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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 AND CONNECTED TRANSACTION
IN RELATION TO**

ACQUISITION OF 26.5% EQUITY INTERESTS IN

深圳中核二三核電檢修有限公司

SHENZHEN CNI23 NUCLEAR POWER MAINTENANCE CO., LTD*

On 17 August 2012 (after trading hours), the Purchaser, a direct wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, the controlling Shareholder holding approximately 31.01% shareholding interests of the Company, which together with China He Investment (Hong Kong) Company Limited, a party acting in concert with it, hold approximately 41.35% shareholding interests of the Company as at the date of this announcement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Interests for a total consideration of RMB50,000,000 (equivalent to HK\$61,305,000). The Acquisition is subject to the conditions precedent as set out in the paragraph headed "Conditions" in this announcement.

As the relevant percentage ratios in respect of the Acquisition exceed 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. In addition, the Vendor is a connected person of the Company and the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition shall be subject to the requirements of reporting, announcement and the approval of the Independent Shareholders by way of poll at the SGM.

The Vendor and its associates are required to abstain from voting on the resolution to be proposed at the SGM to approve the Acquisition and the transactions contemplated thereunder. An IBC comprising all the independent non-executive Directors has been established by the Company to advise the Independent Shareholders in respect of the Acquisition and the transactions contemplated thereunder.

A circular containing, among others, (i) information on the Acquisition; (ii) the recommendation from the IBC to the Independent Shareholders in relation to the Acquisition; (iii) the letter of advice from the independent financial adviser to the IBC and the Independent Shareholders in relation to the Acquisition; and (iv) a notice of the SGM will be despatched to the Shareholders on or before 7 September 2012.

As Completion is subject to the satisfaction (or waiver) of a number of conditions, the Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE SALE AND PURCHASE AGREEMENT

Date

17 August 2012 (after trading hours)

Parties

- (1) CNI23 HK, as the Vendor; and
- (2) CNI23 Holdings Company Limited, as the Purchaser and a direct wholly-owned subsidiary of the Company.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Interests, which represent 26.5% equity interests of the Target Company, free from all Encumbrances and together with all existing and future rights and benefits attaching with or accruing to the Sale Interests, including any dividends or distributions after the date of the Sale and Purchase Agreement (save for such dividends or distributions which will be or has been paid by the Target Company and which has been disclosed to the Purchaser by the Vendor and reflected in the Management Accounts and Completion Accounts), subject to the satisfaction (or waiver) of the conditions precedent as set out in the paragraph headed "Conditions" below.

The 26.5% equity interests of the Target Company represents RMB9,726,500 (equivalent to approximately HK\$11,925,662) of the registered capital of the Target Company as at the date of the Sale and Purchase Agreement and the Completion Date.

Consideration

The total consideration for the Acquisition is RMB50,000,000 (equivalent to HK\$61,305,000), which shall be payable in cash by the Purchaser as follows:

- (i) RMB20,000,000 (equivalent to HK\$24,522,000) has been paid by the Purchaser to the Vendor upon the signing of the Sale and Purchase Agreement; and
- (ii) the remaining balance of RMB30,000,000 (equivalent to HK\$36,783,000) shall be payable in lump sum by the Purchaser to the Vendor or its nominee within 60 days from the Completion Date.

The consideration for the Acquisition was arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement taking into account, among others, (i) the net asset value of the Target Group based on the Audited Accounts and the Management Accounts; (ii) the enlarged registered capital of the Target Company as a result of capital injection by CNI23 and BSC Group Holdings; (iii) the business valuation on the Target Company as at 31 July 2012 prepared by Asset Appraisal Limited, an independent valuer engaged by the Company to conduct a valuation on the Target Company; and (iv) the future business prospects of the Target Company as a result of the transfer of the assets and liabilities of the Nuclear Power Maintenance Department of CNI23 from CNI23 to the Target Company for operating its business, which completed on 31 May 2012. In addition, CNI23 is currently making arrangement for the transfer of the relevant human resources from the Nuclear Power Maintenance Department of CNI23 to the Target Company. Such transfer of assets and human resources will facilitate, improve and enhance the operations of the business of the Target Group. After completion of the reorganisation of the Target Group (further information of which is set out in the section headed "Information on the Vendor and the Target Group" of this announcement), the registered capital of the Target Company has increased which would provide more funds available for operating the business of the Target Group.

