子系統)	2018.09.15	2018.10.16	2019SR0803078	2019.08.01

No.	Software Name	Date of Development Completion	Date of Initial Publication	Registration Number	Date of Authorization
11	Training Management Subsystem for MBE Project Digital Inspection and Maintenance Service Management Platform (MBE項目數字化檢維修服務管理平台培訓管理子系統)	2018.09.15	2018.10.18	2019SR0803580	2019.08.01
12	Dose Management Subsystem Software for Nuclear Power Maintenance Management (核電檢修管理劑量管理子系統軟件)	2018.10.31	2018.11.30	2019SR0803574	2019.08.01
13	CNIMC Technical Document Management Subsystem (中核檢修技術文檔管理子系統)	2018.10.09	2018.11.10	2019SR0803462	2019.08.01

(V) Type, Quantity and Book value of Assets Involved in Making Reference to the Conclusions of Reports Issued by Other Institutions

1. BDO China SHU LUN PAN Certified Public Accountants LLP issued a standard and unqualified auditor's report with Xin Kuai Shi Bao Zi [2021] No. ZG214785 on 15 October 2021.

IV. TYPE OF VALUE

The types of asset valuation include market value and other types of value except for market value. After due communication with the client, the asset valuers finally determined market value as the type of value for the valuation target based on factors such as valuation purpose, market conditions and constraints of the valuation target.

Market value refers to the estimated value of the valuation target in a normal fair trade on the valuation reference date by a willing buyer and a willing seller acting out of their own rationality and without any coercion.

V. VALUATION REFERENCE DATE

The valuation reference date of this project is 30 June 2021.

The client has selected the end of the accounting period as the valuation reference date based on the principle of benefitting the achievement of economic activity and with taking into account the connection of the time point of audit and the purpose of asset valuation to provide value reference for assets as at a certain point in time, which is comprehensively determined based on different factors that can reflect the overall situation of the valuation target.

VI. BASIS OF VALUATION**(I) Basis of Economic Activity**

The board resolution of China Nuclear Energy Technology Corporation Limited – considering and approving the selection and appointment of the auditor and valuation agency for China Nuclear Industry Maintenance Co., Ltd.*

(II) Basis of Laws and Regulations

1. The Asset Valuation Law of the People’s Republic of China (No. 46 Order of the President of the People’s Republic of China and adopted at the 21th Meeting of the Standing Committee of the Twelfth National People’s Congress on 2 July 2016);
2. The Company Law of the People’s Republic of China (No. 15 Order of the President of the People’s Republic of China and the 4th Amendment adopted at the Sixth Meeting of the Standing Committee of the Thirteenth National People’s Congress on 26 October 2018);
3. The Civil Code of the People’s Republic of China (Adopted at the Third Meeting of the Thirteenth National People’s Congress on 28 May 2020);
4. The Measures for Financial Supervision and Administration of the Asset Valuation Sector (Promulgated by Order No. 86 of the Ministry of Finance on 21 April 2017 and amended in accordance with Order No. 97 of the Ministry of Finance, the Decision of the Ministry of Finance on the Amendment to Departmental Regulation of Section II in the Measures for the Practice Licensing and Supervision and Administration of Accounting Firms on 2 January 2019);
5. The Law of the People’s Republic of China on the State-Owned Assets of Enterprises (No. 5 Order of the President of the People’s Republic of China and adopted at the Fifth Meeting of the Standing Committee of the Eleventh National People’s Congress on 28 October 2008);
6. The Provisional Regulations on the Supervision and Administration of State-Owned Assets of Enterprises (Order No. 378 of the State Council and amended by Order No. 709 of the State Council on 2 March 2019);
7. The Interim Measures for the Administration of State-Owned Assets Appraisal of Enterprises (Order No. 12 of the SASAC in 2005);

8. The Notice on Strengthening the Administration of State-Owned Assets Appraisal of Enterprises (Guo Zi Wei Chan Quan [2006] No. 274 of State-Owned Assets Supervision and Administration Commission of the State Council on 12 December 2006);
9. The Notice of Ministry of Finance Forwarded by General Office of the State Council on Opinions Concerning Reforming the Administration of State-Owned Assets Appraisal and Strengthening the Supervision and Administration of Assets Appraisal (Guo Ban Fa [2001] No. 102 of General Office of the State Council of the People's Republic of China on 31 December 2001);
10. The Third Amendment to the Decision on Amendment to the Land Administration Law of the People's Republic of China and the Urban Real Estate Administration Law of the People's Republic of China (Adopted at the Twelfth Meeting of the Standing Committee of the Thirteenth National People's Congress on 26 August 2019);
11. The Interim Regulations of the People's Republic of China on Urban Land Use Tax (The third amendment by Order No. 645 of the State Council on 7 December 2013);
12. The Notice of General Office of the Ministry of Housing and Urban-rural Development on the Re-adjustment to Value-added Tax Rate for the Pricing Basis of Construction Projects (Jian Ban Biao Han (2019) No. 193);
13. The Enterprise Income Tax Law of the People's Republic of China (Amended by the Decision on the Amendment at the Seventh Meeting of the Standing Committee of the Thirteen National People's Congress adopted at the Seventh Meeting of the Standing Committee of the Thirteen National People's Congress on 29 December 2018);
14. The Decision of the State Council on abolishing the Provisional Regulations of the People's Republic of China on Business Tax and amending the Interim Regulations of the People's Republic of China on Value-added Tax (Order No. 691 of the State Council and adopted at the 191st Standing Meeting of the State Council on 30 October 2017);
15. The Notice on Comprehensively Launching the Pilot Program of Changing Business Tax to Value-added Tax (Cai Shui [2016] No. 36);
16. The Announcement of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on Deepening Relevant Policies of Value-added Tax Reform (Cai Shui [2019] No. 39);
17. The Administrative Measures for State-Owned Assets Appraisal (Order No. 91 of the State Council);

18. The Notice on Issuing the Detailed Rules for the Implementation of the Administrative Measures for State-Owned Assets Appraisal (Guo Zi Ban Fa [1992] No. 36);
19. The Vehicle Purchase Tax Law of the People's Republic of China (Adopted at the Seventh Meeting of the Standing Committee of the Thirteen National People's Congress on 29 December 2018 with effective from 1 July 2019);
20. The Standard for Compulsory Scrapping of Motor Vehicles (Announcement [2012] No. 12 of the Ministry of Commerce, the National Development and Reform Commission, the Ministry of Public Security and the Ministry of Environmental Protection on 27 December 2012 with effective from 1 May 2013);
21. The Announcement of the Ministry of Finance and the State Administration of Taxation on Further Improving the Policy for the Pre-tax Deduction of Research and Development Expenses (Cai Shui [2021] No. 13);
22. The Notice on the Relevant Matters Concerning the Audit on Valuation Reports of State-Owned Assets of Enterprises (Guo Zi Chan Quan [2009] No. 941);
23. The Guidelines for the Recordation of Appraisal Projects of State-Owned Assets of Enterprises (Guo Zi Fa Chan Quan [2013] No. 64);
24. The Measures for the Supervision and Administration of the Transactions of State-Owned Assets of Enterprises (Order No. 32 of the SASAC and the Ministry of Finance);
25. Other laws and regulations related to asset valuation.

(III) Basis of Valuation Standards

1. Asset Valuation – Basic Standards (Cai Zi [2017] No. 43);
2. Professional Code of Ethics for Asset Valuation (Zhong Ping Xie [2017] No. 30);
3. Practice Guidelines for Asset Valuation – Asset Valuation Procedures (Zhong Ping Xie [2018] No. 36);
4. Practice Guidelines for Asset Valuation – Asset Valuation Report (Zhong Ping Xie [2018] No. 35);
5. Practice Guidelines for Asset Valuation – Asset Valuation Methodology (Zhong Ping Xie [2019] No. 35);

6. Practice Guidelines for Asset Valuation – Asset Valuation Engagement Contract (Zhong Ping Xie [2017] No. 33);
7. Practice Guidelines for Asset Valuation – Asset Valuation Files (Zhong Ping Xie [2018] No. 37);
8. Practice Guidelines for Asset Valuation – Use of Expert Work and Relevant Report (Zhong Ping Xie [2017] No. 35).
9. Practice Guidelines for Asset Valuation – Enterprise Value (Zhong Ping Xie [2018] No. 38);
10. Practice Guidelines for Asset Valuation – Intangible Assets (Zhong Ping Xie [2017] No. 37);
11. Guiding Opinions on the Valuation of Copyright Assets (Zhong Ping Xie [2017] No.50);
12. Practice Guidelines for Asset Valuation – Real Estate (Zhong Ping Xie [2017] No. 38);
13. Practice Guidelines for Asset Valuation – Machinery and Equipment (Zhong Ping Xie [2017] No. 39);
14. Guidance on Valuation Report of State-Owned Assets of Enterprises (Zhong Ping Xie [2017] No. 42);
15. Quality Control Guidance on the Business of Asset Valuation Agency (Zhong Ping Xie [2017] No. 46);
16. Guiding Opinions on Types of Value under Asset Valuation (Zhong Ping Xie [2017] No. 47);
17. Guiding Opinions on Legal Ownership of the Asset Valuation Target (Zhong Ping Xie [2017] No. 48);
18. Guiding Opinions on Valuation of Patent Assets (Zhong Ping Xie [2017] No. 49);
19. Guiding Opinions on Valuation of Trademark Assets (Zhong Ping Xie [2017] No. 51);
20. Guidelines on Valuation of Intellectual Property (Zhong Ping Xie [2017] No. 44);

21. Accounting Standards for Business Enterprises – Basic Standards (Amended by Order No. 76 of the Ministry of Finance of the People’s Republic of China, the Decision of the Ministry of Finance on Amending the Accounting Standards for Business Enterprises – Basic Standards on 23 July 2014).

(IV) Basis of Ownership

1. Capital Contribution Certificate of subsidiaries as at the valuation reference date;
2. State-owned Land Use Right Certificate and State-owned Land Use Right Grant Contract;
3. Building Ownership Certificates, Real Estate Ownership Certificate;
4. Motor Vehicle Driving Permit;
5. Patent Certificate, Trademark Certificate, Software Copyright Certificate;
6. Relevant transfer contract related to property rights;
7. Other ownership certification documents.

(V) Basis of Pricing

1. Loan prime rate (LPR) published by the National Interbank Funding Center authorized by the People’s Bank of China;
2. Tonghuashun Financial Terminal;
3. Financial statements and audit reports of previous years provided by the enterprise;
4. Future annual business plan provided by relevant department of the enterprise;
5. Information of the current and future annual market forecast of major products provided by the enterprise;
6. Relevant materials such as ownership certificate and floor plan of the plant provided by the appraised enterprise;
7. Budget Quota on Building Construction and Decoration Project of Fujian Province (2017);
8. Budget Quota on General Installation Project of Fujian Province (2017);
9. Budget Quota on Municipal Engineering of Fujian Province (2017);

10. The Notice of Fujian Province on the Re-adjustment to Value-added Tax Rate for the Pricing Basis of Building Construction and Municipal Infrastructure Project (Min Jian Zhu [2019] No. 11);
11. Pricing Quota on Building Construction and Decoration Project of Jiangsu Province (2014);
12. Pricing Quota on Installation Project of Jiangsu Province (2014);
13. Pricing Quota on Municipal Engineering of Jiangsu Province (2014);
14. The Notice of Department of Housing and Urban-Rural Development of Jiangsu Province on Issuing the Guide Price of Labor Wages for Construction Projects (Document of the Department of Housing and Urban-Rural Development of Jiangsu Province, Su Jian Han Jia [2021] No. 62);
15. The Notice on Adjustment to Value-added Tax Rate for the Pricing Basis of Construction Project (Document of the Department of Housing and Urban-Rural Development of Jiangsu Province, Su Jian Han Jian [2019] No. 178);
16. Budget Quota on Building Construction and Decoration Project of Zhejiang Province (2018);
17. Budget Quota on General Installation Project of Zhejiang Province (2018);
18. Budget Quota on Municipal Engineering of Zhejiang Province (2018);
19. Document of the Department of Housing and Urban-Rural Development of Zhejiang Province (Zhe Jian Jian Fa [2019] No. 92);
20. Project Quota on Building Construction and Decoration Project of Liaoning Province (2017);
21. Project Quota on General Installation Project of Liaoning Province (2017);
22. Project Quota on Municipal Engineering of Liaoning Province (2017);
23. The Notice on Adjustment to Value-added Tax Rate for Project Construction Cost (Liao Zhu Jian Jian Guan [2019] No. 9);
24. Comprehensive Quota on Building Construction and Decoration Project of Guangdong Province (2018);
25. Comprehensive Quota on General Installation Project of Guangdong Province (2018);

26. The Notice on Adjustment to Value-added Tax Rate for the Pricing Basis of Construction Project of Guangdong Province (Document of the Department of Housing and Urban-Rural Development of Guangdong Province, Yue Jian Biao Han [2019] No. 819);
27. Adjustment to material price difference in accordance to Fuding Price Information of Construction Material in June 2021;
28. Adjustment to material price difference in accordance to Lianyungang Price Information of Construction Material in June 2021;
29. Adjustment to material price difference in accordance to Jiaxing Price Information of Construction Material in June 2021;
30. Adjustment to material price difference in accordance to Wafangdian Price Information of Construction Material in June 2021;
31. Adjustment to material price difference in accordance to Yangjiang Price Information of Construction Material in June 2021;
32. Manual of Commonly Used Data and Parameters for Asset Valuation;
33. Relevant online inquiry;
34. Landchina.com;
35. Dynamic Monitoring of China Urban Land Price;
36. Information of benchmark land price for urban area of Yangdong District, Yangjiang;
37. Information of urban benchmark land price of Wafangdian;
38. Information of benchmark land price of Haiyan County;
39. Budgets and final accounts related to buildings provided by the appraised enterprise;
40. Other information related to buildings provided by the appraised enterprise;
41. Other information related to this asset valuation.

