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中国核建

CHINA NUCLEAR INDUSTRY 23 INTERNATIONAL CORPORATION LIMITED

中國核工業二三國際有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 611)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE
FORMATION OF A JOINT VENTURE COMPANY**

Financial Advisor to the Company



On 6 January 2013, CNI23 New Energy, a directly wholly-owned subsidiary of the Company, entered into the Subscription Agreement with Fame Raise, Triple Delight, and the JV Company pursuant to which each of the JV Shareholders has agreed to subscribe for, and the JV Company has agreed to allot and issue, a total of nine hundred and ninety-nine (999) JV Shares to the JV Shareholders, such that the JV Company has become a joint venture company between the JV Shareholders.

Upon completion of the Subscription Agreement on 6 January 2013, each of CNI23 New Energy, Fame Raise and Triple Delight has subscribed for 509 JV Shares, 299 JV Shares and 191 JV Shares, respectively, representing approximately 51%, 29.9% and 19.1% of the entire issued share capital of the JV Company at a consideration of HK\$509, HK\$299 and HK\$191, respectively. Each of the JV Shareholders paid their respective subscription amounts by way of cheque. The subscription amount of HK\$509 paid by CNI23 New Energy was satisfied by its internal resources.

According to the Subscription Agreement, the JV Company will further establish the Project Company.

Upon completion of the Subscription Agreement on 6 January 2013, CNI23 New Energy entered into the Shareholders' Agreement with Fame Raise, Triple Delight, Shanghai Guoneng, Mr. Zhu and the JV Company, pursuant to which the detailed terms for the management of the JV Group and the major terms for conducting the EPC business of the PV industry of the JV Group are provided.

Pursuant to the Shareholders' Agreement, the JV Company will invest the amount of RMB50,000,000 as the registered capital of the Project Company which will be paid by way of shareholders' loan contributed by each of CNI23 New Energy, Fame Raise and Triple Delight in proportion to their respective shareholdings in the JV Company. The Project Company will primarily be engaged in general corporate advisory; corporate management advisory; technological development, licensing, technical advisory and provision of technical services of new energy and power; software development and licensing, sale of self-developed software by the company; design of corporate image; graphic design; wholesale of mechanical equipment; wholesale of solar power components; procurement, completion of full set and installation of machinery and equipment and commissioning services and such other business as determined by the board of directors of the JV Company. The Project Company will then in turn establish the PRC Subsidiary which will apply for the requisite qualifications for the purpose of conducting EPC business in the PV power plants in PRC.

LISTING RULES IMPLICATIONS

As the relevant applicable percentage ratios in respect of the subscription amount under the Subscription Agreement and the contribution to the shareholders' loan exceed 5% but are all less than 25%, the transactions under the Subscription Agreement and the Shareholders' Agreement constitute discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules but exempted from the Shareholders' approval requirement.

INTRODUCTION

On 24 August 2012, the Company made a voluntary announcement that, among other things, it has entered into an agreement to cooperate strategically with GCL Holdings for the development of renewable and low carbon green new energy business in the PRC and overseas market and that the parties will also explore opportunities to cooperate in the development of EPC of the PV industry. To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, GCL Holdings and GCL are indirectly controlled by the same ultimate shareholder.

The Board is pleased to announce that the subsidiaries of the Company and GCL, namely CNI23 New Energy and Fame Raise, respectively, together with Triple Delight and the JV Company have entered into the Subscription Agreement and the Shareholders' Agreement for the purpose of developing into the EPC business of the PV industry, details of which are set out in the sections headed "The Subscription Agreement" and "The Shareholders' Agreement" of this announcement.

THE SUBSCRIPTION AGREEMENT

The JV Company was incorporated as a limited liability company under the laws of Hong Kong on 20 August 2012. Prior to the completion of the subscription for a total of 999 JV Shares by the JV Shareholders, the JV Company was owned as to one (1) JV Share by CNI23 New Energy, representing 100% of the then issued share capital of the JV Company.

On 6 January 2013, CNI23 New Energy, a directly wholly-owned subsidiary of the Company, entered into the Subscription Agreement with Fame Raise, Triple Delight and the JV Company pursuant to which each of the JV Shareholders has agreed to subscribe for, and the

JV Company has agreed to allot and issue, a total of nine hundred and ninety-nine (999) JV Shares to the JV Shareholders, such that the JV Company has become a joint venture company between the JV Shareholders.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, immediately before the entering into the Subscription Agreement, each of Fame Raise, Triple Delight and their respective shareholders and directors is a third party independent of the Company and its connected persons and their respective associates.