The Directors (excluding the independent non-executive Directors whose views will be contained in the circular to be issued by the Company after considering the advice from the independent financial adviser and except for Messrs. Dong Yuchuan, Lei Jian, Han Naishan, Guo Shuwei and Song Limin who had abstained from voting at the Board meeting approving the Acquisition and the transactions contemplated thereunder due to the reasons stated in the paragraph headed "Reasons for and benefits of the Acquisition" below) consider that the terms of the Acquisition are fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

The Group shall satisfy the consideration by internal resources.

Conditions

Completion is conditional upon the satisfaction (or waiver) of the following conditions precedent:

- (1) completion of the due diligence review on the share capital of and/or capital contribution to the Target Group to the satisfaction of the Purchaser (at its absolute discretion and in its sole opinion) and that the share capital of and/or capital contribution to the Target Group has been fully-paid;
- (2) the issue of a legal opinion in writing by a qualified PRC lawyer appointed by the Purchaser confirming, including without limitation, the due establishment, valid subsistence, details of capital contribution, scope of business, governmental licences and approvals and the legality of all the properties being held or used by the Target Group being to the satisfaction of the Purchaser;

- (3) the passing by the Independent Shareholders of the resolution at the SGM convened and held to approve the transactions contemplated under the Sale and Purchase Agreement, including without limitation the Acquisition, in accordance with the Listing Rules;
- (4) the obtaining of all necessary internal approvals of the Target Company which may be required under the joint venture agreement of the Target Company, the articles of association or other similar constitutional documents of the Target Company for, the transactions contemplated under the Sale and Purchase Agreement including without limitation the Acquisition and the waivers of any pre-emptive rights from the other shareholders of the Target Company on the sale and purchase of the Sale Interests;
- (5) (if necessary) the obtaining of all necessary approvals in the PRC, Hong Kong, the British Virgin Islands or elsewhere in relation to the transactions contemplated under the Sale and Purchase Agreement;
- (6) signing by the Target Company of new labour contracts with the relevant senior management and principal staff of the Nuclear Power Maintenance Department of CNI23 after completion by the Vendor of the termination of existing labour contracts between CNI23 and such relevant senior management and principal staff;
- (7) there being, in the opinion of the Purchaser, no amendments in laws, especially in relation to the Acquisition, which will have material adverse effect on the business and financial conditions, operating results, business prospects or asset value of the Target Group;
- (8) due completion of transfers of all existing business contracts from the Nuclear Power Maintenance Department of CNI23 to the Target Company prior to Completion by obtaining the confirmations or consents from the parties to such business contracts or any third party;
- (9) delivery by the Vendor to the Purchaser of the Completion Accounts on Completion Date; and
- (10) the representations, warranties and undertakings given by the Vendor under the Sale and Purchase Agreement are true and not misleading.

Other than conditions (3), (4) and (5) above, the Purchaser can at its sole discretion waive all or any of the other conditions above. The parties to the Sale and Purchase Agreement shall use their best endeavours to satisfy and fulfill the conditions. If any of the conditions set out above has not been satisfied or waived on or before the Long Stop Date, the Sale and Purchase Agreement shall cease and terminate and thereafter neither party shall have any obligations and liabilities towards each other, save for any antecedent breaches of the terms of the Sale and Purchase Agreement.

Completion

Completion shall take place on the fifth Business Day immediately following the date on which the conditions having been fulfilled (or waived, as the case may be) or the Long Stop Date, whichever is earlier (or such later date as the parties may agree in writing prior to Completion).

After Completion, the Vendor shall assist and procure the Target Company to obtain the approval and to complete the registration of the transfer of the Sale Interests by the Economy, Trade and Information Commission of Shenzhen Municipality (深圳市經濟貿易和信息化委員會).