(VI) Other Reference Basis

1. Regulations for Valuation on Urban Land (GB/T 18508-2014);
2. Regulations for Gradation and Classification on Urban Land (GB/T 18507-2014);

3. Code for Real Estate Appraisal (GB/T 50291-2015);
4. Rating Standard for Condition of Houses (Trial) (Cheng Zhu Zi [1984] No. 678);
5. The list of assets and the declaration form for assets valuation provided by the appraised enterprise;
6. The standard and unqualified auditor's report (Xin Kuai Shi Bao Zi [2021] No. ZG214785 issued by BDO China SHU LUN PAN Certified Public Accountants LLP on 15 October 2021.
7. The database of Zhongrui Shilian Asset Valuation Group Limited Company*.

VII. VALUATION METHOD

(I) Selection of Valuation Method

Market approach is an approach to determine the value of the valuation target by comparing it with other comparable listed companies or transactions.

Asset-based approach is an approach to determine the value of the valuation target based on the balance sheet of the valuation target as at the valuation reference date by evaluating the value of identifiable assets and liabilities in and off the balance sheet.

As stated in the Practice Guidelines for Asset Valuation – Enterprise Value, when performing any valuation of enterprise value, the applicability of the three basic asset valuation methods, namely income approach, market approach and asset-based approach, shall be analyzed based on factors including valuation purpose, valuation target, the type of value and the collected information for selecting valuation methods. If different valuation methods are suitable for any valuation of enterprise value, asset valuation professionals should adopt two or more valuation methods for their valuation.

The market approach is not adopted in this valuation as there are few of enterprise transaction cases similar to those of China Nuclear Industry Maintenance Co., Ltd.* at home and abroad and it is difficult to obtaining transaction cases, which makes it hard to identify comparable and effective market transaction reference objects.

The valuation results under asset-based approach are mainly determined based on updated replacement cost of various assets and liabilities of the enterprise as at the valuation reference date, which has higher reliability. In addition, there are no assets or liabilities that are difficult to identify and value in this valuation. Therefore, the asset-based approach is appropriate for this valuation project.

According to the characteristics of the economic activity involved in the purpose of this valuation and the operation information of the enterprise collected at the valuation site, and considering that China Nuclear Industry Maintenance Co., Ltd.* has maintained on-going concern for several years since establishment and up to the valuation reference date, the enterprise has embraced a stage of stable development and established sustainable operation capabilities in the future with both future revenue and risk exposure being able to be measured by currency, which meets the precondition for adopting the income approach. Meanwhile, with taking into account the sufficiency of valuation information obtained in this valuation, the income approach is appropriate for this valuation project.

Based on the above analysis, the income approach and asset-based approach have been adopted separately for this valuation. The appraised value has been arrived at by comparing the valuation conclusion of such two valuation methods to analyze the reasons for differences.

(II) Introduction of the Asset-Based Approach

1. Current assets

(1) Cash and cash equivalents

Cash and cash equivalents include bank deposits and other cash and cash equivalents. The appraised value shall be determined as verified value through checking bank statements, bank correspondence, etc.

(2) Receivables

Receivables include accounts receivable and other receivables. As for receivables recovered subsequently upon the period and to be fully recovered with sufficient reasons, the appraised value shall be determined as the book balance on the correctness of accounts being verified; as for receivables with uncertain recoverability, the appraised value shall be determined by deducting the estimated risk loss from the book balance with reference to the possible risk loss estimated by aging analysis; and the appraised value of provision for bad debts is determined as zero.

(3) Prepayments

The appraised value shall be determined in line with the value of assets or rights deriving from the corresponding goods that are recoverable. As for those corresponding goods or rights that are recoverable, the appraised value shall be determined as the verified book value. For prepayments with concrete evidence demonstrating that the corresponding goods are neither recovered, nor assets or rights deriving from, the appraised value shall be determined as zero.

(4) Contract assets

Provided that the correctness of accounts has been verified, judgment on payment recoverability shall be made by specific analysis on factors such as the process of payments generated, the creditworthiness of debtors and performance capabilities based on the historical information together with the results of current investigation. The appraised value of contract asset is determined by deducting the valued risk loss from the verified book value, and provision for bad debts is valued as zero.

(5) Inventories

Inventories represent raw materials.

For the valuation of inventories, the valuation professionals firstly have reviewed the internal inventory control system to understand the inventory in-and-out process and storage accounting system of the enterprise, and then verified its financial records and carried out spot checks to examine physical inventories to understand the assets condition and confirm the authenticity, status and ownership of inventories.

Secondly, the valuation professionals have checked the pricing and accounting methods of inventories, understanding that its inventories are priced at actual cost.

The valuation methods for inventories are as follows:

Raw materials

Upon verification, the book value of raw materials is composed of purchase price and reasonable expenses. For those with fast turnover, various costs under the book unit price approximate to the market price on the valuation reference date through market research. The appraised value is determined as the verified book value after the valuers have checked the consistency among accounting proofs, ledgers, tables and facts.

2. Long-term equity investment

The applicability of long-term equity investment valuation method has been analyzed in this valuation, which involves specific companies. Different specific methods shall be selected in accordance with the actual control over and the characteristics of the enterprise, market condition, information collected and their impacts on the value of valuation conclusion.

Asset valuation professionals have accessed various materials such as relevant investment agreement, articles of association, capital contribution certificate, capital verification report, business license and balance sheet as at the valuation reference date, and have also conducted on-site inspection on the controlling investee under the long-term equity investment in accordance with the requirements of overall asset valuation. Moreover, the entire shareholders' equity of long-term equity investment entity has been valued on the basis of correctness of investment date, amount and percentage of its shareholders, establishment date, registered capital and business scope.

In terms of long-term equity investment with low shareholding ratio or statements non-consolidated for lacking of control power over the operation of the investee, it is lack of conditions to evaluate the overall assets of the investee as the investor can only provide the financial statements of the investee. The appraised value of its long-term equity investment = (unaudited book net assets + unpaid capital contributions) × shareholding ratio.

The impact of controlling premium/discount and equity liquidity are not considered in the valuation on long-term equity investment.

3. Buildings

The cost approach is an approach to determine the value of the appraised buildings with multiplying the full replacement price, which is necessary for replacing the identical buildings based on the market conditions prevailing at the valuation time and the structural characteristics of the appraised buildings, by the integrated newness rate of buildings, which is made out through comprehensive valuation.

The calculation formula of the cost approach is as follows:

Appraised value = full replacement price × integrated newness rate

Integrated newness rate = theoretical newness rate × weight factor + survey newness rate × weight factor

(1) Determination of the full replacement price

The full replacement price of building generally includes integrated construction and installation costs, upfront and other expenses, costs of capital and deductible value-added taxes. The calculation formula of the full replacement price of building is as follows:

Full replacement price = integrated construction and installation costs + upfront and other expenses + costs of capital – deductible value-added taxes

① Integrated construction and installation costs

According to the detailed conditions, the appraised buildings are divided into brick-concrete, reinforced concrete and steel structure. The valuation professionals have made systematic classification for the buildings within the valuation scope based on the types of structure, application functions and area distribution and numbered the buildings in same or similar structure in the same group to identify typical construction from various structure groups and collect completion materials of the typical construction such as budget/settlement statements and completed drawings for spot check on construction volume. As for verified construction volume of the (budget) settlement statements, the integrated construction and installation costs shall be calculated in accordance with Fuding Price Information of Construction Material, Lianyungang Price Information of Construction Material, Jiaxing Price Information of Construction Material, Wafangdian Price Information of Construction Material and Yangjiang Price Information of Construction Material, all of which were issued in June 2021, and by applying Budget Quota on Building Construction and Decoration Project of Fujian Province (2017), Pricing Quota on Building Construction and Decoration Project of Jiangsu Province (2014), Budget Quota on Building Construction and Decoration Project of Zhejiang Province (2018) and Project Quota on Building Construction and Decoration Project of Liaoning Province (2017) indiscriminately.

The integrated construction and installation costs of other buildings in the same structure shall be calculated by adopting diversity factor adjustment method for typical construction. The factors that have impacts on the integrated construction and installation costs of buildings mainly include the floors, story height, the exterior, plate form, depth, width, wall materials, decoration standards, facilities and the degree of construction difficulty. The valuers have compared the valuation target with the typical construction to obtain an integrated adjustment coefficient. The integrated construction and installation costs of the valuation target are arrived at by multiplying the integrated construction and installation costs of the typical construction by the integrated adjustment coefficient.

The cost per square meter method is used to determine the integrated construction and installation costs of buildings (structures) with small value and simple structure.

② Upfront and other expenses

Upfront and other expenses include two items, namely the construction costs stipulated by the local government and other accruals (excluding the construction and installation costs) incurred by the construction unit on the construction projects.

③ Costs of capital

The costs of capital represent loan interest of the funds invested in the construction during the construction period with interest rate calculated based on the loan prime rate (LPR) and computed within the normal and reasonable period of construction by taking into account that the investments have been made in equal proportions:

Costs of capital = (integrated construction and installation costs + upfront and other expenses) x reasonable construction period x borrowing interest rate x 1/2

④ Deductible value-added taxes

According to Cai Shui [2016] No. 36, Cai Shui [2018] No. 32 and the Announcement of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on Deepening Relevant Policies of Value-added Tax Reform (Announcement [2019] No. 39), the value-added taxes calculated are deducted from the full replacement price of the building if the deductible conditions of value-added taxes are met. The calculation formula of which is as follows:

Deductible value-added taxes = integrated construction and installation costs before taxation/1.09×9% + deductible value-added tax items under the upfront and other expenses/1.06×6%

(2) Determination of the integrated newness rate

The integrated newness rate of buildings shall be determined by combining the theoretical newness rate with the survey newness rate.

① Calculation of the theoretical newness rate

Theoretical newness rate = (economically durable years-serviced years)/economically durable years × 100%

② Measurement of the survey newness rate

Firstly, the valuers put the main factors affecting the newness rate of the buildings into such groups as structure (foundation, wall, load bearing, roof covering), decoration (flooring, internal and external decoration, doors and windows, ceiling), facilities (water equipment, toilet, heater, electric illuminator) with reference to the provisions in Rating Standard for Condition of Houses issued by the Ministry of Construction, and combine the actual conditions of on-site survey to determine the depreciation valuation value of each group. Then, weight factor is used to determine the survey newness rate.

Survey newness rate = structural group value × weight factor + decoration group value × weight factor + installation group value × weight factor

③ Integrated newness rate

The weight factor for the theoretical newness rate and the survey newness rate are 0.4 and 0.6, respectively.

Integrated newness rate = theoretical newness rate × 0.4 + survey newness rate × 0.6

(3) Determination of the appraised value

Appraised value = full replacement price × integrated newness rate

◆ Market approach

Market approach is an approach to estimate the objective and fair price or value of the valuation target whereby the valuation target is compared to similar real estates which has transaction record close to the valuation point and appropriate adjustments will be made to the known price (tax-inclusive/tax-exclusive) of such similar real estates.

The following steps should be taken if the market approach is adopted in valuation:

- 1) collect transaction cases;
- 2) select comparable cases;
- 3) establish comparable basis;
- 4) make correction to transaction conditions;
- 5) make correction to transaction date;
- 6) make correction to location;
- 7) make correction to conditions of the comparable objects;
- 8) make correction to ownership factor;
- 9) calculate comparable price.