Date

6 January 2013

Parties

- (1) CNI23 New Energy;
- (2) Fame Raise;
- (3) Triple Delight; and
- (4) JV Company.

Nature of Transactions

Upon completion of the Subscription Agreement on 6 January 2013, each of CNI23 New Energy, Fame Raise and Triple Delight has subscribed for 509 JV Shares, 299 JV Shares and 191 JV Shares, respectively, representing approximately 51%, 29.9% and 19.1% of the entire issued share capital of the JV Company at a consideration of HK\$509, HK\$299 and HK\$191, respectively. Each of the JV Shareholders paid their respective subscription amounts by way of cheque. The subscription amount of HK\$509 paid by CNI23 New Energy was satisfied by its internal resources.

Completion of the Subscription Agreement is subject to fulfillment of the following conditions:

- (i) Each party to the Subscription Agreement and its holding company shall obtain the necessary consent, waiver, approval, authorization (if required) from the relevant governmental or approving authorities (including the Stock Exchange) or any third parties;
- (ii) On completion of the Subscription Agreement, Fame Raise shall provide the signed letter of undertaking and copy of GCL board resolutions approving the letter of undertaking to the JV Company, CNI23 New Energy and Triple Delight, details of which is set out in the paragraph headed "(5) By GCL" of the paragraph headed "Special Undertakings and Guarantee" of the section headed "The Shareholders' Agreement" below and the Shareholders' Agreement duly signed by Shanghai Guoneng and Mr. Zhu; and

(iii) On completion of the Subscription Agreement, CNI23 New Energy shall provide the signed letter of undertaking and copy of CNI23's approval letter approving the letter of undertaking to the JV Company, Fame Raise and Triple Delight, details of which is set out in the paragraph headed "(6) By CNI23" of the paragraph headed "Special Undertakings and Guarantee" of the section headed "The Shareholders' Agreement" below.

Completion of the Subscription Agreement took place on 6 January 2013.

According to the Subscription Agreement, the JV Company will further establish the Project Company.

The Board considers that the terms of the Subscription Agreement are determined at arm's length negotiations between the JV Shareholders and on normal commercial terms.

Business of the JV Group

The business of the JV Company will be investment holding. The Project Company will primarily be engaged in the business of general corporate advisory; corporate management advisory; technological development, licensing, technical advisory and provision of technical services of new energy and power; software development and licensing, sale of self-developed software by the company; design of corporate image; graphic design; wholesale of mechanical equipment; wholesale of solar power components; procurement, completion of full set and installation of machinery and equipment and commissioning services and such other business as determined by the board of directors of the JV Company.

THE SHAREHOLDERS' AGREEMENT

Upon completion of the Subscription Agreement on 6 January 2013, CNI23 New Energy entered into the Shareholders' Agreement with Fame Raise, Triple Delight, Shanghai Guoneng, Mr. Zhu and the JV Company, pursuant to which the detailed terms for the management of the JV Group and the major terms for conducting the EPC business of the PV industry of the JV Group are provided. The Board considers that the terms of the Shareholders' Agreement are determined at arm's length negotiations between the JV Shareholders and on normal commercial terms. The major terms of the Shareholders' Agreement are set out below:

Date

6 January 2013

Parties

- (1) CNI23 New Energy;
- (2) Fame Raise;
- (3) Triple Delight;
- (4) Shanghai Guoneng;
- (5) Mr. Zhu; and
- (6) JV Company.

Nature of Transactions

Pursuant to the Shareholders' Agreement, the JV Company will invest the amount of RMB50,000,000 as the registered capital of the Project Company which will be paid by way of shareholders' loan contributed by each of CNI23 New Energy, Fame Raise and Triple Delight in proportion to their respective shareholdings in the JV Company. The Project Company will primarily be engaged in general corporate advisory; corporate management advisory; technological development, licensing, technical advisory and provision of technical services of new energy and power; software development and licensing, sale of self-developed software by the company; design of corporate image; graphic design; wholesale of mechanical equipment; wholesale of solar power components; procurement, completion of full set and installation of machinery and equipment and commissioning services and such other business as determined by the board of directors of the JV Company. The Project Company will then in turn establish the PRC Subsidiary which will apply for the requisite qualifications for the purpose of conducting EPC business in the PV power plants in PRC.