Tax Indemnity

Pursuant to the terms of the Sale and Purchase Agreement, the Vendor undertakes to indemnify the Purchaser upon demand against any loss or liability suffered by the Target Company or the Target Group in relation to Taxation which are summarized as follows:

1. any Tax liability of the Target Company or the Target Group that arises or occurs on or before the Completion Date as a result of any or a series of Material Event(s) whether or not such Tax is chargeable against or attributable to any other person;
2. any Tax liability of the Target Company or the Target Group that would not have been payable had there been no termination, reduction, amendment or cancellation on certain Tax deduction as a result of any Material Event occurred on or before the Completion Date, and such Tax deduction has been reflected in the Audited Accounts, Management Accounts or Completion Accounts of the Target Company or the Target Group or has been calculated as assets in the Audited Accounts, Management Accounts or Completion Accounts of the Target Company or the Target Group; or the Audited Accounts, Management Accounts or Completion Accounts of the Target Company or the Target Group has shown that such Tax liability has been taken into account when calculating (and reducing) deferred tax or provision for other payables; or the Audited Accounts, Management Accounts or Completion Accounts of the Target Company or the Target Group has shown that no provision has been made for deferred tax as a result of such Tax liability. In the event that the Target Company or the Target group has to re-pay any Tax which has already been fully paid, due to the occurrence of the Material Event on or before the Completion Date, resulting in the expropriation, reduction, elimination or cancellation of the rights arose from any Tax paid in full, such Tax being re-paid shall be deemed to be caused by the Material Event;
3. any current or future Tax liability of the Target Company or the Target Group that would not have been payable for the use of deduction of or for the purpose of eliminating Taxation, as a result of any Material Event which should have occurred on or before the Completion Date but the Material Event incurred after the Completion Date which relates to the Target Company or the Target Group being responsible for Tax liability;
4. any Tax liability of the Target Company and/or the Target Group recovered or estreated or demanded by any Tax or regulatory authority in the PRC after the Completion Date resulting from any event occurred on or before the Completion Date which has not been paid or has been omitted to pay; and
5. any Tax liability of the Target Company or the Target Group arising from damages, guarantee, mortgage or lien on or before the Completion Date.

The Vendor undertakes to indemnify the Purchaser in full against any and all claims, proceedings, loss and damages (including any fine and interests accrued thereon) and all reasonable and appropriate costs (including but not limited to legal fees) expenses and disbursement as a result of or in connection with the Tax indemnity and there is no limitation period on which the Purchaser may claim for Tax indemnity.

Termination of the Agreement

The Sale and Purchase Agreement may be terminated by the Purchaser in its absolute discretion without any liability on its part if at any time prior to Completion:

- (1) the Purchaser shall become aware of any matter or event showing that any of the representations, warranties and undertakings under the Sale and Purchase Agreement was, when given, untrue or inaccurate in any respect or would be untrue or inaccurate in any respect if repeated as at the date on which the Purchaser become so aware;

- (2) the Vendor commits any breach of or omits to observe any of its obligations or undertakings expressed to be assumed by it under the Sale and Purchase Agreement in any aspect;
- (3) any creditor makes a valid demand for repayment or payment of any indebtedness of the Target Company or the Target Group or in respect of which the Target Company or the Target Group is liable prior to its stated maturity which demand can reasonably be expected, in the opinion of the Purchaser, to have a material adverse effect on the business of the Target Company or the Target Group;
- (4) the Target Company or the Target Group sustains any loss or damage (howsoever caused and whether or not the subject of any insurance or claim against any person) which can reasonably be expected, in the reasonable opinion of the Purchaser, to have a material adverse effect on the business of the Target Company or the Target Group; or
- (5) any petition is presented for the winding up or liquidation of the Target Company or the Target Group, or the Target Company or the Target Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement, or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of the Target Company or the Target Group or anything analogous thereto occurs in respect of the Target Company or the Target Group which can reasonably be expected, in the opinion of the Purchaser, to have a material adverse effect on the business of the Target Company or the Target Group;

and such termination shall not affect the then accrued rights and obligations of the parties.

INFORMATION ON THE VENDOR AND THE TARGET GROUP

The Vendor

The Vendor is a company incorporated in Hong Kong and a wholly-owned subsidiary of CNI23. Its principal activity is investment holding. The Vendor is the controlling Shareholder holding approximately 31.01% shareholding interests of the Company, which together with China He Investment (Hong Kong) Company Limited, a party acting in concert with it, hold approximately 41.35% shareholding interests of the Company as at the date of this announcement.

CNI23 is a state-owned enterprise established in the PRC and is one of the largest nuclear power plants installation corporations in the PRC. During more than 50 years of its development, CNI23 has been engaged in nuclear power projects, nuclear research projects and non-nuclear projects such as petrochemical and electrical installation projects in the PRC.