The calculation formula of market approach is as follows:

Comparable unit price of appraised property = unit price of comparable cases after establishing comparable basis × correction factor for transaction conditions × adjustment factor for transaction date × adjustment factor for location × adjustment factor for conditions of the comparable object × adjustment factor for ownership

4. *Equipment assets*

According to the purpose of this valuation and the characteristics of appraised equipment, the replacement cost approach is mainly adopted for valuation. For equipment that trade information can be collected on the second-hand market, the market approach is adopted for valuation.

Equipment adopting the replacement cost approach for valuation:

Appraised value = full replacement price × integrated newness rate

A. *Machinery and equipment*

1. Determination of the full replacement price

Full replacement price = purchase price (tax inclusive) of equipment + transportation costs and sundry expenses + installation and commissioning costs + basic fees + other expenses + capital cost – deductible value-added taxes

(1) Determination of the purchase price (tax inclusive) of equipment

Domestic equipment: It is mainly determined by inquiring prices with manufacturers or trading companies, accessing to the Mechanical and Electrical Product Price Information Inquiry System, and referring to the recent contract prices of similar equipment. For certain equipment that purchase price cannot be found, the purchase price is imputed based on the rate of change of the same type of equipment in the same generation.

(2) Transportation costs and sundry expenses

The transportation costs and sundry expenses of equipment mainly include freight, loading and unloading fees, insurance costs, etc., which are generally based on the purchase price of the equipment and charged at different transportation costs and sundry expenses taking into account factors such as the distance between the manufacturer and location of the equipment, the weight and external dimensions of equipment.

(3) Installation and commissioning costs

According to the characteristics, weight, and difficulty in installation of the equipment, the installation and commissioning costs are charged at different rates based on the purchase price. For equipment that does not need installation and commissioning or the installation and commissioning costs have already included in the equipment fee, installation and commissioning costs will be not charged again.

(4) Basic fees

For equipment that requires equipment foundation, the basic fees are charged based on the actual situation of the equipment and with reference to the Valuation Reference Manual, provided that no double counting occurs in the accounting of buildings (structures).

(5) Other expenses

Other expenses include project construction management cost, survey and design fee, feasibility study expense, environmental impact assessment fee, project bidding cost, engineering supervision fee, engineering insurance expense, joint trial operation fees, production preparation cost and others, which are calculated based on the other cost standards for construction projects of the region where the equipment is located and combined with self-characteristics. It is the sum of purchase price of equipment, transportation costs and sundry expenses, installation and commissioning costs and basic fees (all tax inclusive).

(6) Costs of capital

The costs of capital are calculated based on the loan interest rate applicable on the valuation reference date and the reasonable period of construction of the construction project, assuming that the construction fund have been invested in equal proportions in the construction period. Its constituent items are all calculated on tax-inclusive basis.

Costs of capital = (purchase price of equipment + transportation costs and sundry expenses + installation and commissioning costs + basic fees + other expenses) × loan interest rate × construction period × 1/2

(7) Deductible value-added taxes

According to Cai Shui [2008] No. 170, Cai Shui [2013] No. 106, Cai Shui [2016] No. 36, Announcement [2019] No. 39 of the Ministry of Finance, State Administration of Taxation and General Administration of Customs and other documents related to fiscal taxation, the input tax incurred by general VAT taxpayers from purchasing or manufacturing fixed assets can be deducted from the output tax based on value-add tax special invoices, special pay-in warrant for customs import value-add tax and shipping expense settlement documents on the valuation reference date. The input tax of which is recorded under the item entitled “tax payable-value-added tax payable, input tax”. Therefore,

Deductible value-added taxes = purchase price of equipment*13%/(1+13%) + (transportation costs and sundry expenses + installation and commissioning costs + basic fees)*9%/(1+9%) + other tax-deductible expenses

2. Determination of newness rate

Major equipment is determined based on integrated newness rate, while ordinary equipment is determined based on newness rate of service life.

Integrated newness rate = newness rate of service life×40% + surveyed newness rate×60%

Newness rate of service life = (economic service life – serviced life)/ economic service life×100%

Surveyed newness rate: By adopting the appraisal scoring system for equipment technology, the technical status of the overall equipment and each of its component are classified and scored separately based on the importance, complexity and recent test results or the value of each component of the equipment. The newness rate of equipment is determined via technical appraisal jointly conducted by experts and the engineering and technical personnel of the plant through on-site observation based on factors such as the current status, the actual serviced life, the load rate, the original manufacturing quality, the maintenance status, the working environment and conditions, the appearance and integrity of the equipment and taking into account the extensive opinions of the actual operators, the maintenance personnel and the management personnel of the equipment.

B. Vehicles

1. Full replacement price

The full replacement price of the appraised vehicles is determined by adding the local purchase price (tax-inclusive) of new vehicles on the valuation reference date, which is analyzed and determined through market price inquiry, accessing to recent information on online quotation and with reference to the latest market prices of similar vehicle models in the location of the appraised vehicles, with vehicle purchase tax and other expenses incurred during the purchasing and then minus the deductible value-added taxes.

Full replacement price = vehicle purchase price (tax-inclusive)/1.13 + vehicle purchase tax + other expenses

where: Vehicle purchase price (tax-exclusive) = vehicle purchase price (tax-inclusive)/13%

Vehicle purchase tax = vehicle purchase price (tax-exclusive) × 10%

Other expenses include, among others, industrial commercial transaction fees, vehicle inspection expenses and license fees.

For vehicles that the manufacturer no longer produces and the market has no sales of identical new cars, the valuers have determined the full replacement price of such vehicles based on the second-hand prices obtained from the used car market by making adjustment in line with the newness rate of vehicles actual traded.

2. Determination of newness rate

According to the Standard for Compulsory Scrapping of Motor Vehicles (Order No. 12 of the Ministry of Commerce, the National Development and Reform Commission, the Ministry of Public Security and the Ministry of Environmental Protection in 2012), the theoretical newness rate shall be determined by the lowest result under specified mileage method, prescribed service life method or economic service life method. Moreover, the integrated newness rate shall be determined by weighting the technically measured newness rate and the theoretical newness rate.

Newness rate under prescribed service life method = (prescribed service life – serviced life) / prescribed service life × 100%

Newness rate under specified mileage method = (prescribed mileage – mileage travelled) / prescribed mileage × 100%

Theoretical newness rate = MIN (Newness rate under prescribed service life method, newness rate under specified mileage method)

The valuers have determined the technical survey newness rate of vehicles through field survey and based on methods of sub-evaluation and technical scoring according to the structure of vehicles

Integrated newness rate = technical survey newness rate × 60% + theoretical newness rate × 40%.

C. Electronic equipment

1. Full replacement price

Full replacement price = equipment purchase price (tax-inclusive)-
deductible value-added taxes = equipment purchase price (tax-inclusive)/
1.13

2. Determination of newness rate

It is mainly determined based on the newness rate of service life.

Newness rate of service life = (economic service life – serviced life)/
economic service life × 100%

or Newness rate of service life = outstanding service life/(outstanding
service life + serviced life) × 100%

*D. Market approach is adopted for valuation of overaged electronic equipment,
certain vehicles with high liquidation in the market.*

Market approach for vehicle valuation

Vehicles are mainly valued under market approach in accordance
with the characteristics of various types of vehicles, types of valuation
value, information collection and other relevant conditions. The valuation
formula of market approach is as follows:

Comparable price = unit price of actual transaction cases × correction
factor for transaction conditions × correction factor for transaction date ×
correction factor for location × correction factor for individual factors

Appraised value = Σ comparable price/N, where N represents the
number of cases

5. Construction in progress

The asset of construction in progress represents mainly the facade room purchased by Yangjiang branch for the localized construction project. The valuers have verified the original accounting vouchers and purchase contract of the construction in progress to arrive a verified book value. Construction in progress is a processing workshop (facade room) in steel structure and purchased from external party with consideration fully paid by the relevant enterprise. Such workshop can be put into use immediately and is valued under fixed assets valuation method.

6. Right-of-use assets

In terms of right-of-use assets, the valuers have collected lease contracts based on the type and amount of right-of-use assets in accordance with the principle of importance, and checked the lease payment, payment method, lease term, and disposal of assets after expiration; got informed the composition of book value of right-of-use assets and relevant accounting policies and regulations on provision for impairment and the provision method of asset depreciation of the enterprise. In the valuation of right-of-use assets, the verified book value is determined as its appraised value.

7. Intangible assets**(1) Intangible asset – land use rights**

Based on the on-site investigation and survey, the valuers have determined the valuation method and idea for intangible assets – lands by conducting careful analysis on various materials provided by the client.

In accordance with the Regulations for Valuation on Urban Land (GB/T 18508-2014), the valuation methods for land price that generally applied include market approach, income capitalization approach, cost approximation method, residual method and benchmark land price coefficient correction method. The selection of valuation method should follow the technical specification for land price valuation. The proper selection of valuation method should be conducted on the basis of the local land market development and combined with the characteristics specific to the valuation target and the valuation purpose.

The basis for adopting the benchmark land price coefficient correction method is as follows:

For appraised land parcels within the coverage of the local benchmark land price, the benchmark land price coefficient correction method is adopted for valuation.

The basis for adopting the market comparison approach is as follows:

For those there are active industrial land transactions surrounding the area where valuation target is located and there are transaction samples in the same primary market area of the valuation target for reference, market comparison method is appropriate for valuation.

Reasons for other methods not applicable:

As there are no market cases of post-development sales for reference due to the industrial, residential and commercial nature of the appraised land parcels, the residual method is not appropriate for valuation;

As it is difficult to determine the rent level of the land due to there is basically no similar land rental cases around the appraised land parcels, the income approach is not appropriate for valuation;

The cost approximation method is based on the sum of various expenses incurred during the land development, plus with certain profits and interests. It is a method of calculating land price based on taxes payable and land value-added revenue and generally suitable for newly-developed land, industrial land (state-granted land), or areas with underdeveloped land market and few of land transaction cases. This method is mainly adopted for the valuation on patches of state-granted industrial lands and rarely adopted for the valuation on state-owned residential, commercial and office lands. In terms of land price imputed under the cost approximation method, it is consisted mainly of land acquisition cost, land development expense and land value-added income. Land acquisition cost is the cost of acquiring land paid to the original land user (or land owner), mainly in forms of compensation fees for state expropriation of collective land and compensation fees for land expropriation of urban land to the original land user. After investigation, the compensation fees for land parcels expropriated (used) under valuation varies considerably. Therefore, it is difficult to master the cost of individual land expropriation and the price of industrial land use right calculated under the cost approximation method will generally and significantly lower than the normal market value. The cost approximation method is therefore not appropriate for this valuation.

In conclusion, the benchmark land price coefficient correction method and market comparison approach have been adopted for the valuation on land price.

Market comparison method:

If there are similar land market transaction cases in the area where the valuation target is located and such cases can meet the conditions of case selection as required by the Regulations for Valuation on Urban Land based on the investigation, the market comparison method is appropriate for valuation.

Market comparison method is a method to estimate the objective and reasonable price of the appraised land parcels after comparing it with alternative similar real estate traded near the valuation reference date according to the substitution principle in the market, and then properly adjusting the transaction price of such similar real estate. The calculation formula of which is as follows:

$$V = VB \times A \times B \times C \times D \times E$$

where :

V: Price of the appraised land parcels;

VB: Price of comparable land parcel;

A: Transaction index of the appraised land parcels/transaction index of the comparable land parcel

B: Price index of the appraised land parcels on the valuation reference date/land price of the comparable land parcel on the transaction date

C: Regional factor index of the appraised land parcels/regional factor index of the comparable land parcel

D: Individual factor index of the appraised land parcels/individual factor index of the comparable land parcel

E: Service life factor correction coefficient of the appraised land parcels/service life factor correction coefficient of the comparable land parcel

The Benchmark land price coefficient correction method

The benchmark land price coefficient correction method is a method to obtain the price of the appraised land parcels on the valuation reference date through using the valuation results such as the correction coefficient sheet on urban benchmark land price and benchmark land price, and comparing the regional factors and individual factors of the appraised land parcels with the average factors of the area where it is located in accordance with the substitution principle by adjusting the benchmark land price with selecting the corresponding revision coefficient in accordance with correction coefficient sheet.

Price of the appraised land parcels = price for grade × correction coefficient of individual factors × (1 + correction coefficient of regional factors) + correction value of development level

(2) Intangible assets – others

Other intangible assets are mainly IT centralized management platform, OA office software system, UFIDA software purchased by the enterprise. For purchased software sold on the market on the valuation reference date, the market price on the valuation reference date shall be taken as the appraised value.