Board of Directors and Management of the JV Group

Unless otherwise agreed in writing by the JV Shareholders, the JV Board shall have five members, among which three will be appointed by CNI23 New Energy, one will be appointed by Fame Raise and one will be appointed by Triple Delight. The relevant JV Shareholders shall have the right to remove the relevant JV Directors appointed by them. The chairman of the JV Board will be nominated by CNI23 New Energy, who will also be the legal representative (in the case of the Project Company and the PRC Subsidiary). CNI23 New Energy has the right to nominate the general manager whilst Fame Raise and Triple Delight have the right to nominate one vice general manager each. A quorum for a meeting of the JV Board shall consist of three JV Directors, of which two JV Directors are appointed by each of CNI23 New Energy and Fame Raise, respectively. Matters arising at the meeting shall be resolved by simple majority votes. In the case of any equality of votes, the chairman of the JV Board shall have an additional or casting vote.

The composition of the board of directors and senior management of the Project Company and the PRC Subsidiary will be identical to that of the JV Company.

Pursuant to the Shareholders' Agreement, the JV Company is not authorized to take any of the following actions, or to approve that any of its subsidiary to take any of the following actions unless otherwise approved by all of the JV Shareholders:

- (a) any material changes of the principal business of the JV Group;
- (b) dissolve, liquidate or wind-up the affairs of the JV Group;
- (c) make any loan or grant any credit to any person, or grant any guarantee or create or permit any encumbrance on any of the JV Group's assets in respect of the obligations of any third party;
- (d) any issue or grant of any shares, option, warrants or debentures or other securities convertible into shares or debentures or interests;
- (e) the entering into of any partnership, joint venture or profit distribution agreement by the JV Group;
- (f) any change of the share capital or any rights attached to the shares of the JV Group;

- (g) capitalize or distribute the reserve of the JV Group;
- (h) any amendment or suggestion to amend the articles of association or memorandum of the JV Group;
- (i) grant or receive or repay any shareholders' loan by the JV Company or its subsidiaries unless otherwise provided in the Shareholders' Agreement;
- (j) any distribution of dividends (in cash or in other ways), except as permitted under the Shareholders' Agreement;
- (k) any transaction to be entered between any members of JV Group and their shareholders (including the ultimate shareholders) or such shareholders' group of companies and such connected transaction or continuing connected transactions would require the approval of independent shareholders' approval of a listed issuer under the Listing Rules; and
- (l) any investment in a business other than the business of the JV Group provided that it is permitted under the Listing Rules.

Business of the JV Group

Pursuant to the Shareholders' Agreement, except otherwise agreed by all JV Shareholders, the JV Company will conduct the EPC business through its Project Company or/and the PRC Subsidiaries. The Project Company will primarily be engaged in the business of general corporate advisory; corporate management advisory; technological development, licensing, technical advisory and provision of technical services of new energy and power; software development and licensing, sale of self-developed software by the company; design of corporate image; graphic design; wholesale of mechanical equipment; wholesale of solar power components; procurement, completion of full set and installation of machinery and equipment and commissioning services and such other business as determined by the board of directors of the JV Company. Unless otherwise agreed by all JV Shareholders, after the establishment of the Project Company, the Project Company will establish the PRC Subsidiary as soon as possible and will apply for the requisite qualifications in order to engage in the provision of EPC services for PV power plants in the PRC. The registered capital of the Project Company will be invested by the JV Company by way of shareholders' loan from the JV Shareholders which shall be used to establish the Project Company.

After the establishment of the Project Company, it is the intention of the JV Shareholders that the Project Company shall enter into a strategic cooperation agreement with GCL Solar to establish a cooperative relationship mainly for any future PV power plant projects for EPC business to be undertaken by the Project Company or/and the PRC Subsidiary if the opportunity shall arise. Details of the terms and operating arrangements shall be further discussed and confirmed by CNI23 New Energy, Fame Raise and GCL Solar. Further announcement will be made by the Company in relation to such framework agreement as and when appropriate to comply with the disclosure and where applicable, the approval requirements under the Listing Rules.

Capital Contribution to the Project Company

Pursuant to the Shareholders' Agreement, each of CNI23 New Energy, Fame Raise and Triple Delight will provide a shareholders' loan in proportion to their respective shareholdings in the JV Company by way of cash. Accordingly, the amount to be contributed to the JV Company by each of CNI23 New Energy, Fame Raise and Triple Delight will be RMB25,500,000, RMB14,950,000 and RMB9,550,000, respectively, which will then be contributed as the registered capital of the Project Company.

