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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)**

**SUPPLEMENTAL ANNOUNCEMENT  
IN RELATION TO  
CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement of China Nuclear Industry 23 International Corporation Limited (the “**Company**”) on 7 November 2014 in relation to continuing connected transactions (the “**Announcement**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as defined in the Announcement.

The Board would like to provide the following supplemental information to the Announcement:

**(1) The Licheng EPC Agreements**

The Company is regretful that there has been an inadvertent delay in the publication of an announcement in relation to the Licheng Engineering Agreement and the Licheng Procurement and Construction Agreement due to oversight by the relevant management of CNI23 Energy in reporting such continuing connected transactions to the Board and/or the management of the Company in a timely manner. The Directors consider that the failure to comply with Rule 14A.35 of the Listing Rules in relation to the announcement of the Licheng Engineering Agreement and the Licheng Procurement and Construction Agreement was inadvertent and it was an one-off incident. As soon as the management of CNI23 Energy reported to the management of the Company on the entering into of the Licheng Engineering Agreement and the Licheng Procurement and Construction Agreement on 12 August 2014 and 13 August 2014, respectively, the Company has engaged an independent financial adviser (“**IFA**”) to review and opine on the terms of the GCL Solar Project Agreements and the GCL Proposed Cap contemplated under the GCL Solar Project Agreements and to issue an opinion to the independent non-executive Directors (“**INEDs**”) as to the fairness and reasonableness of the transactions and whether such transactions were entered or would be entered on normal commercial terms and in the interests of the Company and its Shareholders as a whole and the Directors (including the INEDs after having considered the opinion of the IFA) have formed their views which

are set out in the paragraph headed “REASONS FOR AND BENEFIT OF THE ENTERING INTO THE GCL SOLAR PROJECT AGREEMENTS” in the Announcement.

The Company has implemented its internal control effectively all along and has been able to comply with the relevant applicable requirements of the Listing Rules and will ensure that its internal control policy will continue to be implemented effectively and that such oversight incident will not occur again.

## **(2) Principal Business Activities of GCL Licheng, GCL Baoying and GCL Yushen**

The principal business activities of GCL Licheng, GCL Baoying and GCL Yushen are as follows:

- (a) The principal business activity of GCL Licheng is the production of PV electric power.
- (b) The principal business activities of GCL Baoying are the production and sale of PV electric power and related engineering enquiry services; and the development of PV electric power projects.
- (c) The principal business activities of GCL Yushen are development, construction, building and operation of PV power plant.

## **(3) Disclosure of Material Interests**

As at the date of the Announcement, save for Mr. Chung Chi Shing (“**Mr. Chung**”), an executive Director, who was interested in 209,813,142 shares in GCL New Energy (approximately 6.05% of the issued share capital of GCL New Energy) and 2,000,000 shares in GCL-Poly Energy (approximately 0.013% of the issued share capital of GCL-Poly Energy), none of the Directors had any direct or indirect material interest in the GCL Solar Projects CCT. As such, Mr. Chung has abstained from voting on the relevant board resolutions in respect of the GCL Solar Projects CCT and the GCL Proposed Cap.

## **(4) Basis in determining the GCL Proposed Cap**

As disclosed on page 10 of the Announcement, the Company has provided a buffer to the GCL Proposed Cap for all the continuing connected transactions under the GCL Solar Project Agreements. The Licheng Engineering Agreement, the Licheng Procurement and Construction Agreement, the Baoying Engineering Agreement and the Yushen Engineering Agreement have provided terms which permit their contract values to be adjusted if there is any change in the requirements or conditions of the relevant projects. As such, the GCL Proposed Cap is different from the total contract values for the aforesaid agreements as a buffer has been provided.

The reasons for applying a buffer are that due to the nature of the construction industry, there may be price fluctuations and change in quantity or extent of the construction equipment and materials which may also affect the extent of the technical consultancy and project management provided or to be provided by CNI23 Energy for the relevant transactions contemplated under the GCL Solar Projects CCT. There may also be subsequent follow-up work required after completion of the projects or change in the requirements by the relevant counterparties to the GCL Solar Projects Agreements during the actual construction process. As such, the Company has to take into account of such

factors and due to the time involved for such projects, the Company also needs to take into account of inflation and foreign exchange rate difference. The GCL Proposed Cap has taken into account a buffer of 10% from the total contract values of the GCL Solar Project Agreements. The Company is skeptical on the future inflation on salary, material costs and rental expenses and thus, the Company has applied a 10% buffer to determine the GCL Proposed Cap in respect of the transactions contemplated under GCL Solar Projects Agreements. CNI23 Energy has considered such factors to the extent possible when determining the respective contract values but the Company considers that if the aforesaid unforeseen circumstances shall arise, a buffer would enable CNI23 Energy to continue carrying on the projects without causing any delay to or interruption on the work progress of the counterparties of the relevant agreements provided that such buffer would fall within the ambit of the GCL Proposed Cap.

Save as disclosed above, all the information contained in the Announcement remains unchanged.

By order of the Board  
**China Nuclear Industry 23**  
**International Corporation Limited**  
**AI Yilun**  
*Chairman*

Hong Kong, 18 November 2014

*As at the date of this announcement, the Directors are: Mr. Ai Yilun, who is the chairman and an executive Director; Mr. Chan Shu Kit, who is the vice-chairman and an executive Director; Mr. Han Naishan, Mr. Gao Yongping, Mr. Fu Zhigang, Ms. Jian Qing, Mr. Chung Chi Shing and Mr. Tang Chuanqing, all of whom are executive Directors; and Mr. Chan Ka Ling, Edmond, Mr. Li Baolin, Mr. Wang Jimin and Mr. Chen Ying, all of whom are independent non-executive Directors.*