The Target Group

The Target Company is a sino-foreign equity joint venture duly established in the PRC. It is owned as to 40.78%, 22.72%, 26.5% and 10% by CNI23, Guangdong Huiyan Engineering, the Vendor and BSC Group Holdings respectively.

The Target Company is principally engaged in regular inspection, maintenance, repair, construction, modification, installation and provision of expertise in the operation of nuclear power plants and also provision of construction work for non-nuclear power companies.

The Branch, a company established in the PRC, is principally engaged in the same business of the Target Company and is also responsible for the staff training of the Target Group.

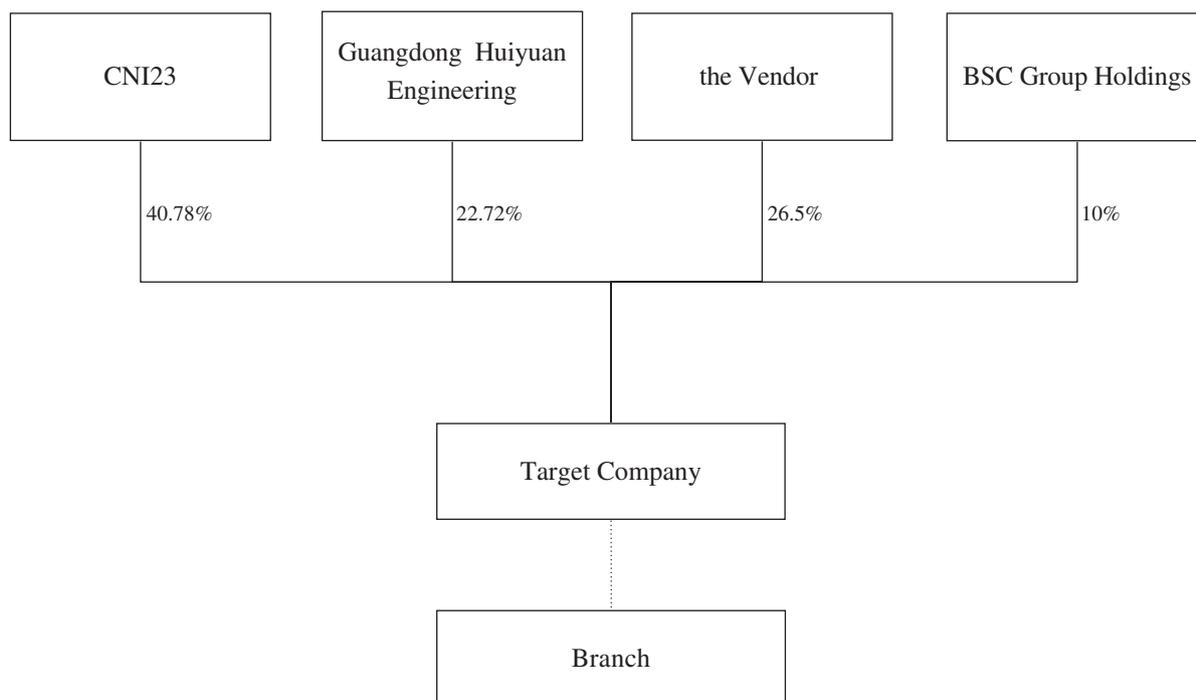
The original cost of acquisition incurred by the Vendor for acquisition of the then 35% (which is diluted to 26.5% after completion of the increase in registered capital of the Target Company) equity interests of the Target Company from AREVA NP on 1 March 2012 was RMB38,500,000.

On 23 April 2012, the Target Company and CNI23 entered into an asset purchase agreement whereby the Target Company underwent a reorganisation which was completed on 31 May 2012. In July 2012, the Target Company completed the increase in registered capital from RMB27,790,000 to RMB36,700,000. Pursuant to such increase in the registered capital, CNI23 has injected an additional registered capital of RMB5,240,000 to the Target Company and BSC Group Holdings, being a new shareholder of the Target Company, has injected RMB3,670,000 as registered capital to the Target Company. Upon completion of the reorganisation, the Target Company is owned as to 40.78%, 22.72%, 26.5% and 10% by CNI23, Guangdong Huiyuan Engineering, the Vendor and BSC Group Holdings respectively. As part of the reorganisation, CNI23 has transferred the assets and liabilities of the Nuclear Power Maintenance Department of CNI23 to the Target Company for operating its business, which completed on 31 May 2012. In addition, CNI23 is currently making arrangement for the transfer of the relevant human resources from CNI23 to the Target Company which shall be completed on or before the Completion Date. Pursuant to the Sale and Purchase Agreement, CNI23 has agreed to transfer all existing business contracts of CNI23's Nuclear Power Maintenance Department to the Target Company prior to Completion by obtaining the confirmations or consents from the parties to such business contracts or any third party. Such business contracts are relating to the inspection, maintenance, repair, modification, installation and provision of expertise for nuclear power plants.