Termination

The Shareholders' Agreement shall continue to be in full force and effect until the JV Company or the Project Company shall be wound up or all the issued JV Shares are held by a single JV Shareholder or unless otherwise terminated by the written agreement of all JV Shareholders.

Special Undertakings and Guarantee

(1) By Fame Raise, Shanghai Guoneng and Mr. Zhu

Pursuant to the Shareholders' Agreement, Fame Raise, Shanghai Guoneng and Mr. Zhu have jointly and severally agreed and undertaken with CNI23 New Energy and the JV Company as follows:

- (a) it will use its best efforts to assist in the establishment of the Project Company and the PRC Subsidiary (including but not limited to obtaining the relevant governmental approvals and administrative licenses, etc.);
- (b) Mr. Zhu shall through Shanghai Guoneng held as to 70% equity interests by him, and Shanghai Guoneng shall through its 100% owned subsidiary company located in Jiangsu Province of Nanjing city, GCL Solar, to enter into a strategic cooperation agreement with the Project Company or/and the PRC Subsidiary (details of the terms are to be negotiated and agreed by the parties);
- (c) upon the establishment of the PRC Subsidiary, to assist the PRC Subsidiary in applying and obtaining the requisite qualifications in order to engage in the provision of EPC services for PV power plants in the PRC (including but not limited to assisting the PRC Subsidiary in applying to the relevant governmental and approval authorities, and transferring the technical and management staff from GCL Solar to the PRC Subsidiary). GCL Solar will retain the relevant technical and management staff as required to maintain its existing qualifications for its business and the remaining staff will sign the new labour contracts with the Project Company or the PRC Subsidiary on mutual voluntary basis. However, GCL Solar shall give priority in satisfying the Project Company or the PRC Subsidiary in providing the requisite technical and management staff;
- (d) GCL Solar will maintain exclusive cooperative relationship with the Project Company or its PRC Subsidiary for three years after the PRC Subsidiary shall have obtained the requisite qualifications for conducting EPC services for PV power plants in the PRC. GCL Solar will also jointly participate in the tender of PV power plant projects with the PRC Subsidiary for the provision of EPC services to the maximum extent permitted by the project owners. Any revenue generated by way of joint tender shall be deposited into the Project Company or its PRC Subsidiary. GCL

Solar shall be entitled to receive 10% of the net profit (after tax) of each of the EPC project which is to be engaged in by way of joint tender by the Project Company or its PRC Subsidiary (such net profit (after tax) is to be confirmed by the auditors appointed by the board of directors of the Project Company or its PRC Subsidiary) as the fees for providing technical services. However, the cumulated fees for providing technical services provided to GCL Solar for the projects shall not exceed RMB15,000,000 for each financial year. The abovementioned fees shall be paid within 30 days after completion of the audited financial statements for each financial year of the Project Company or its PRC Subsidiary.

- (e) Prior to obtaining the requisite qualifications to engage in the provision of EPC services for PV power plants by the Project Company or the PRC Subsidiary, GCL Solar has the obligation to purchase the relevant products and facilities for conducting the EPC services for PV power plants from the Project Company or/and its PRC Subsidiary and to enter into agreements for the provision of engineering consultancy, enterprise management consultancy, etc., to the maximum extent as permitted by the applicable laws.
- (f) Fame Raise will use its best efforts to give priority to the Project Company or/and the PRC Subsidiary in obtaining the contracts tendered by the Project Company or/and the PRC Subsidiary (whether singly or jointly tendered with third parties) for the PV power plant projects if the tendered terms are the same as other tenders and on the condition that it is in compliance with relevant laws. Fame Raise will also use its best efforts to assist the Project Company or/and the PRC Subsidiary (after obtaining the requisite qualifications to engage in the provision of EPC services for PV power plants in the PRC) to achieve the annual minimum targeted orders of an installation capacity of 600 MW for the provision of services to electricity power projects.
- (g) GCL Solar will not participate in the same tender which will be tendered by the Project Company within 12 months after the termination of the its cooperative relationship with the Project Company.
- (h) after the PRC Subsidiary shall have obtained the requisite qualifications for conducting EPC services for PV power plants in the PRC and until the expiration of the Shareholders' Agreement, during such period, GCL Solar will not participate in the tender of the PV power plant projects on its own (including any joint participations in the tenders with third parties other than with the Project Company or the PRC Subsidiary) unless the prior written approval has been obtained from the Project Company.
- (i) Fame Raise will assist the Project Company or its PRC Subsidiary in applying and obtaining the high-technology enterprise status (高新技術企業資格) in the PRC. For this purpose, Fame Raise will procure GCL Solar to grant an exclusive license of its relevant Intellectual Property to the Project Company or the PRC Subsidiary on the condition that the grant of the exclusive license will not impair GCL Solar's ability to use the aforesaid Intellectual Property. GCL Solar will transfer its relevant Intellectual Property (including the abovementioned exclusive licenses and other Intellectual Property owned by GCL Solar) in relation to application for the high-technology enterprise status to the Project Company or the PRC Subsidiary within one year after the termination of its cooperative relationship with the Project

