

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **CNNC INTERNATIONAL LIMITED**

### **中核國際有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2302)**

## **CONTINUING CONNECTED TRANSACTIONS**

### **THE FRAMEWORK AGREEMENT**

On 23rd April, 2013, the Company (for itself and on behalf of each of its subsidiaries) entered into the Framework Agreement with CNNC (for itself and on behalf of each of its subsidiaries, where applicable) in relation to the supply of uranium products, engagement of CNNC's technical support services and administrative support services.

Pursuant to and during the term of the Framework Agreement:

- (a) the Group has agreed to sell and CNNC has agreed to purchase from the Group the uranium products;
- (b) the Group will engage CNNC to provide technical support services in relation to the Group's nuclear and uranium resources projects; and
- (c) the Group will engage CNNC to provide office accommodation and vehicle transportation support services in relation to the Group's operations in Beijing, the PRC.

As at the date of this announcement, CNNC Overseas Uranium Holding Limited (中核海外鈾業控股有限公司) is the controlling Shareholder interested in 326,372,273 Shares, representing approximately 66.72% of the issued share capital of the Company. CNNC Overseas Uranium Holding Limited is a direct wholly-owned subsidiary of China Uranium Corporation Limited (中國國核海外鈾業有限公司), which in turn is a wholly-owned subsidiary of CNNC. Accordingly, CNNC is a connected person of the Company as defined under the Listing Rules.

## **LISTING RULES IMPLICATION**

As the aggregate amount of the proposed Annual Caps under the Framework Agreement exceeds 5% of one or more of the applicable percentage ratios (as defined in the Listing Rules), the transactions under the Framework Agreement constitute non-exempt continuing connected transactions of the Company and are subject to reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. CNNC and its associates will abstain from voting at the EGM of the Company to approve the Framework Agreement and the Annual Caps and the votes of the independent Shareholders in the EGM will be taken by poll.

### **EGM**

The Directors will convene the EGM to seek the approval of the independent Shareholders to approve the Framework Agreement, the transactions contemplated thereunder and the proposed Annual Caps.

The Company will establish an independent board committee to advise the independent Shareholders as to whether the Framework Agreement and the Annual Caps are (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms; and (c) fair and reasonable so far as the independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

The Company will also appoint an independent financial adviser to advise the independent board committee and the independent Shareholders in relation to the Framework Agreement, the transactions contemplated thereunder and the proposed Annual Caps.

A circular containing, among other things, (a) further details of the Framework Agreement, the transactions contemplated thereunder and the proposed Annual Caps; (b) a letter from the independent financial adviser containing its advice to the independent board committee and the independent Shareholders on the Framework Agreement and the proposed Annual Caps; (c) recommendation of the independent board committee to the independent Shareholders; and (d) a notice of the EGM will be despatched by the Company to the Shareholders no later than 16th May, 2013 in accordance with the Listing Rules.

## **THE FRAMEWORK AGREEMENT**

On 23rd April, 2013, the Company (for itself and on behalf of each of its subsidiaries) entered into the Framework Agreement with CNNC (for itself and on behalf of each of its subsidiaries, where applicable) in relation to supply of uranium products, engagement of CNNC's technical support services and other administrative support services. Summarized below are the principal terms of the Framework Agreement:

### **Date**

23rd April, 2013

## **Parties**

- (a) the Company (for itself and on behalf of each of its subsidiaries); and
- (b) CNNC (for itself and on behalf of each of its subsidiaries, where applicable).

## **Duration**

Subject to the approval of the independent Shareholders at the EGM, the Framework Agreement shall take retrospective effect from 1st January, 2013 until 31st December, 2015.

## **Transactions**

Pursuant to and during the term of the Framework Agreement:

### *(a) Supply of uranium products*

The Group has agreed to sell and CNNC has agreed to purchase from the Group the uranium products during the term of the Framework Agreement. The price per pound of the uranium products shall be determined with reference to the one-month, three-month, six-month, twelve-month arithmetic average prices of both the spot price index and long-term price index published weekly or monthly by the UxC and TradeTech and the rational price expectation of the Group and CNNC from time to time. The prices payable to the Group will be settled by CNNC within one month from completion of each purchase of uranium products.