- 1) Other intangible assets are patents and software copyrights, which have no book value and will be valued under income present value method. The income present value method is an asset valuation method to determine the present value as the value of the appraised assets, which is discounted the expected excess income that the appraised technical intangible assets is estimated to bring in the future at a certain discount rate. The calculation formula of which is as follows:

$$P = \beta \sum_{t=1}^n F_t / (1+i)^t$$

where: P – Appraised value of intangible assets

F_t – Income in tth year

β – Allocation rate of intangible assets

i – Discount rate

n – Term of income

t – Number of years in the useful life

- 2) For trademarks that are expensed, the valuers have collected relevant materials such as trademark registration certificate. Since the costs, agency fees and registration fees of the above-mentioned trademarks within the valuation scope can be determined through communication with the technical and financial personnel of the enterprise, the application condition of the cost approach has been satisfied.

In conclusion, the cost approach has been adopted for the valuation on the appraised intangible assets – trademarks.

8. Long-term deferred expenses

Long-term deferred expenses represent payment amortized over one year paid by the enterprise. The valuers have verified the deferred expenses, the amortization method and the amortization amount of each period to confirm the authenticity and correctness of the enterprise's accounting. For the long-term deferred expenses that have been verified and still have assets or rights subsisting after the valuation reference date, the long-term deferred expenses represent the payments of Wangmu community renovation project and Changjiang (昌江) office decoration, which have been included in the valuation for buildings and offices. The long-term deferred expenses are valued as zero in this valuation.

9. Deferred income tax assets

The deferred income tax assets under the valuation scope are the temporary differences arising from accounts receivable- provision for bad debts, other receivables- provision for bad debts and contract assets- provision for impairment. The valuation professionals have noted the difference between the corporate accounting policies and the set-off policies under tax requirements; checked the subsidiary ledger, general ledger, figures in financial statements and tax return; verified the calculation basis of income taxes and obtained tax appraisal to check calculation on the amount of income tax payable and verify income tax payable. Based on the above, the resultant verified amount is determined as the appraised value of the deferred income tax assets.

10. Other non-current assets

Other non-current assets under the valuation scope are the contract payments of China Nuclear Huajian Qingdao Energy Technology Co., Ltd. (中核華建青島能源科技有限公司). The valuers have verified the authenticity and integrity of the assets by accessing to the corresponding vouchers and requiring the corresponding contracts; after checking the consistency among accounting proofs, ledgers, tables and facts related to the other non-current assets, the verified amount is determined as the appraised value.

11. Liabilities

Liabilities include current liabilities and non-current liabilities, specifically including accounts payable, contract liabilities, employees' remuneration payable, tax payable, dividends payable, other payables, other current liabilities, lease liabilities and deferred income.

The asset valuation professionals have verified the book value based on the item list provided by the enterprise. At the same time, they have investigated and verified the payment of liabilities as of the on-site inventory date, and sent confirmation requests for large payments as of the on-site inventory date. The appraised value is determined as the verified book value or the actual liabilities assumed in this valuation.

(III) Introduction to the Income Approach

The income approach for the valuation of enterprise value is a valuation method to determine the value of the valuation target by capitalizing or discounting the expected income.

The specific methods commonly applied in the income approach include the discounted dividend method and the discounted cash flow method.

The discounted dividend method is a specific method to determine the value of the valuation target by discounting the expected dividends, which is usually applicable to valuation on the value of partial equity value of shareholders without control power.

The discounted cash flow method usually includes the Free Cash Flow of Firm (FCFF) Model and the Free Cash Flow of Equity (FCFE) Model.

With comprehensive analysis on factors such as the industry, business model, capital structure and development trend of the valuation target, discounted cash flow method and FCFF model are adopted in this valuation based on the income approach. The calculation formula of FCFF model is as follows:

Value of the entire shareholders' equity=overall enterprise value-value of interest-bearing debts.

1. *Overall enterprise value*

The calculation formula of overall enterprise value is as follows:

Overall enterprise value=value of operating assets+value of surplus assets+net value of non-operating assets.

(1) Value of operating assets

Operating assets represent assets and liabilities related to the production and operation of the valuation target and involved in FCFF prediction. The calculation formula of the value of operating assets is as follows:

$$P = \sum_{i=1}^n \frac{R_i}{(1+r)^i} + \frac{R_{n+1}}{r(1+r)^n}$$

where: P – Value of operating assets;

i – Predictive year;

r – Discount rate;

R_i – FCFF for the i^{th} year;

n – Term of predictive period;

R_{n+1} – FCFF (final value) for post-predictive period;

① Income period and predictive period

As no matters affecting the enterprise's operation on an on-going basis are identified through analyzing the development prospect of the industry where the valuation target is operated and its own business conditions, the income period is determined as an infinite period.

Generally, in contrast to the poor accuracy of the predictions on forward income, recent income of the enterprise can be predicted in a relatively accurate manner. Based on the situation of the valuation target, the income period of the enterprise is divided into predictive period and post-predictive period.

② FCFF for the predictive period

The calculation formula of FCFF for each year in the predictive period is as follows:

FCFF=net profit+interest expenses after taxation+depreciation and amortization – capital expenditure – increase/decrease of working capital

③ Discount rate

FCFF is the measurement of income in this valuation. According to the principle of consistency between the amount of income and the discount rate, the discount rate is determined under the weighted average cost of capital model (WACC). The calculation formula of which is as follows:

$$WACC = R_e \frac{E}{D+E} + R_d \frac{D}{D+E} (1-T)$$

where: R_e – Cost of equity capital;

R_d – Cost of debt capital;

$E/(D+E)$ – Percentage of equity capital to total capital

$D/(D+E)$ – Percentage of debt capital to total capital

T – Income tax rate

of which, the cost of equity capital (R_e) is calculated by capital asset pricing model (CAPM). The calculation formula of which is as follows:

$$R_e = R_f + \beta \times MRP + R_s$$

where: R_e – Return on equity

R_f – Risk-free return rate

β – Corporate risk factor

MRP – Market risk premium

R_s – Specific corporate risk adjustment coefficient

④ FCFF (final value) for post-predictive period

FCFF (final value) for post-predictive period represents a value discounted from FCFF for post-predictive period to the last year of the predictive period. In this valuation, it is assumed that the valuation target will operate in on-going concern and is expected to maintain stable operating income after the predictive period. Based on the above, FCFF for post-predictive period shall be adjusted and determined with reference to FCFF for the last year of the predictive period.

(2) The value of surplus assets

Surplus assets represent assets more than required by normal production and operation of the enterprise and not involved in the FCFF prediction. The surplus assets of the valuation target are mainly surplus cash and cash equivalents and will be determined as cash and cash equivalents as at the valuation reference date minus minimum cash at bank and on hand.

(3) Net value of non-operating assets

Net value of non-operating assets represent the net value of assets and liabilities irrelevant to normal production and operation of the enterprise and not involved in the FCFF prediction. In this valuation, appropriate valuation methods have been adopted based on the nature and characteristics of assets and liabilities. The non-operating assets of the valuation target represent other receivables, payments to/from related parties under other receivables and dividends receivable/payable, which are verified item by item according to the breakdown of asset-based approach as at the valuation reference date.

2. *The value of interest-bearing debts*

Interest-bearing debts represent the liabilities bearing interest payable as at the valuation reference date. There are no interest-bearing liabilities based on the asset-based approach as at the valuation reference date.

(IV) Method for Determining the Valuation Conclusion

The income approach has been adopted as the method for determining the conclusion of this valuation.

VIII. PROCESS AND STATUS FOR THE IMPLEMENTATION OF VALUATION PROCEDURES

The assets and liabilities related to the valuation target have been valued by the asset valuation professionals from 23 September 2021 to 14 November 2021. The process and status for the implementation of major valuation procedures are as follows:

(I) Acceptance of Engagement

Upon discussions and negotiations, we have reached agreement with the client on the basic matters related to asset valuation such as valuation purpose, valuation target and valuation scope, types of value, valuation reference date, range of application of asset valuation report, submission deadline and method of asset valuation report, valuation service fee and payment method, cooperation and assistance of parties involved in the valuation. In addition, we have entered into the asset valuation engagement contract and prepared valuation plan.

(II) Preliminary Valuation Preparation

In view of the characteristics of this project and the distribution of assets, we have formulated an asset valuation plan and established a valuation team.

In order to enable the financial and asset management personnel of the valuation target to understand and submit asset valuation materials, we have arranged training on materials preparation of asset valuation for relevant cooperating personnel of the valuation target, assigned special personnel to guide assets inspection, valuation materials preparation, assets verification and data validation of the valuation target and answered questions raised in the preparation of asset valuation materials.

(III) On-site Investigation

From 23 September 2021 to 30 September 2021, asset valuation professionals conducted necessary investigations and verification on the assets and liabilities of the valuation target and carried out necessary due diligence on the operation and management of the appraised enterprise.

1. Asset verification

- (1) Guiding the appraised enterprise on how to complete the forms and to prepare materials to be provided to the asset valuation agency

While the financial and asset management personnel of the appraised enterprise are required to conduct their own checking of assets, the valuers have guided them on how to correctly and carefully fill out each of the required forms covering the assets under the valuation scope according to the Asset Valuation Schedule and instructions provided therein and the list of information which are provided by the asset valuation agency. They are also required to collect and prepare title certification of the assets and documents and information that can reflect their performance, status and economic and technical indexes.

- (2) Preliminary review and improvement of the Asset Valuation Schedule filled out by the appraised enterprise

The valuers have accessed to relevant information to have an understanding of the details of the assets under the valuation scope and carefully reviewed the various Asset Valuation Schedules to check if there are any incomplete information, errors, or unclear statements of asset items. Based on their experience and the information they have obtained, the valuers have reviewed the Asset Valuation Schedule to check if there is any omission before providing feedback to the appraised enterprise for it to improve the Asset Valuation Schedule.

(3) On-site survey

In accordance with the relevant asset valuation standards, the valuers have conducted, with the cooperation of the relevant personnel of the appraised enterprise, on-site survey on various assets under the valuation scope in terms of their types, quantity and distribution. Different survey methods have been adopted in light of the nature and characteristics of the different types of assets.

(4) Supplementation, modification and improvement of Asset Valuation Schedules

Based on the on-site survey result, the valuers have further improved the Asset Valuation Schedules after proper communication with the relevant personnel of the appraised enterprise in order to ensure the consistency among the accounts, forms and actual circumstances.

(5) Verification of ownership certificates

The valuers have verified the ownership certificates of the assets under the valuation scope and required the enterprise to verify incomplete or unclear ownership information.

2. *Due diligence*

The valuers have conducted necessary due diligence in order to fully understand the operation and management of the appraised enterprise and its risk exposure. The due diligence mainly covered the following:

- (1) History, substantial shareholders and shareholding proportions of the appraised enterprise, necessary ownership and operation and management structure;
- (2) Assets, financial position, production, operation and management of the appraised enterprise;
- (3) Business plans, development planning and financial forecast of the appraised enterprise;
- (4) Previous valuations and transactions of the valuation target and the appraised enterprise;
- (5) Macro and regional economic factors which affect the production and operation of the appraised enterprise;

- (6) Development and outlook of the industry where the appraised enterprise operates;
- (7) Other relevant information.

(IV) Collection of Information

The valuers have collected necessary information based on the specific situations of the valuation project, including the information acquired directly and independently from the market and other channels, the information obtained from the client and relevant parties and the information obtained from government agencies, professional institutions and other relevant departments. They have made necessary analysis, induction and collation of the collected information to develop basis for valuation and estimate.

(V) Valuation and Estimate

The valuers have adopted, in light of the specific situations of various assets, the corresponding formulae and parameters to make analysis, calculation and judgment on the assets by adopting the selected valuation methods to reach a preliminary conclusion of valuation. The project leader has summarized the preliminary conclusion of valuation concerning various assets, and prepared and formulated the preliminary asset valuation report.

(VI) Internal Audit

According to our administrative measures for valuation process, the project leader shall submit the asset valuation report for our internal audit after the preliminary asset valuation report has been prepared. Upon completion of the internal audit, the project leader shall communicate with the client or other relevant parties agreed by the client on related contents of the asset valuation report. After reasonable modification based on feedback and opinions, the project leader shall determine and submit the asset valuation report.