Company and the PRC Subsidiary. The detailed terms in relation to granting of the exclusive licenses and the transfer of the Intellectual Property shall be agreed by the parties.

(2) By Fame Raise, Triple Delight, Shanghai Guoneng and Mr. Zhu

Fame Raise, Triple Delight, Shanghai Guoneng and Mr. Zhu have jointly and severally agreed and undertaken with CNI23 New Energy and the JV Company as follows:

- (i) it is their duties and obligations to provide the necessary assistance to CNI23 New Energy, the Project Company and the PRC Subsidiary to comply with the Listing Rules and the relevant applicable laws if so required during the ordinary course of business of the Project Company and the PRC Subsidiary, and will procure the directors appointed by Fame Raise and Triple Delight, respectively, to comply with the Listing Rules and the relevant applicable laws.
- (ii) Fame Raise, Triple Delight will not and Shanghai Guoneng and Mr. Zhu will procure GCL Solar will not engage in the business which will directly or indirectly constitute competition with the business of the Project Company or its PRC Subsidiary in the PRC during the term of the Shareholders' Agreement and within 12 months after the termination of the Shareholders' Agreement.

(3) By Shanghai Guoneng and Mr. Zhu

Shanghai Guoneng and Mr. Zhu have jointly and severally undertaken with CNI23 New Energy and the JV Company that during the term of the Shareholders' Agreement and any other agreements to be signed by the Project Company or/and PRC Subsidiary with GCL Solar they will not directly or indirectly transfer any of the interests of GCL Solar to third parties (unless otherwise with the prior written consent of CNI23 New Energy), but Mr. Zhu and/or Shanghai Guoneng may transfer the interests of GCL Solar held directly or indirectly by them to their Affiliates or to the Affiliates of Mr. Zhu Gongshan, in such case Shanghai Guoneng and/or Mr. Zhu shall not be required to obtain the prior written consent of CNI23 New Energy but shall be required to give a written notification to CNI23 New Energy.

(4) By CNI23 New Energy

- (i) CNI23 New Energy has agreed and undertaken with Fame Raise and Triple Delight that it will fully support the Project Company and the PRC Subsidiary to develop their businesses subject to compliance with the Listing Rules and the relevant applicable laws.
- (ii) CNI23 New Energy has agreed that it shall procure the Project Company or the PRC Subsidiary when purchasing the solar modules for the EPC business of the PV power plants, the supplier of the solar modules shall give priority to purchase from Fame Raise and its Affiliates when considering the purchase of the solar wafers for the solar modules subject to compliance with the Listing Rules and the relevant applicable laws. Such priority shall only be given on the condition that the quality of the solar modules shall meet the requirement of the Project Company or/and the PRC Subsidiary and the price shall not be more than the then market price and the price of other competitors for similar products.

(iii) CNI23 New Energy has agreed that for the EPC projects for PV power plants which GCL Solar has undertaken prior to the signing of the Shareholders' Agreement and the EPC projects for PV power plants that GCL Solar will undertake pursuant to the Shareholders' Agreement (having obtained the prior written consent from CNI23 New Energy), the Project Company and the PRC Subsidiary shall use their best endeavours to assist GCL Solar to complete such work subject to compliance with the Listing Rules and the relevant applicable laws and provided that such work shall not affect the ordinary course of business of the Project Company and the PRC Subsidiary. GCL Solar shall pay the service fees to the Project Company or/and the PRC Subsidiary for such services rendered and such service fees shall not be more than the then market price.