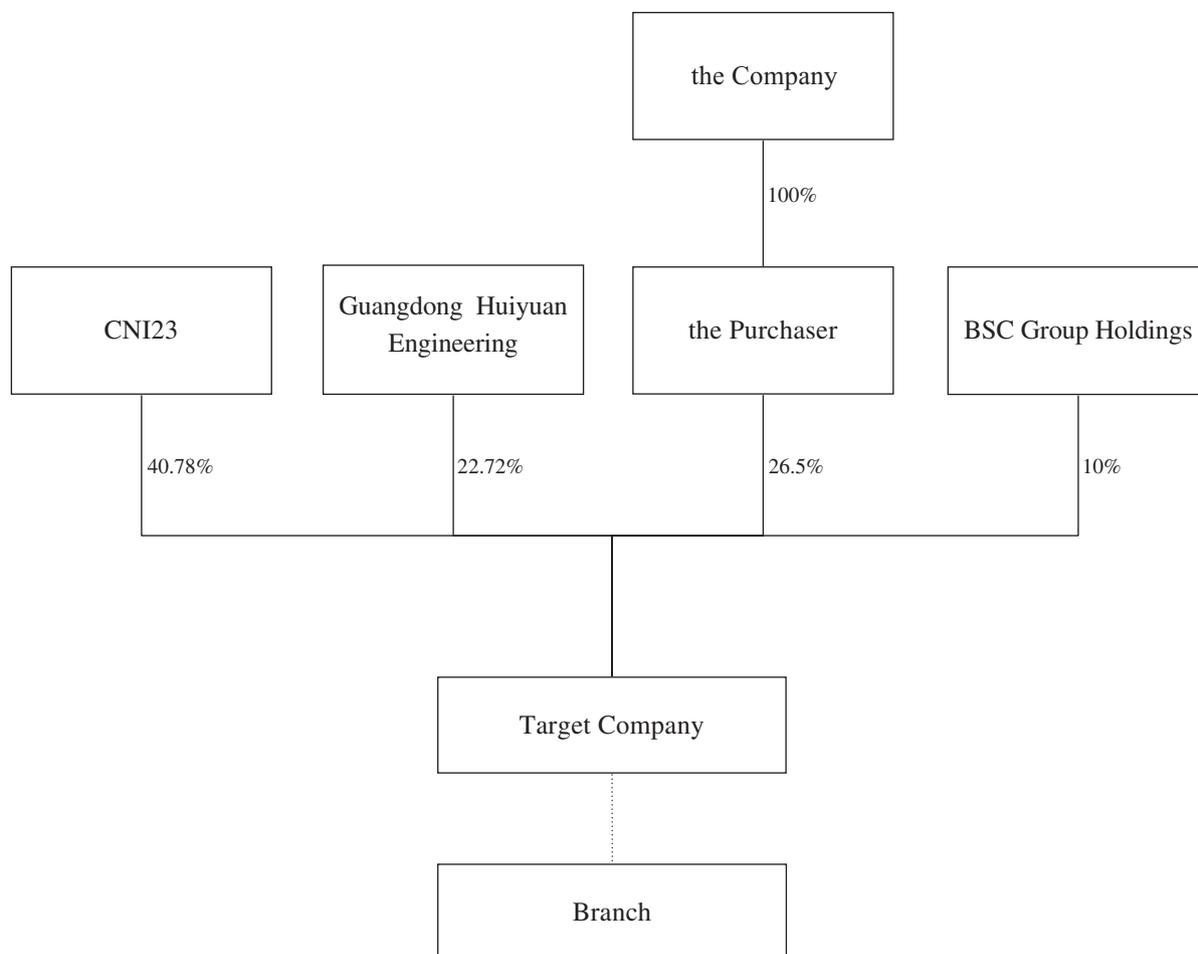
Shareholding structure of the Target Group

Set out below is the shareholding structure of the Target Group as at the date of this announcement and after Completion.