IX. VALUATION ASSUMPTIONS

The following assumptions have been adopted for the analysis and estimate in this asset valuation report:

(I) General Assumptions

1. It is assumed that there are no material changes in current related national laws, regulations and policies, as well as national macroeconomic situation; no material changes in the local political, economic and social environment of such regions where parties to the transaction are based after the valuation reference date.
2. It is assumed that the appraised enterprise will operate on a going concern basis after the valuation reference date.
3. It is assumed that the management of the appraised enterprise is accountable, stable and competent to perform their duties after the valuation reference date.
4. It is assumed that the appraised enterprise fully complies with all relevant laws and regulations.
5. It is assumed that there is no force majeure events or unforeseeable factors which may materially and adversely affect the appraised enterprise after the valuation reference date.
6. Transaction assumption: it is assumed that all assets to be valued are in the course of transaction and the valuation conducted by the valuers are based on comparable market such as terms of transaction of the target assets.
7. Open market assumption: open market assumption is a hypothesis made on the market condition of the assets to be entered into and what impact on the assets under such market conditions. Open market represents a competitive market with adequately developed and complete market conditions as well as a willing buyer and a willing seller each having, on an equal footing, the opportunities and time to gain sufficient market information, whereby the transaction is conducted on a willing, rational (rather than forced) or unrestricted basis on either part of the buyer and the seller.

(II) Special Assumptions

1. It is assumed that the scope of business, the mode of operation and development direction of the appraised enterprise after the valuation reference date are consistent with the current ones based on the existing management mode and management level.
2. It is assumed that the accounting policies adopted by the appraised enterprise after the valuation reference date are consistent with the accounting policies adopted when preparing this report in all material aspects.
3. It is assumed that there are no material changes in interest rates, exchange rates, tax bases, tax rates and policy-based levies related to the appraised enterprise after the valuation reference date.
4. It is assumed the appraised enterprise will have a net even cash flow for the years.
5. It is assumed that the products or services of the appraised enterprise will maintain current market competitiveness after the valuation reference date.
6. It is assumed that the level of research and development and technological advancement of the appraised enterprise will be maintained at the current level after the valuation reference date.
7. It is assumed that the lease of the appraised enterprise is legal and valid, obligations of which are performed, and will not change or terminate without reasonable cause.
8. The asset valuation professionals have not conducted technical tests on the technical parameters and performance of various equipment on the valuation reference date, and made judgments upon the on-site survey under the premises that the relevant technical data and operating records provided by the client are true and effective.
9. The on-site survey of valuation target conducted by the asset valuation professionals are limited to the appearance and use conditions of the valuation target. Internal qualities such as the structure have not been tested, so it cannot be determined whether there are internal defects. It is assumed that the internal quality of the valuation target meets the relevant national standards and is sufficient to maintain its normal use.

The conclusion of valuation of this asset valuation report is established on the valuation reference date based on the above assumptions. In the event of any material changes to the above assumptions, the signatory asset valuers and the asset valuation agency shall not be responsible for deducing different conclusions of valuation due to any changes of the assumptions.

X. VALUATION CONCLUSION

The asset-based approach and income approach have been adopted for the valuation of the entire shareholders' equity of China Nuclear Industry Maintenance Co., Ltd.* Based on the above valuation work, the conclusions are reached as follows:

(I) Valuation Results under the Asset-based Approach

As at the valuation reference date, China Nuclear Industry Maintenance Co., Ltd.* recorded the book value of total assets of RMB825,626,500 with the appraised value of RMB1,008,159,500, representing an increase of RMB182,533,000 or 22.11%, the book value of total liabilities of RMB168,478,400 with the appraised value of RMB168,478,400, representing no change in value, the book value of the entire shareholders' equity of RMB657,148,100 with the appraised value of RMB839,681,100, representing an increase of RMB182,533,000 or 27.78%.

The details of the valuation results are set out in the following summary of asset valuation results:

Summary of Asset Valuation Results (Asset-based Approach)

Valuation reference date: 30 June 2021

Unit: RMB'0,000

Items		Book value	Appraised value	Increase/Decrease	Increase %
		A	B	C=B-A	D=C/A×100%
Current assets	1	44,830.45	44,779.66	(50.79)	(0.11)
Non-current assets	2	37,732.20	56,036.29	18,304.09	48.51
Of which: Long-term receivables	3				
Long-term equity investment	4	1,484.38	1,499.30	14.92	1.01
Investment in other equity instruments	5				
Other non-current financial assets	6				
Investment properties	7				
Fixed assets	8	21,001.85	33,960.18	12,958.33	61.70
Construction in progress	9	568.82	570.77	1.95	0.34
Right-of-use assets	10	2,271.29	2,271.29	–	
Intangible assets	11	2,449.88	8,819.16	6,369.28	259.98
Long-term deferred expenses	12	1,040.39	–	(1,040.39)	(100.00)
Deferred income tax assets	13	30.78	30.78	–	–
Other non-current assets	14	8,884.81	8,884.81	–	–
Total assets	15	82,562.65	100,815.95	18,253.30	22.11
Current liabilities	16	15,138.08	15,138.08	–	–
Non-current liabilities	17	1,709.76	1,709.76	–	–
Total liabilities	18	16,847.84	16,847.84	–	–
Net assets	19	65,714.81	83,968.11	18,253.30	27.78

Please refer to each of the Asset Valuation Schedules for details of the valuation under the asset-based approach.

(II) Valuation Results under the Income Approach

As at the valuation reference date, China Nuclear Industry Maintenance Co., Ltd.* recorded the book value of total assets of RMB825,626,500, the book value of total liabilities of RMB168,478,400, the book value of the entire shareholders' equity of RMB657,148,100 with the appraised value of RMB977,900,000, representing an increase of 48.81%.

Summary of Asset Valuation Results (Income Approach)

Unit: RMB'0,000

Items		Book value	Appraised value	Increase/Decrease	Increase %
		A	B	C=B-A	D=C/A×100%
Current assets	1	44,830.45			
Non-current assets	2	37,732.20			
Of which: Long-term receivables	3				
Long-term equity investment	4	1,484.38			
Investment in other equity instruments	5				
Other non-current financial assets	6				
Investment properties	7				
Fixed assets	8	21,001.85			
Construction in progress	9	568.82			
Right-of-use assets	10	2,271.29			
Intangible assets	11	2,449.88			
Long-term deferred expenses	12	1,040.39			
Deferred income tax assets	13	30.78			
Other non-current assets	14	8,884.81			
Total assets	15	82,562.65			
Current liabilities	16	15,138.08			
Non-current liabilities	17	1,709.76			
Total liabilities	18	16,847.84			
Net assets	19	65,714.81	97,790.00	32,075.19	48.81

Please refer to the Asset Valuation Schedules for details of the valuation under the income approach.

(III) Conclusion of Valuation and Major Analyses on Increase/Decrease

The valuation results of the entire shareholders' equity of China Nuclear Industry Maintenance Co., Ltd.* under the asset-based approach and income approach were RMB839,681,100 and RMB977,900,000, respectively, representing a difference amount of RMB138,218,900 or difference ratio of 16.46%. The different between such two valuation methods was mainly due to the fact that:

The asset-based approach differs from the income approach in term of valuation perspectives and paths. In the asset-based approach, the fair market value of assets is indirectly valued from the perspective of asset replacement with emphasis on replacement value of each asset as at the valuation reference date and under the technique guideline of deriving the appraised value from valuing the objective assets and liabilities of the enterprise case-by-case as at the valuation reference date. In the income approach, future profitability of the enterprise is considered, reflecting the comprehensive profitability of various assets of the enterprise.

China Nuclear Industry Maintenance Co., Ltd.* is mainly engaged in nuclear power inspection and maintenance services. Its principle businesses are carried out around the following core competencies:

(1) Technical advantages

As a domestic backbone of nuclear island maintenance and inspection on nuclear power plant, CNI Maintenance has long engaged in research on nuclear power inspection and maintenance industry. With extensive management experience and profound professional background of management and R&D team, CNI Maintenance has established strong talent advantage for its operation, providing an important guarantee for sustainable and stable development in the future.

(2) Talent advantage

As the specific implementation unit of the national nuclear emergency rescue team and operational skills training center, CNI Maintenance has excellent business capabilities, complete technical reserves and a quality professional talent team. Benefiting from years of industry experience and technology accumulation, CNI Maintenance has a number of patented technologies.

(3) *Advantages of market layout*

Focusing on the whole service life of nuclear power plant, CNI Maintenance has established capability to seamlessly connect with various aspects of nuclear power plant at subsidy phase such as system commissioning, routine maintenance, refueling overhaul, engineering technical transformation, technical services, nuclear life extension and decommissioning, achieving full-range of coverage on inspection and maintenance services of all commercial nuclear power plants in Mainland China.

In the income approach, the impacts of the appraised enterprise's core competitiveness such as technical advantage, customer resource, experienced and stable R&D team and business layout advantage on the future profitability have been considered to more reasonably reflect the corporate value of the appraised enterprise. Therefore, the valuation results under the income approach has been adopted as the final valuation conclusion. Specifically, the market value of the entire shareholders' equity of China Nuclear Industry Maintenance Co., Ltd.* was RMB977,900,000 as of 30 June 2021.

Analysis on the reasons for increase/decrease:

The net assets of the appraised enterprise was RMB657,148,100 with the appraised value of RMB977,900,000, representing an increase of RMB320,751,900 or 48.81%. Such increase was mainly due to higher profitability of the appraised enterprise from the perspective of its future profitability.

The impact of possible discounts due to lack of control on the value of the valuation target is not considered in this asset valuation report.

XI. NOTES ON SPECIAL MATTERS

The following matters discovered during the course of valuation may affect the conclusion of valuation, but are beyond the valuation and estimation of the valuers by virtue of the valuation practice and competence:

(I) Notes on Special Matters Related to Making Reference to the Conclusions of Reports Issued by Other Institutions

1. BDO China SHU LUN PAN Certified Public Accountants LLP issued a standard and unqualified auditor's report with Xin Kuai Shi Bao Zi [2021] No. ZG214785 on 15 October 2021.

(II) Notes on Special Matters Related to Incomplete or Defective Ownership Information

1. As at the valuation reference date, buildings under the valuation scope included training workshops (Phase I) on F-2-3 plot of Fuding Wendu Industrial Zone of Fuding Branch, China Nuclear Industry Maintenance Co., Ltd.* with total floor area of 2,483.16 sq.m.; power distribution room, reception office and gas room of Lianyungang Branch, China Nuclear Industry Maintenance Co., Ltd.*, which are under the process of applying for the building ownership certificates; reception office 2 which has not yet acquired the building ownership certificate and has total floor area of 183.57 sq.m.; 10KV substation of Dalian Branch, China Nuclear Industry Maintenance Co., Ltd.*, which has not yet acquired the building ownership certificate and has provided construction drawing or actual measuring area as its floor area. Since the appraised enterprise has undertaken that it will bear corresponding legal responsibilities for any problem occurring in the following housing property, the impact of such matter therefore is not considered in this valuation.

No.	Certificate No.	Name of building	Structure	Year and month of completion	Measuring unit	Floor area/volume (m ² /m ³)	Book value	
							Original value	Net value
1	No certificate acquired	Training workshops (Phase I) and others on F-2-3 plot of Fuding Wendu Industrial Zone	Reinforced concrete construction	2019/2/20	sq.m.	2483.16	6,906,325.89	6,396,025.05
1-1	No certificate acquired	Training workshop	Reinforced concrete construction	2019/2/20	sq.m.	2436		
1-2	No certificate acquired	Guard room	Reinforced concrete construction	2019/2/20	sq.m.	19.8		
1-3	No certificate acquired	Toilet	Reinforced concrete construction	2019/2/20	sq.m.	27.36		
2	No certificate acquired	Power distribution room	Brick-concrete	2017/12/18	sq.m.	58.5		
3	No certificate acquired	Reception office	Reinforced concrete	2017-12-19	sq.m.	47.84		
4	No certificate acquired	Gas room	Reinforced concrete	2017/12/19	sq.m.	8.64		
5	No certificate acquired	Reception office 2	Mixed structure	2017/12/18	sq.m.	68.59		
6	No certificate acquired	10KV substation	Brick-concrete	2012/12/1	sq.m.	120.96		

The appraised enterprise has undertaken that such assets, which have not yet acquired ownership certificates, are obtained legally with housing property attributed to it. Therefore, there is no ownership dispute and every floor area reported for valuation is consistent with its actual situation.

2. One vehicle under the valuation scope as of the valuation reference date has been scrapped, the details of which are as follows:

License plate No.	Vehicle name and model	Acquisition date	Commissioning date	Book value		Remark
				Original value	Net value	
Zhe FDV753	Small SedanSpecial 1.8T (SVW7183SJD)	2015-11-27	2015-11-27	232,630.84	11,631.54	Scrapped
Total				232,630.84	11,631.54	

For vehicles scrapped or to be scrapped, the value of vehicles can be determined by inquiring the scrapped price of vehicles.