(5) *By GCL*

On the date of completion of the Subscription Agreement, GCL has signed a letter of undertaking to the JV Company, CNI23 New Energy and Triple Delight pursuant to which GCL has agreed and undertaken that Fame Raise will use its best endeavours to fulfill its obligations by providing technical staff support to the Project Company or/and the PRC Subsidiary; assisting and helping the establishment of the Project Company or/and the PRC Subsidiary and obtaining all requisite qualifications; after obtaining all requisite qualifications for conducting EPC business for PV power plants by the PRC Subsidiary, it will continue to cooperate exclusively with the Project Company or the PRC Subsidiary for three years by jointly tendering and participating in the tenders for PV power plants of EPC business, and during the period of cooperation, it will use its best efforts to assist the Project Company or/and the PRC Subsidiary (after obtaining the requisite qualifications to engage in the provision of EPC services for PV power plants in the PRC) to achieve the annual minimum targeted orders of an installation capacity of 600 MW for the provision of services to electricity power projects.

(6) *By CNI23*

On the date of completion of the Subscription Agreement, CNI23 has signed a letter of undertaking to the JV Company, Fame Raise and Triple Delight pursuant to which CNI23 has undertaken to provide its guarantee for the future loan(s) to be applied by the Project Company or/and the PRC Subsidiary with bank(s) for operating their businesses in the PRC in accordance with the terms required by the bank(s). The amount to be guaranteed by CNI23 shall not exceed RMB150,000,000.

Transfer Restrictions

None of the JV Shareholders shall be permitted to transfer or sell any of the JV Shares unless the provisions relating to the transfer restrictions as set out below shall be complied with, otherwise the JV Board shall not approve of such transfer of the JV Shares:

Rights of First Refusal

If any JV Shareholder (the “**Proposed Seller**”) proposes to sell any or all of its JV Shares (the “**Proposed Sale**”) upon a bona fide offer from a third party, of which the Proposed Seller is willing to accept, then the Proposed Seller must give the other JV Shareholders (i.e. JV Shareholders except for the Proposed Seller) a right of first refusal to purchase the JV Shares under the Proposed Sale at the same price and terms and subject to the relevant procedural requirements set-out in the Shareholders' Agreement.

Tag-Along Rights

If any JV Shareholder (the “**Tag-Along Seller**”) proposes to sell such number of JV Shares in the JV Company to any third party which would result in a transfer of more than fifty (50%) per cent. of its interest in the JV Company to such third party, the Tag-Along Seller shall give the other JV Shareholders (i.e. JV Shareholders except for the Tag-Along Seller) and the JV Company a notice (the “**Tag-Along Notice**”) stating its intention to sell its JV Shares specifying: (i) the number of JV Shares to be sold; (ii) the identity of the potential purchaser (the “**Tag-Along Purchaser**”); (iii) the aggregate number of JV Shares which the Tag-Along Purchaser and its Affiliates will hold following the completion of such proposed sale of the JV Shares; and (iv) the proposed purchase price per JV Share.

The other JV Shareholders shall have an option to sell to the Tag-Along Purchaser up to the number of JV Shares based on the number of JV Shares that the Tag-Along Seller proposes to sell multiply by the relevant shareholding percentage held by the other relevant JV Shareholders in the JV Company.

Transfer of Shareholders’ Loan

Any permitted transfer of the JV Shares as described in the sub-paragraphs “Rights of First Refusal” and “Tag-along Rights” above by the transferring JV Shareholder shall only be made together with the transfer of any outstanding shareholders’ loan of such transferring JV Shareholder and its related party.

Dividend Distributions

The JV Board shall decide on the distribution of the dividends for each financial year on the condition that no revenue generated from the Project Company shall be distributed to the JV Shareholders prior to the incorporation of the PRC Subsidiary.

INFORMATION ON FAME RAISE, TRIPLE DELIGHT AND GCL SOLAR

GCL Group is a green energy developer, operator and supplier with its core business in green energy, energy conservation and energy storage. GCL Group is a professional energy investment holding conglomerate. GCL holds 100% of Fame Raise. GCL Solar is owned by Shanghai Guoneng which is controlled and held by Mr. Zhu, a director of Fame Raise. Fame Raise is an investment holding company. As at the date of this announcement, it does not have any investment except for its investment in the JV Company.

Triple Delight is an investment holding company. As at the date of this announcement, it does not have any investment except for its investment in the JV Company.

GCL Solar is 100% owned by Shanghai Guoneng. To the best of the Company’s knowledge, information and belief, after having made all reasonable enquiries, Shanghai Guoneng is ultimately owned by Mr. Zhu as to 70% of its equity interests and the remaining 30% by an individual, both shareholders of Shanghai Guoneng are independent from the Company and its connected persons or their respective associates. GCL Solar’s scope of business includes the production and completion of facilities for solar energy PV, design of engineering system of solar energy PV, supply of materials, contractor for construction, installation and engineering work, development and consultancy services on solar energy PV system.