As at the date of this announcement:



After Completion:



Financial information of the Target Group

Set out below is the summary of audited financial statements of the Target Group for each of the two financial years ended 31 December 2010 and 2011 prepared under the generally accepted accounting principles in the PRC.

	For the year ended 31 December 2011 <i>RMB'000</i>	For the year ended 31 December 2010 <i>RMB'000</i>
Revenue	89,065	68,180
Profit before taxation	7,531	8,042
Profit after taxation	5,666	6,190

Based on the aforesaid audited financial statements of the Target Group for each of the two financial years ended 31 December 2010 and 2011, the audited total asset value and net asset value of the Target Group as at 31 December 2010 were approximately RMB69,439,437 and RMB40,896,635 respectively and as at 31 December 2011 were approximately RMB72,855,183 and RMB40,756,783 respectively. Based on the Management Accounts after the completion of the increase in the registered capital of the Target Company in July 2012, the total asset value and net asset value of the Target Group were approximately RMB114,967,306 and RMB72,345,495 respectively as at 31 July 2012.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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 of prefabricated pipes and related equipment for uses by chemical plants in the PRC and overseas.

The Directors consider that the Acquisition is in line with the corporate strategy to diversify its business of the Group and will bring in a steady revenue stream to the Group. The investment in the Target Company will provide the Group with more opportunities to participate in nuclear power related business, bringing synergy effect to the Group's investment in the manufacturing of prefabricated pipes and related equipment business. It will also further enhance the Group's capability and expertise in the nuclear power industry, thus boosting the Group's status and business networks in the petrochemical and nuclear industries, which in turn helps enhancing the shareholding value of the Company.

The Group will benefit economically from the improving business prospects of the Target Group as a result of the completion of the acquisition of assets and liabilities from the Nuclear Power Maintenance Department of CNI23 and the transfer of business contracts from the Nuclear Power Maintenance Department of CNI23 to the Target Company which will create synergy for the Target Group by enhancing its existing business and reducing competition and the increase in the registered capital of the Target Company will provide more funds for the development of the Target Group's business. Also, the Target Company will benefit from the transfer of human resources such that the managerial and technical skills of the staff of CNI23's Nuclear Power Maintenance Department will be transferred to it.

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

The Directors (excluding the independent non-executive Directors whose views will be contained in the circular to be issued by the Company after considering the advice from the independent financial adviser and except for Messrs. Dong Yuchuan, Lei Jian, Han Naishan, Guo Shuwei and Song Limin who had abstained from the Board meeting approving the Acquisition and the transactions contemplated thereunder) consider that the terms and conditions of the Acquisition are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the relevant percentage ratios in respect of the Acquisition exceed 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. In addition, the Vendor, the controlling Shareholder holding approximately 31.01% shareholding interests of the Company, which together with China He Investment (Hong Kong) Company Limited, a party acting in concert with it, hold approximately 41.35% shareholding interests of the Company as at the date of this announcement, is a connected person of the Company and the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition shall be subject to the requirements of reporting, announcement and the approval of the Independent Shareholders by way of poll at the SGM.

The Vendor and its associates are required to abstain from voting on the resolution to be proposed at the SGM to approve the Acquisition and the transactions contemplated thereunder. An IBC comprising all the independent non-executive Directors has been established by the Company to advise the Independent Shareholders in respect of the Acquisition and the transactions contemplated thereunder.

A circular containing, among others, (i) information on the Acquisition; (ii) the recommendation from the IBC to the Independent Shareholders in relation to the Acquisition; (iii) the letter of advice from the independent financial adviser to the IBC and the Independent Shareholders in relation to the Acquisition; and (iv) a notice of the SGM will be despatched to the Shareholders on or before 7 September 2012.