3. Intangible asset – land use rights

The intangible asset – lands under the valuation scope included F8-1 plot of Wufuwei, Kouyang Village Committee and lot of Xinweizai, Wufuwei, Pearl Bay, the land premium of which were fully paid in accordance with the contract. The registered owner of the land use right certificate is China Nuclear Industry Huaxing Construction Co., Ltd. In addition, the land use right certificate is under the procedure of ownership change and transfer, for which ownership certificate documents such as transfer contract and payment voucher have been provided by the appraised enterprise to demonstrate its ownership on the above-mentioned land use rights. Moreover, the appraised enterprise has undertaken that it will bear corresponding legal responsibilities for any problem occurring in the above land use rights, the impact of such matter therefore is not considered in this valuation. The details of which are set out below:

No.	Land use right certificate No.	Name of land parcel	Location of land	Nature of land	Use of land	Maturity date	Development level	Area (m ²)	Original book value	Book value
1	Dong Fu Guo Yong (2010) No. 0100141	F8-1 lot of Wufuwei, Kouyang Village Committe	F8-1 lot of Wufuwei, Kouyang Village Committe	Transfer	Residential land	2080/3/19	Five connections and one leveling	1,749.70	809,904.76	802,063.36
2	Dong Fu Guo Yong (2009) No.0100156	Lot of Xinweizai, Wufuwei, Pearl Bay	Lot of Xinweizai, Wufuwei, Pearl Bay	Transfer	Residential land	2079/10/28	Five connections and one leveling	44,651.31	20,667,142.86	20,465,652.62

According to the Guiding Opinions on Legal Ownership of the Asset Valuation Target, the purpose of asset valuation agency and asset valuation professionals to conduct asset valuation is to estimate the value of the valuation target and thereby express professional opinions, and for those beyond the working scope of the asset valuation professionals to confirm or express an opinion on the legal ownership of the valuation target, the asset valuation professionals shall not provide guarantees for the legal ownership of the valuation target.

(III) Notes on Special Matters Related to Restrictions on Valuation Procedures

1. The technical specifications or parameter data of various buildings (structures) and equipment assets under the valuation scope are provided by the appraised enterprise. For equipment reported for valuation by the appraised enterprise, the valuers have strived for on-site inspection and verification as much as possible. For assets such as the internal structure of equipment that cannot be investigated on-site due to impacts of work environment, location, time limit and the COVID-19 epidemic, the valuers have inspected and verified through investigating, inquiring, or accessing to relevant records with relevant personnel of the appraised enterprise.
2. Without conducting technical inspection on technical parameters and performance of various equipment as at the valuation reference date, the valuation professionals have made judgments through site investigation and based on an assumption that relevant technical materials and operating records provided by the appraised enterprise are true and effective under the premise of no testing equipment used.

(IV) Notes on Special Matters Related to Pending Legal and Economic Matter on the Valuation Reference Date

No.	Enterprise	Status	Litigation/ Arbitration	Plaintiff	Defendant	The third party	Cause of action	The authority of judgment	Subject amount involved in the case (RMB'0'000)	Introduction of the case
1	China Nuclear Industry Maintenance Co., Ltd.*	In progress	Litigation	Sanmen Zhuoyi Catering Co., Ltd.	Respondent 1: Sanmen Branch, China Nuclear Industry Maintenance Co., Ltd.* Respondent 2: China Nuclear Industry Maintenance Co., Ltd.*	Nil	Disputes over catering service contract	Sanmen County People's Court	46.5564	Introduction of the case: Disputes over executing catering service contract Claims: 1. Request to order the defendants to pay RMB89,131 for the depreciation charge of supporting facilities for restaurant invested by the plaintiff; 2. To order the defendants to pay entertainment expenses of RMB39,137 from 2018 to 2019; 3. To compensate RMB70,000 for the subsidies granted to staff by plaintiff during the epidemic; 4. To compensate the loss of RMB247,296 by plaintiff due to the top-up amount that shall be paid while failing to pay during the epidemic; 5. To refund the performance bond of RMB20,000 of the plaintiff.

Progress up to now: The trial was held on 29 July 2021.

(V) This report is compiled based on business licenses, ownership certificate documents, financial statements, accounting evidences, asset ledger and other relevant information concerning this valuation and provided by the client and other relevant parties. The client, property owner and relevant parties are responsible for the authenticity, validity and integrity of the original valuation materials provided as set out above.

(VI) Nature and Amount of Matters such as Guarantees, Leases and Related Contingent Liabilities (Contingent Assets) and their Relationship with the Valuation Target

No.	Branch	Company name	Amount of the lease contract	Subject of the lease	Commencement date of the lease	Maturity date of the lease
1	China Nuclear Industry Maintenance Co., Ltd.* Headquarters	Shanghai Tongyi Real Estate Co., Ltd.	27,149,226.44	Building	2018/5/25	2022/5/24
2	China Nuclear Industry Maintenance Co., Ltd.* Headquarters	Shanghai Yanrun Enterprise Consulting Co., Ltd.	5,275,380.78	Building	2018/5/25	2022/5/24
3	China Nuclear Industry Maintenance Co., Ltd.* Shenzhen Branch	Housing and Property Affairs Center of Dapeng New District, Shenzhen	425,641.55	Building	2020/9/15	2023/9/14
4	China Nuclear Industry Maintenance Co., Ltd.* Shenzhen Branch	Shenzhen Xingbangde Investment Development Co., Ltd.	23,015,964.34	Building	2018/7/1	2023/6/30
5	China Nuclear Industry Maintenance Co., Ltd.* Yangjiang Branch	Yangjiang CNNC Kelly Enterprise Management Co., Ltd.	385,301.28	Building	2019/8/1	2021/7/31
6	China Nuclear Industry Maintenance Co., Ltd.* Fuqing Branch	Lin Daoli, Sun Lanfang	13,720,770.00	Building	2017/8/30	2022/8/30
7	China Nuclear Industry Maintenance Co., Ltd.* Fuqing Branch	Lin Daoli, Sun Lanfang	1,350,240.00	Building	2017/10/30	2022/10/30
8	China Nuclear Industry Maintenance Co., Ltd.* Taishan Branch	Hakka Villa, Chixi Town, Taishan and Zeng Guorong	6,000,000.00	Building	2019/6/16	2024/6/15
9	China Nuclear Industry Maintenance Co., Ltd.* Haiyang Branch	Rongcheng Shidao Taoyuan Yujia Folk Custom Tourism Service Co., Ltd.	1,950,000.00	Building	2021/6/1	2024/5/31
10	China Nuclear Industry Maintenance Co., Ltd.* Sanmen Branch	Yang Pingpeng	6,369,880.00	Building	2017/11/15	2027/11/14
11	China Nuclear Industry Maintenance Co., Ltd.* Sanmen Branch	Peng Zhangjian	630,000.00	Building	2019/11/1	2021/11/14
12	China Nuclear Industry Maintenance Co., Ltd.* Haiyan Branch	CNNC Nuclear Power Operation Management Co., Ltd.	264,000.00	Building	2021/2/1	2021/12/31

(VII) The impact of possible discounts due to lack of control on the value of the valuation target is not considered in this asset valuation report.

(VIII) Other Matters Requiring Explanation

1. The valuation conclusions of this asset valuation report reflects the value of the valuation target for the valuation purpose as stated in this report as at the valuation reference date and under an assumption that there are no changes in going concern and the external macro-economic environment.
2. The valuation conclusion of this asset valuation report has neither taken into consideration the potential relevant expenses and taxes in the process of ownership registration or change of the appraised assets, nor the impact of possible changes of tax obligation arising from the increase/decrease of the appraised value.
3. The valuation agency and the valuers shall assume no responsibility for the failure of the client and relevant parties to explain the possible deficiencies that could affect the valuation conclusion to the valuers on a timely basis, to the extent that such deficiencies could not be known in normal circumstances while the valuers have implemented necessary valuation procedures.
4. In the term of validity after the valuation reference date, if the quantity and pricing standard of assets change, treatment should be carried out in accordance with the following principles:
 - (1) When the quantity of assets changes, corresponding adjustments should be made to the amount of assets in accordance with the original valuation method;
 - (2) When the pricing standard of assets changes, which greatly affects the results of asset valuation, the client should engage qualified asset valuation agency to re-determine the appraised value on a timely basis;
 - (3) When determining the actual price of the assets, the client should give due consideration to the changes of the quantity and pricing standard of assets after the valuation reference date and make corresponding adjustments.
5. The financial statements of the long-term equity investment of the appraised enterprise are unaudited in this valuation.
6. The client is China Nuclear Energy Technology Corporation Limited and CNE Holdings Company Limited, its wholly-owned subsidiary, holds 14.43% equity of the appraised enterprise.

The users of the asset valuation report shall pay attention to the impact of the above special matters on the valuation conclusion.

The valuation agency and the valuers shall assume no responsibility for the failure of the client and relevant parties to explain the possible deficiencies that could affect the valuation conclusion to the valuers on a timely basis, to the extent that such deficiencies could not be known in normal circumstances while the valuers have implemented necessary valuation procedures.

XII. RESTRICTIONS ON THE USE OF THE VALUATION REPORT

(I) The Scope of the Use of the Asset Valuation Report

1. The asset valuation report shall only be used by China Nuclear Energy Technology Corporation Limited and other users of the asset valuation report as required in the national laws and regulations.
2. The valuation conclusion revealed in the asset valuation report is only valid for the corresponding economic activity in relation to this project.
3. The validity period of the valuation conclusion in the asset valuation report is one year from the valuation reference date. The client or other users of the asset valuation report shall use the asset valuation report within the validity period of valuation conclusion as specified.
4. Without the written permission of the client, the asset valuation agency and its professional asset valuers shall not provide or disclose the content of the asset valuation report to any third party, unless otherwise required by laws and administrative regulations.
5. Unless otherwise required by laws and administrative regulations or agreed among relevant parties concerned, the content of the asset valuation report shall not be extracted, quoted or disclosed in any public media without prior consent of the asset valuation agency.

(II) The asset valuation agency and its professional asset valuers shall take no responsibility if the client or other users of the asset valuation report fail to use the asset valuation report in accordance with the provisions of laws and administrative regulations and the scope of use as set out in the asset valuation report.

(III) Except for the client, the other users of the asset valuation report as agreed in the Asset Valuation Engagement Contract and the users of the asset valuation report as stipulated in the laws and administrative regulations, no other institutions or individuals shall be the users of the asset valuation report.

- (IV) Users of the asset valuation report shall correctly understand and the valuation conclusion, which is not equivalent to the realizable price of the valuation target and should not be considered as a guarantee for the realizable price of the valuation target.
- (V) The asset valuation report is a professional report issued by the asset valuation agency and its valuers in compliance with the laws, administrative regulations and asset valuation standards through necessary asset valuation procedures based on the engagement. This report can be used officially only after being signed by the asset valuers and affixed with the common seal of the asset valuation agency, and filed with the state-owned assets supervision and administration authority or the funded enterprise.

XIII. DATE OF THE ASSET VALUATION REPORT

The date of the asset valuation report is 14 November 2021.

XIV. SIGNATURE AND SEAL

Legal representative: He Yuanquan

Asset valuer: Wang Yu

Asset valuer: Liang Honglei

Zhongrui Shilian Asset Valuation Group Limited Company*

14 November 2021

**INDEPENDENT ASSURANCE REPORT ON THE ARITHMETICAL ACCURACY OF
THE CALCULATION OF THE DISCOUNTED FUTURE CASH FLOWS IN
CONNECTION WITH THE VALUATION OF CHINA NUCLEAR INDUSTRY
MAINTENANCE CO., LTD BEFORE THE PROPOSED MAJOR AND CONNECTED
TRANSACTION**

**To the Board of Directors of China Nuclear Energy Technology Corporation Limited (the
“Company”)**

We refer to the discounted future cash flows on which the valuation (“**Valuation**”) dated 14 November 2021 prepared by 中瑞世聯資產評估集團有限公司 with respect to the valuation of 100% equity interest in China Nuclear Industry Maintenance Co., Ltd.* (the “**Disposal Company**”) as at 30 June 2021 is based. The Valuation is prepared based in part on discounted future cash flows and is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ Responsibility for the Discounted Future Cash Flows

The directors of the Group (the “**Directors**”) are solely responsible for the preparation of the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors and set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

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

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements”, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

It is our responsibility to form a conclusion, based on our work on the arithmetical accuracy of the calculations of the discounted future cash flows on which the Valuation is based, and to report, as required by paragraph 29(2) of Appendix 1B to the Listing Rules, on the arithmetical accuracy of the calculations of the discounted future cash flows used in the Valuation. The discounted future cash flows do not involve the adoption of accounting policies.