REASONS FOR AND BENEFIT OF THE SUBSCRIPTION AGREEMENT AND THE SHAREHOLDERS' AGREEMENT

The Group is principally engaged in property investment, hotel and restaurant operations in Hong Kong.

It is the corporate strategy of the Group to continue to identify investment opportunities with the aim to diversify its business to a section which is less susceptible to global financial markets while at the same time has a steady revenue stream. The Group already has investment in an associated company, Zhong He Libert, which is principally engaged in the manufacturing and sales of prefabricated pipes and related equipment for uses by chemical plants and energy plants in the PRC and overseas. On 15 October 2012, CNI23 Holdings has completed the acquisition of 26.5% equity interests of CNI23 Nuclear Power Maintenance which principally engages in inspection, maintenance, repair, construction, installation and provision of expertise in such work for nuclear power plants and also provision of construction work for non-nuclear power companies.

As announced by the Company on 15 October 2012, CNI23 Overseas entered into the Construction Agreement with COOEC-ENPAL in relation to the construction of a captive power station in the Site. CNI23 Overseas also entered into the Guarantee Agreement with COOEC-ENPAL and CNI23 whereby CNI23 guaranteeing the obligations of CNI23 Overseas under the Construction Agreement with COOEC-ENPAL. On 14 November 2012, CNI23 Overseas entered into the Framework Agreement and Sub-contracting Agreement with CNI23 whereby CNI23 Overseas has agreed to engage CNI23 as a construction sub-contractor exclusively to CNI23 Overseas' construction works for the Construction Project in the Site during the term of the Framework Agreement and the detailed terms for the construction works required to be provided by CNI23 for the Construction Project are provided in the Sub-contracting Agreement.

The development of the PRC solar energy industry (from polysilicon to PV cells and further to PV equipment and PV power plant construction) is one of the main development plans under the Twelfth Five Years Plan of the PRC government. The PRC government has also set out the milestones for expansion of PV power plants in the PRC up to the year 2020 with substantial increase in total installation capacity of PV power plants.

Recently the State Council of the PRC government has also confirmed certain policies to facilitate the healthy growth of the PV energy industry in the PRC which mainly cover the technology advancement, development of domestic market for the application of PV energy and government subsidy. Although the PRC solar energy industry has been sluggish in the past years, the Directors expect that the recent policies confirmed by the PRC government should have a positive impact on the PRC solar energy industry and consider that there is potential prospects and future development in the solar energy industry in the PRC. As Fame Raise is wholly-owned by GCL which is also a controlling shareholder (as defined in the Listing Rules) of GCL-Poly Energy Holdings Limited (one of the leading polysilicon and wafer suppliers in the world), the Directors believe that the formation of JV Company, in particular with Fame Raise as one of the JV Shareholders, and the cooperation with GCL Solar will benefit the growth of the JV Company as well as the Group whilst diversifying the business portfolio of the Group.

The Board confirms that none of the other Directors had any material interest in the Subscription Agreement and Shareholders' Agreement and the transactions contemplated thereunder. Accordingly, none of the Directors was required to abstain from voting on the Board resolutions in relation to the Subscription Agreement and Shareholders' Agreement and the transactions contemplated thereunder. The Directors (including the independent non-executive Directors) at the Board meeting approving the Subscription Agreement and Shareholders' Agreement and the transactions contemplated thereunder consider that the Subscription Agreement and Shareholders' Agreement and the transactions contemplated thereunder were entered into in the ordinary course of business of the Group and on normal commercial terms, and the terms and conditions therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the relevant applicable percentage ratios in respect of the subscription amount under the Subscription Agreement and the contribution to the shareholders' loan exceed 5% but are all less than 25%, the transaction under the Shareholders' Agreement constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules but exempted from the Shareholders' approval requirement.