As Completion is subject to the satisfaction (or waiver) of a number of conditions, the Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

“Audited Accounts”	the audited balance sheet of the Target Group as at 31 December 2009, 2010 and 2011 and the audited profit and loss accounts of the Target Group for the three financial years ended 31 December 2009, 2010 and 2011
“Acquisition”	the proposed acquisition of the Sale Interests by the Purchaser pursuant to the Sale and Purchase Agreement
“Associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Branch”	深圳中核二三檢修海鹽分公司 (transliterated as Shenzhen CNI23 Nuclear Power Maintenance Co. Ltd Haiyan Branch*), a company established in the PRC and a branch of the Target Company

“BSC Group Holdings”	BSC Group Holdings Limited (中國大陽集團控股有限公司), a company incorporated in Hong Kong with limited liability
“Business Day”	any day (not being Saturdays, Sundays or public holidays) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CNECC”	中國核工業建設股份有限公司 (transliterated as China Nuclear Engineering Corporation Co., Ltd.*), a state-owned enterprise established in the PRC
“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
“Company”	China Nuclear Industry 23 International Corporation Limited, 中國核工業二三國際有限公司, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition pursuant to the Sale and Purchase Agreement
“Completion Accounts”	the unaudited balance sheet of the Target Group as at the date falling fifteen (15) days prior to the Completion Date (inclusive of such date) and the unaudited profit and loss accounts of the Target Group for the period from 1 January 2012 to the date falling fifteen (15) days prior to the Completion Date (both dates inclusive)
“Completion Date”	at or before 5:00 p.m. (Hong Kong time) on the fifth Business Day immediately following the date on which the conditions having been fulfilled (or waived, as the case may be) or the Long Stop Date, whichever is earlier (or such later date as the parties thereto may agree prior to Completion)
“Connected Person”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Encumbrances”	any mortgages, charges, pledges, liens, encumbrances or other rights or interests of any kind
“Group”	the Company and its subsidiaries
“Guangdong Huiyuan Engineering”	廣東中核惠原工程有限公司 (transliterated as Guangdong China Nuclear Huiyuan Engineering Company Limited*), a company established in the PRC

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“IBC”	the independent board committee comprising all independent non-executive Directors to advise the Independent Shareholders on the Acquisition
“Independent Shareholder(s)”	Shareholders other than the Vendor and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2012 or such later date as the parties to the Sale and Purchase Agreement may agree
“Management Accounts”	the unaudited balance sheet of the Target Group as at 31 July 2012 and the unaudited profit and loss accounts of the Target Group for the period ended 31 July 2012
“Material Event”	an event, act, transaction or omission and including, without limitation, a receipt or accrual of income or gains, distribution, failure to distribute, acquisition, disposal, transfer, payment, loan or advance
“Party(ies) Acting in Concert with”	has the meaning ascribed to it under the Hong Kong Code on Takeovers and Mergers
“PRC”	the People’s Republic of China, for the sole purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	CNI23 Holdings Company Limited (中核二三控股有限公司), a company incorporated in the British Virgin Islands
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 17 August 2012 entered into between the Purchaser and the Vendor in respect of the Acquisition
“Sale Interests”	26.5% equity interests of the Target Company legally and beneficially owned by the Vendor, representing RMB9,726,500 of the registered capital of the Target Company
“SGM”	the special general meeting of the Company to be convened and held to approve, if thought fit, the Acquisition 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 Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	深圳中核二三核電檢修有限公司 (Shenzhen CNI23 Nuclear Power Maintenance Co., Ltd.*)
“Target Group”	the Target Company and the Branch
“Tax” or “Taxation”	includes all forms of tax, levy, duty, charge, impost, fee, deduction or withholding of any nature now or hereafter imposed, levied, collected, withheld or assessed by any taxing or other authority in any part of the world and includes any interest, additional tax, penalty or other charge payable or claimed in respect thereof
“Vendor” or “CNI23 HK”	China Nuclear Industry 23 Construction (Hong Kong) Company Limited 中國核工業二三建設 (香港) 有限公司, a company incorporated in Hong Kong with limited liability
“Zhong He Libert”	江蘇中核利柏特股份有限公司 (transliterated as Jiangsu China Nuclear Industry Libert INC.*)
“%”	per cent

The conversion of RMB into HK\$ in this announcement is based on the exchange rate of RMB1 to HK\$1.2261 as published by the Bank of China (Hong Kong) Limited on the close of business of 16 August 2012 as agreed by the Vendor and the Purchaser.

By Order of the Board
China Nuclear Industry 23
International Corporation Limited
Dong Yuchuan
Chairman

Hong Kong, 17 August 2012

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. Chan Ho Man, 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 purpose only