We conducted our work in accordance with the terms of our engagement and Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the discounted future cash flows in accordance with the bases and assumptions as set out in the Valuation. We performed procedures on the arithmetical accuracy and compilation of the discounted future cash flows in accordance with the bases and assumptions. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Conclusion

In our opinion, so far as the arithmetical accuracy of the calculations is concerned, the discounted future cash flows have been properly compiled in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation.

Other Matters

Without modifying our opinion, we draw your attention that we are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of the Disposal Company or an expression of an audit or review opinion on the Valuation.

The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 29(2) of Appendix 1B to the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

BDO Limited

Certified Public Accountants
Hong Kong, 7 December 2021

7 December 2021

The Stock Exchange of Hong Kong Limited
12/F, Two Exchange Square
8 Connaught Place Central
Hong Kong

Dear Sirs

We refer to the valuation report dated 14 November 2021 (the “**Valuation Report**”) issued by 中瑞世聯資產評估集團有限公司 (the “**Valuer**”) (transliterated as Zhongrui Shilian Asset Valuation Group Limited Company*) regarding the business enterprise valuation of 中核檢修有限公司 (transliterated as China Nuclear Industry Maintenance Co., Ltd*) as at 30 June 2021 (the “**Valuation**”). The Valuation has been arrived at using the discounted cash flow method and constitutes a profit forecast (the “**Profit Forecast**”) under Rule 14.61 of the Listing Rules. Unless the context otherwise requires, terms defined in the circular of the Company dated 7 December 2021 shall have the same meanings when used herein.

We have reviewed the bases and assumptions upon which the Valuation has been prepared. We have also considered the report issued by BDO Limited as set out in Appendix II to the Circular regarding the arithmetical accuracy of the Profit Forecast on which the Valuation is based.

Based on the above, pursuant to Rule 14.62(3) of the Listing Rules, we hereby confirm that the Profit Forecast under the Valuation Report has been made after due and careful enquiry of the Board.

Yours faithfully

For and on behalf of the Board

China Nuclear Energy Technology Corporation Limited

Zhao Yixin

Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three financial years ended 31 December 2018, 2019 and 2020 and details of the unaudited interim financial information of the Group for the six months ended 30 June 2021 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.cnetcl.com):

- annual report of the Group for the year ended 31 December 2018 published on 11 April 2019 (pages 36 to 140) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0411/ltn201904111096.pdf>);
- annual report of the Group for the year ended 31 December 2019 published on 28 April 2020 (pages 77 to 240) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0428/2020042801725.pdf>);
- annual report of the Group for the year ended 31 December 2020 published on 23 April 2021 (pages 76 to 232) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0423/2021042300565.pdf>); and
- the interim report of the Company for the six months ended 30 June 2021 published on 2 September 2021 (pages 4 to 42) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0902/2021090200977.pdf>).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 October 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the total indebtedness of the Group was as follows:

a. Borrowings

As at close of business on 31 October 2021, the Group's borrowings as follows:

	<i>HK\$'000</i>
Bank borrowings – secured	2,026,920
Other borrowings – secured	537,868
Loan from fellow subsidiary – secured	<u>120,400</u>
	<u>2,685,188</u>
Bank borrowings – unsecured	1,095,130
Letter of credits – unsecured	<u>158,153</u>
	<u>1,253,283</u>
Total	<u><u>3,938,471</u></u>

b. Lease liabilities

As at the close of business on 31 October 2021, the Group has lease liabilities of approximately HK\$3,086,000.

Save as aforesaid or as otherwise disclosed herein, as at the close of business on 31 October 2021, and apart from intra-group liabilities, the Group did not have any loan capital issued and outstanding or agreed to be issued, or any other outstanding bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL SUFFICIENCY

The Directors, after due and careful enquiry, are of the opinion that, taking into account the effect of the transactions contemplated under the Equity Transfer Agreement and the financial resources and the present facilities available to the Group, the Group will have sufficient working capital to satisfy its present requirements for the next twelve months from the date of this circular in absence of unforeseen circumstances.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. FINANCIAL AND TRADING PROSPECT OF THE GROUP

Looking forward, the Group expects to accelerate its development in renewable power generation business, which will provide support for the EPC business. China has proposed policy for “carbon peaks by 2030 and carbon neutrality by 2060”. This policy will result in an increased demand in renewable power. The Group is stepping up efforts to facilitate the construction of photovoltaic and wind power projects distributed in Guangdong, Liaoning, Shandong, Hubei, Shanxi and Yunnan Provinces etc.

The Subscription offers a good opportunity for the Group to raise additional funds for the development and operation of new energy power stations and to reduce the debt-to-asset ratio and the corresponding finance expenses on the Group. There is potential synergy between the business of Nanshan Holdings with certain of the business segments of the Group requiring logistical support and warehousing services. The Group will continue to seek development opportunities in the market to further expand the Group’s business in the renewable power generation, and maximise return for its shareholders.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon Subscription Completion (assuming there will be no other change in the number of issued Shares between the Latest Practicable Date and the date of the Subscription Completion, save for the allotment and issue of the Subscription Shares) are as follows:

(a) Share capital as at the Latest Practicable Date**Authorised:**

Class	Par value per Share	Number	Total nominal value
Ordinary	HK\$0.10	5,000,000,000	500,000,000

Issued and fully paid:

Class	Par value per Share	Number	Total nominal value
Ordinary Shares in issue	HK\$0.10	1,313,094,192	131,309,419.20

- (b) Share capital immediately upon Subscription Completion (assuming there will be no other change in the number of issued Shares between the Latest Practicable Date and the date of the Subscription Completion, save for the allotment and issue of the Subscription Shares)

Authorised:

Class	Par value per Share	Number	Total nominal value
Ordinary	HK\$0.10	5,000,000,000	500,000,000

Issued and fully paid:

Class	Par value per Share	Number	Total nominal value
Ordinary			
(i) Shares in issue immediately before the date of Subscription Completion	HK\$0.10	1,313,094,192	131,309,419.20
(ii) Subscription Shares to be issued pursuant to the Subscription	HK\$0.10	<u>538,942,750</u>	<u>53,894,275</u>
Shares in issue upon Subscription Completion	Total	<u>1,852,036,942</u>	<u>185,203,694.20</u>

All existing issued Shares rank *pari passu* in all respects, including, in particular, as to dividends, voting rights and capital.

No part of the equity or debt securities of the Company is listed or dealt in, nor is listing or permission to deal in the Shares or loan capital of the Company being, or proposed to be, sought on any other stock exchange.

There are no arrangements under which future dividends will be waived or agreed to be waived. As at the Latest Practicable Date, no capital of any member of the Group was under option or agreed conditionally or unconditionally to be put under option.

Save as disclosed above, as at the Latest Practicable Date, no shares, options, warrants, conversion rights or any equity or debt securities of the Company was outstanding or was proposed to be issued for cash or otherwise and no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any such capital.

Save as disclosed above, since 31 December 2020, being the date to which the latest published audited financial statements of the Company were made up, and up to and including the Latest Practicable Date, there was no alteration in the capital of any member of the Group.

3. DISCLOSURE OF INTERESTS

(a) Directors' and the chief executives' interests and short positions in Shares and underlying shares

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 of the Listing Rules, were as follows:

Long position in the Shares and underlying Shares

Name of director	Capacity	Number of Shares held	Approximate % of shareholding
Fu Zhigang	Beneficial owner	100,000	0.01%
Liu Genyu	Beneficial owner	24,998,000	1.90%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they would be taken or deemed to have under such provisions of the SFO); (ii) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders' and other persons' interests and short positions in Shares and underlying shares

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (not being Directors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Long position in the Shares and underlying Shares

Substantial Shareholder	Notes	Capacity	Number of Shares/ underlying Shares held	Approximate % of shareholding
CNNC	1	Controlled corporation	400,000,000	30.46%
Purchaser	1	Controlled corporation	400,000,000	30.46%
China He (HK)	1	Beneficial owner	400,000,000	30.46%
Value Convergence Holdings Limited	2	Beneficial owner and interest in controlled corporation	92,132,000	7.01%
Zhao Xu Guang	3	Controlled corporation	84,676,000	6.45%

Notes:

1. China He (HK) is a wholly-owned subsidiary of the Purchaser, which in turn is wholly-owned by CNNC. As at 30 June 2021, China He (HK) held 400,000,000 Shares and accordingly, both the Purchaser and CNNC were deemed to be interested in the same block of Shares which was registered under China He (HK) by virtue of SFO.
2. Among the 92,132,000 Shares, 33,020,000 Shares were held by Value Convergence Holdings Limited as beneficial owner and 59,112,000 Shares were held by VC Brokerage Limited, which was wholly owned by VC Financial Group Limited. VC Financial Group Limited was in turn wholly owned by Value Convergence Holdings Limited. By virtue of SFO, Value Convergence Holdings Limited was therefore deemed to be interest in 92,132,000 Shares.
3. Mr. Zhao was beneficially interested in the entire issued share capital of Prosper Alliance Investments Limited and Rui Tong Investments Limited which in turn were directly interested in 60,000,000 Shares and 24,676,000 Shares respectively. By virtue of SFO, Mr. Zhao was deemed to be interested in 84,676,000 Shares.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any person, other than a Director or chief executive of the Company, who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract with any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date:

- (a) none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2020, being the date to which the latest published audited accounts of the Company were made up. As at the Latest Practicable Date, four Directors are also senior management of the Purchaser or its associate, namely:
 - (i) Mr. Zhao Yixin is a party committee secretary and a chairman of the Purchaser;
 - (ii) Mr. Tang Jianhua is an assistant to general manager of the Purchaser;
 - (iii) Mr. Wu Yuanchen is a deputy general manager of the Purchaser;
 - (iv) Mr. Fu Zhigang is a deputy chief accountant and a director of finance department of the Purchaser; and
 - (v) Mr. Li Jinying has been appointed by Purchaser as Director of the Company;hence are interested in the Equity Transfer Agreement; and
- (b) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and was significant in relation to the business of the Group.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, the following Director had declared interests in the following entity which compete or are likely to compete, either directly or indirectly, with the businesses of the Group:

On 7 December 2020, Mr. Liu Genyu (“**Mr. Liu**”), the vice chairman of the Board and an executive Director, was appointed as an executive director and vice chairman of GCL New Energy Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 451) (“**GCL**”), which is principally engaged in the sale of electricity, development, construction, operation and management of solar power plants.

As at the Latest Practicable Date, as (i) Mr. Liu merely serves as executive directors of the Company and GCL; (ii) Mr. Liu is not interested in any equity interests of GCL and is not interested in 5% or above of equity interests in the Company; (iii) the Company and GCL have separate and independent management teams; and (iv) there is no direct competing transaction between the Group and GCL or its associates since Mr. Liu’s appointment as director of GCL, the Board is of the view that Mr. Liu’s overlapping directorships in the Company and GCL do not affect him independently discharging his director duty for the benefit of the Company and do not present any direct conflict of interests.

As at the Latest Practicable Date, save as above disclosed, none of the Directors and their respective associates had any direct or indirect interest in a business which competes or may compete with the business of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there was no material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

9. EXPERTS' QUALIFICATION AND CONSENT

The following are the qualifications of the experts who have given opinion or advice which is contained in this circular:

Name	Qualifications
BDO Limited	Certified Public Accountants
Octal Capital Limited	a licensed corporation permitted to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
中瑞世聯資產評估集團 有限公司 (transliterated as Zhongrui Shilian Asset Valuation Group Limited Company*)	independent and qualified PRC valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with its letter or report included or references to its name in the form and context in which it is included.

The letter from each of the above experts is given as of the date of this circular for incorporation in this circular.

As at the Latest Practicable Date, each of the above experts did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and did not have any direct or indirect interests in any assets which have been, since 31 December 2020 (being the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to, any member of the Group, or which are proposed to be acquired or disposed of by or leased to, any member of the Group.