DEFINITIONS

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

“Affiliate(s)”	means, in relation to a company, a subsidiary or a holding company of that company or any subsidiary of a holding company of that company or a company which has identical ownership with that company; and in relation to an individual, any company owned as to more than 50% of the shareholding by such individual or any holding company of that company owned as to more than 50% of the shareholding by such individual or a company which has identical ownership with that company;
“associates”	has the meaning ascribed thereto in the Listing Rules;
“Board”	the board of Directors;
“CNI23”	中國核工業二三建設有限公司 (transliterated as China Nuclear Industry 23 Construction Company Limited*), a state-owned enterprise established in the PRC;
“CNI23 Holdings”	CNI23 Holdings Company Limited (中核二三控股有限公司), a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company;
“CNI23 New Energy”	CNI23 New Energy Limited (中核二三新能源有限公司), a company incorporated in the British Virgin Islands with limited liability;
“CNI23 Nuclear Power Maintenance”	深圳中核二三核電檢修有限公司 (Shenzhen CNI23 Nuclear Power Maintenance Co., Ltd.*), a sino-foreign equity joint venture established in the PRC;

“CNI23 Overseas”	CNI23 Overseas Development Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;
“Company”	China Nuclear Industry 23 International Corporation Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the same meaning ascribed thereto in the Listing Rules;
“Construction Agreement”	the construction agreement dated 15 October 2012 entered into between CNI Overseas and COOEC-ENPAL in relation to the Construction Project;
“Construction Project”	the construction of a power station in the Site;
“COOEC-ENPAL”	COOEC-ENPAL Engineering Co., Ltd. 海工英派爾工程有限公司, a limited liability company established in the PRC;
“Director(s)”	director(s) of the Company;
“EPC”	engineering, procurement and construction;
“Framework Agreement”	the framework agreement dated 14 November 2012 entered into between CNI23 Overseas and CNI23 in relation to the Construction Project;
“GCL”	Golden Concord Group Limited 協鑫集團有限公司, a limited company incorporated in Hong Kong;
“GCL Group”	GCL and its subsidiaries;
“GCL Holdings”	Golden Concord Holdings Limited 協鑫(集團)控股有限公司, a limited company incorporated in Hong Kong;
“GCL Solar”	Golden Concord Solar System Limited 協鑫光伏系統有限公司, a limited liability company incorporated in the PRC;
“Fame Raise”	Fame Raise Limited, a limited liability company incorporated in the British Virgin Islands;
“Group”	the Company and its subsidiaries;
“Guarantee Agreement”	the guarantee agreement dated 15 October 2012 entered into between CNI23 Overseas, CNI23 and COOEC-ENPAL;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Intellectual Property”	including patents, trademarks, copyrights and registered or unregistered design rights;

“JV Board”	the board of Directors of the JV Company;
“JV Company”	Guoxin Energy Limited, a limited liability company incorporated under the laws of Hong Kong on 20 August 2012;
“JV Director(s)”	director(s) of the JV Company;
“JV Group”	means the group of companies including the JV Company, the Project Company and the PRC Subsidiary;
“JV Shareholder(s)”	means the shareholders of the JV Company upon completion of the Subscription Agreement, namely CNI23 New Energy, Fame Raise and Triple Delight;
“JV Shares”	ordinary shares with par value of HK\$1.00 each in the capital of the JV Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Zhu”	Zhu Yufeng (朱鈺峰);
“MW”	megawatts;
“PRC”	The People’s Republic of China;
“PRC Subsidiary”	a limited liability company to be established under the laws of the PRC by the Project Company pursuant to the Shareholders’ Agreement;
“Project Company”	a wholly foreign-owned enterprise to be established under the laws of the PRC by the JV Company pursuant to the Shareholders’ Agreement;
“PV”	Photovoltaic;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shanghai Guoneng”	上海國能投資有限公司 (transliterated as Shanghai Guoneng Investment Limited*), a limited liability company incorporated in the PRC;
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Shareholders’ Agreement”	the shareholders’ agreement dated 6 January 2013 entered into between the JV Shareholders and the JV Company upon completion of the Subscription Agreement;
“Site”	Missan Oil Fields of Buzurgan area in the Republic of Iraq;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Subscription Agreement”	the subscription agreement dated 6 January 2013 entered into between the JV Shareholders and the JV Company;
“Sub-contracting Agreement”	the sub-contracting agreement dated 14 November 2012 entered into between CNI23 Overseas and CNI23 in relation to CNI23 Overseas sub-contracting the construction works for the Construction Project to CNI23 which sets out the detailed terms and works required to be done by CNI23 as required by the Framework Agreement;
“Triple Delight”	Triple Delight Limited, a limited liability company incorporated under the laws of the British Virgin Islands;
“Zhong He Libert”	江蘇中核利柏特股份有限公司 (transliterated as Jiangsu China Nuclear Industry Libert INC.*); and
“%”	per cent.

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

Hong Kong, 6 January 2013

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

* For identification purposes only