10. MATERIAL CONTRACTS

Save for the Subscription Agreement, the Equity Transfer Agreement and the agreements set out below, no contract (not being contract in the ordinary course of business), which is or may be material, has been entered into by the Company or any of its subsidiaries within the two years immediately preceding the Latest Practicable Date:

- (a) the sale and purchase agreement dated 21 January 2020 entered into between CNI Nanjing as purchaser and 蘇州協鑫能源新投資有限公司 (transliterated as Suzhou GCL New Energy Investment Co., Ltd.*) as vendor in relation to the acquisition of the entire equity interest in 阜陽衡銘太陽能電力有限公司 (transliterated as Fuyang Hengming Solar Power Co., Ltd.*) at an aggregate consideration of RMB34,965,918.16;
- (b) the sale and purchase agreement dated 21 January 2020 entered into between CNI Nanjing as purchaser and 江蘇協鑫新能源有限公司 (transliterated as Jiangsu GCL New Energy Co., Ltd.*) as vendor in relation to the acquisition of the entire equity interest in 鎮江協鑫新能源有限公司 (transliterated as Zhenjiang GCL New Energy Co., Ltd.*) with an aggregate consideration of RMB42,510,000;
- (c) the construction subcontract dated 23 June 2020 entered into between 南京中核能源工程有限公司 (transliterated as Nanjing CNI Energy Engineering Company Limited*) as principal and 中核機械工程有限公司 (transliterated as China Nuclear Machinery Engineering Company Limited*) as subcontractor in respect of the construction of 85MW wind farm project in Weiji Town, Xuzhou, Jiangsu Province, the PRC with an aggregate consideration of RMB14,725,000;
- (d) the wind power generation equipment purchase agreement dated 13 November 2020 entered into between CNI Nanjing as purchaser and 中車株洲電力機車研究所有限公司 (transliterated as CRRC Zhuzhou Electric Locomotive Research Institute Company Limited*) as vendor in relation to the sale and purchase of the wind power generation equipment to be used for the construction of the additional construction and installation of four sets of equipment in Liangji Town and Weiji Town in Jiangsu Province, the PRC (the “**Additional Construction**”) under the construction and development of (i) a 15MW decentralised wind farm in Liangji Town in Jiangsu Province, the PRC; (ii) a 35MW wind farm in Liangji Town in Jiangsu Province, the PRC; and (iii) a 95MW wind farm in Weiji Town in Jiangsu Province, the PRC, with a consideration of RMB38,037,804;

- (e) the wind power tower equipment purchase agreement dated 13 November 2020 entered into between CNI Nanjing as purchaser and 江蘇神山風電設備製造有限公司 (transliterated as Jiangsu Shenshan Wind Power Equipment Manufacturing Co., Ltd.*) as vendor in relation to the sale and purchase of the wind power tower equipment to be used for the construction of the Additional Construction with a consideration of RMB14,430,048;
- (f) the anchor bolt equipment purchase agreement dated 13 November 2020 entered into between CNI Nanjing as purchaser and 江蘇中成緊固技術發展股份有限公司 (transliterated as Jiangsu Zhongcheng Fastening Technology Development Co., Ltd.*) as vendor in relation to the sale and purchase of the anchor bolt equipment to be used for the construction of the Additional Construction with a consideration of RMB782,240;
- (g) the supplemental agreement dated 13 November 2020 entered into Suining Wind Power as principal and Xiexin Energy as main contractor to supplement the terms of the main construction agreement dated 6 November 2019 (the “**Main Construction Agreement**”) entered into the aforesaid parties in relation to the construction and engineering works for the Additional Construction. The consideration under the Main Construction Agreement was increased by a further sum of RMB31,805,900;
- (h) the procurement and construction agreement dated 30 September 2021 entered into between 南京中核能源工程有限公司 (transliterated as Nanjing Zhonghe Energy Engineering Company Limited*) (“**Nanjing Zhonghe**”), an indirect wholly-owned subsidiary of the Company, as principal and 瀋陽華岩電力技術有限公司 (transliterated as Shenyang Hua Yan Power Technology Company Limited*) as contractor in relation to the development of the poverty alleviation photovoltaic power station with a total installed capacity of 20MW located in Panjin City, Liaoning Province, the PRC (the “**Panjin Photovoltaic Power Station**”) with an aggregate consideration of RMB40,900,000;
- (i) the equipment purchase agreement dated 30 September 2021 entered into between Nanjing Zhonghe as purchaser and 常州億晶光電科技有限公司 (transliterated as Changzhou Eging Photovoltaic Technology Company Limited*) as supplier in relation to the purchase of the equipment to be used for the construction and operation of the Panjin Photovoltaic Power Station with an aggregate consideration of RMB34,200,000;
- (j) the Subscription Agreement;
- (k) the Equity Transfer Agreement; and

- (1) the asset resumption agreement dated 19 November 2021 entered into between 徐州核潤光能有限公司 (transliterated as Xuzhou Herun Solar Company Limited*) (“**Xuzhou Herun**”) and 徐州核瑞太陽能電力有限公司 (transliterated as Xuzhou Herui Solar Power Company Limited*) (“**Xuzhou Herui**”), both being indirect wholly-owned subsidiaries of the Company, as sellers and 江蘇沛縣經濟開發區管理委員會 (transliterated as Jiangsu Peixian Economic Development Zone Administrative Committee*) in relation to the surrender of the land use rights of the parcel of land with an aggregate site area of approximately 87,886.30 square metres located at north of Peigong Avenue and east of Hanxing Avenue, Peixian Economic Development Zone, Jiangsu Province, the PRC (the “**Resumed Land**”), the buildings and structures erected thereon and certain machinery and equipment by Xuzhou Herun at the consideration of RMB74,130,700 and the surrender of certain photovoltaic power generation equipment erected on the roof of the buildings and structures erected on the Resumed Land by Xuzhou Herui at the consideration of RMB11,602,300.

11. GENERAL

- (a) The company secretary of the Company is Ms. Cheung Tin Shu. Ms. Cheung is an associate member of the Hong Kong Institute of Chartered Secretaries.
- (b) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (c) The Hong Kong principal office of the Company is at Room 2801, 28/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.
- (d) The address of the Company’s branch share registrar in Hong Kong is Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (e) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

12. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.cnetcl.com) for not less than 14 days from the date of this circular (both days inclusive):

- (a) the letter from the Board to the Shareholders, the text of which is set out from pages 6 to 27 of this circular;
- (b) the letter of the recommendation from the Independent Board Committee, the text of which is set out on pages 28 to 29 of this circular;

- (c) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages 30 to 48 of this circular;
- (d) the valuation report of the Target Company;
- (e) the letter from BDO Limited on the relevant valuation, the text of which is set out from pages II-1 to II-2 of this circular;
- (f) the letter from the Board on the relevant valuation, the text of which is set out on page III-1 of this circular;
- (g) the written consents referred to in the section headed “9. EXPERTS’ QUALIFICATION AND CONSENT” in this appendix;
- (h) the material contracts referred to in the paragraph headed “10. MATERIAL CONTRACTS” in this appendix; and
- (i) this circular.

NOTICE OF SGM



CHINA NUCLEAR ENERGY TECHNOLOGY CORPORATION LIMITED 中國核能科技集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 611)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (the “**SGM**”) of China Nuclear Energy Technology Corporation Limited (the “**Company**”) will be held at the Function Room, 2/F, the Harbourview, 4 Harbour Road, Wan Chai, Hong Kong, on Tuesday, 28 December 2021, at 10:00 a.m. to consider and, if thought fit, passing, with or without modifications, the following resolutions (unless otherwise indicated, capitalised terms used in this notice shall have the same meanings as those defined in the circular (the “**Circular**”) of the Company dated 7 December 2021):

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the equity transfer agreement dated 18 November 2021 (the “**Equity Transfer Agreement**”) entered into between CNE Holdings Company Limited (中國核能控股有限公司) (the “**Vendor**”) as vendor and 中核投資有限公司 (transliterated as China Nuclear Investment Company Limited*) (the “**Purchaser**”) as purchaser, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase 14.43% equity interest in 中核檢修有限公司 (transliterated as China Nuclear Industry Maintenance Co., Ltd.*) at a consideration of RMB141,110,970 (approximately equivalent to HK\$171,891,598.55) (a copy of which marked “B” has been produced to the Meeting and initialed by the chairman of the Meeting for identification purpose), the transactions contemplated thereunder and all other transactions in connection therewith and any other ancillary documents, be and are hereby confirmed, approved and ratified, subject to such addition or amendment as any Director(s) may consider necessary, desirable or appropriate;
- (b) any Director(s) be and are hereby authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company, including under seal of the Company, where applicable, and to do such other things and to take all such actions as he/she considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Equity Transfer Agreement and the transactions contemplated thereunder, and to agree to such variation, amendments or waiver or matters relating thereto as he/she sees fit.”

NOTICE OF SGM

2. **“THAT:**

- (a) the subscription agreement dated 14 November 2021 (the **“Subscription Agreement”**) entered into between the Company and Yahgee International (Hong Kong) Co., Limited (雅致國際(香港)有限公司) (the **“Subscriber”**) (a copy of which marked “A” has been produced to the Meeting and initialed by the chairman of the Meeting for identification purpose) pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 538,942,750 new shares of HK\$0.10 each of the Company (the **“Subscription Shares”**) at the subscription price of HK\$0.882 per Subscription Share and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the grant of a specific mandate to the directors of the Company (the **“Directors”**) to exercise the powers of the Company to allot and issue the Subscription Shares to the Subscriber pursuant to the terms of the Subscription Agreement (the **“Specific Mandate”**) be and are hereby approved; and
- (c) any Director(s) be and are hereby authorised to allot and issue the Subscription Shares in accordance with the terms of the Subscription Agreement and to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company, including under seal of the Company, where applicable, and to do such other things and to take all such actions as he/she considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Subscription Agreement, the grant of the Specific Mandate and implementing the transactions contemplated thereunder, and to agree to such variation, amendments or waiver or matters relating thereto as he/she sees fit.”

Yours faithfully,

For and on behalf of the Board

China Nuclear Energy Technology Corporation Limited

Zhao Yixin

Chairman

Hong Kong, 7 December 2021

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal Place of Business in Hong Kong:

Room 2801, 28th Floor

China Resources Building

26 Harbour Road

Wanchai

Hong Kong

NOTICE OF SGM

Notes:

1. A member of the Company (the “**Shareholder**”) entitled to attend and vote at the SGM convened by the above notice is entitled to appoint one or, if such Shareholder is a holder of more than one share, more proxies to attend and vote in his stead. A proxy need not be a Shareholder.
2. In order to be valid, the form of proxy must be deposited with Tricor Tengis Limited, the share registrar of the Company, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney, not less than 48 hours before the time appointed for holding the SGM (i.e. no later than 10:00 a.m. on Sunday, 26 December 2021) or any adjournment thereof.
3. For the purpose of ascertaining Shareholders’ right to attend and vote at the meeting, the register of members of the Company will be closed from Wednesday, 22 December 2021 to Tuesday, 28 December 2021, both days inclusive, during which no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the meeting, all transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 21 December 2021.
4. Where there are joint registered holders of any share of the Company, any one of such holders may vote at the SGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such holders be present at the SGM personally or by proxy, that one of such holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
6. Completion and delivery of the form of proxy will not preclude the Shareholder from attending and voting in person at the SGM if the Shareholder so desires and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
7. This notice is prepared in both English and Chinese. In the event of inconsistency, the English text of the notice shall prevail over the Chinese text.
8. If tropical cyclone warning signal no. 8 or above, or a black rainstorm warning or “extreme conditions” caused by super typhoon is in effect at any time after 8:30 a.m. on Tuesday, 28 December 2021, the SGM will be postponed and further announcement for details of alternative meeting arrangements will be made. The SGM will be held as scheduled even when tropical cyclone warning signal no. 3 or below is hoisted, or an amber or red rainstorm warning signal is in force. You should make your own decision as to whether you would attend the meeting under bad weather conditions and if you should choose to do so, you are advised to exercise care and caution.

NOTICE OF SGM

9. To safeguard the health and safety of the Shareholders and to prevent the spreading of the COVID-19 pandemic, the Company will implement additional precautionary measures at the SGM including, without limitation:
- compulsory body temperature screening;
 - mandatory wearing of surgical face masks;
 - no distribution of corporate gift or refreshment;
 - appropriate distancing and seating will be maintained and as such, the Company may limit the number of attendees at the SGM as may be necessary to avoid over-crowding; and
 - any person who does not comply with the precautionary measures to be taken at the SGM may be denied entry into the meeting venue.
10. In view of the COVID-19 pandemic, the Company strongly advises Shareholders to appoint the chairman of the SGM as their proxy to vote on the relevant resolution(s) as an alternative to attending the SGM in person. Shareholders are advised to read page (i) of the Circular for further details and monitor the development of COVID-19. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.
11. For the purpose of illustration only and unless otherwise stated, conversion of RMB into Hong Kong dollars in this notice is based on the exchange rate of HK\$1.00 to RMB0.82093. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

As at the date of this notice, the executive Directors of the Company are Mr. Zhao Yixin (Chairman), Mr. Liu Genyu (Vice Chairman), Mr. Chung Chi Shing, Mr. Fu Zhigang (Chief Executive Officer), Ms. Jian Qing, Mr. Li Jinying, Mr. Tang Jianhua (Chief Operation Officer), Mr. Wu Yuanchen; and the independent non-executive Directors of the Company are Mr. Chan Ka Ling Edmond, Mr. Kang Xinquan, Mr. Tian Aiping and Mr. Wang Jimin.

* *For identification purpose only*