### *(b) Engagement of CNNC's technical support services*

Pursuant to the Framework Agreement, the Group will engage CNNC to provide technical support services in relation to the Group's nuclear and uranium resources projects upon the Group's request for each of the three financial years ending 31st December, 2015 at a fee not higher than the prevailing market rate of the similar services.

### *(c) Engagement of CNNC's office accommodation and vehicle transportation support services*

Pursuant to the Framework Agreement, the Group will engage CNNC to provide office accommodation and vehicle transportation support services in relation to the Group's operations in Beijing, the PRC during the term of the Framework Agreement at a fee not higher than the prevailing market rate of the similar services.

The terms of the transactions under the Framework Agreements will be determined on arms length negotiation and on normal commercial terms.

The Framework Agreement and the proposed Annual Caps for each of three financial years ending 31st December, 2015 are conditional upon the approval of the independent Shareholders at the EGM.

## ANNUAL CAPS AND DETERMINATION

The proposed Annual Caps for the transactions with CNNC for the three financial years ending 31st December, 2015 are set out as follows:

Transaction	Amounts in HK\$'000		
	Proposed Annual Caps for the year ending		
	31st December, 2013	31st December, 2014	31st December, 2015
Supply of uranium products	600,000	800,000	1,100,000
Engagement of CNNC's technical support services	30,000	25,000	20,000
Engagement of CNNC's office accommodation and vehicle transportation support services	<u>2,350</u>	<u>2,350</u>	<u>2,350</u>
<b>Aggregate amount of the Annual Caps:</b>	<b><u>632,350</u></b>	<b><u>827,350</u></b>	<b><u>1,122,350</u></b>

In determining the proposed Annual Caps of the transactions under the Framework Agreement for each of the three financial years ending 31st December, 2013, 2014 and 2015, the Board has taken account for reference of the following principal factors:

- (a) in respect of the supply of uranium products, (i) the maximum consideration of uranium products as fixed in the Framework Agreement; (ii) the estimated growth of the transaction volume taking into account of the anticipated increase in the amount of uranium products to be generated by the Group; and (iii) the prevailing market price of uranium products;
- (b) in respect of the engagement of CNNC's technical support services in relation to the Group's nuclear and uranium resources projects, (i) the maximum consideration of the above services as fixed in the Framework Agreement; (ii) the estimated progress of the Group's nuclear and uranium resources projects; and (iii) the prevailing market rate of the above services; and
- (c) in respect of the engagement of CNNC's administrative support services in relation to the Group's office accommodation and vehicle transportation in Beijing, the PRC, (i) maximum consideration of the above services as fixed in the Framework Agreement; (ii) the estimated progress of the Group's office accommodation and vehicle transportation support requirements; and (iii) the prevailing market rate of the above services.

The Directors (including the independent non-executive Directors but excluding Mr. Cai Xifu, the chairman of the Company and non-executive Director, Mr. Zhang Hongqing and Mr. Xu Hongchao (resigned on 1st April, 2013), the executive Directors, and Mr. Xu Shouyi, a non-executive Director who have elected to abstain from voting) consider that the terms of the Framework Agreement and the proposed Annual Caps are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

In the event that (a) for any financial year during the term of the Framework Agreement, the aggregate amount of (i) the purchase price payable by CNNC or (ii) any service charges payable by the Group under the Framework Agreement exceeds the Annual Caps for the

relevant year, or (b) if any of the relevant agreements is renewed or there is material change to the terms of the transactions, the Company shall comply with the provisions of Chapter 14A of the Listing Rules dealing with connected transactions.

## **REASONS FOR AND BENEFITS OF THE FRAMEWORK AGREEMENT**

CNNC is principally engaged in nuclear related products, and construction and operation of nuclear power plants which requires uranium products for its operation, and has extensive technical knowledge in the construction of uranium related projects. As at the date of this announcement, the Group holds two existing uranium projects, one in Mongolia, and another, which the Group holds 37.2% ownership, in Niger. Construction work of the uranium project in Mongolia is expected to commence in the near future, whilst the production of uranium ore located in Niger has commenced in 2011. The Directors consider that the Framework Agreement can enhance the technical support on the Group's uranium projects and can strengthen the Group's business to endow Shareholders with a stable and good return.

The continuing connected transactions contemplated under the Framework Agreement are expected to occur on a regular and continuing basis in the ordinary and usual course of business of the Group.

The Directors (including the independent non-executive Directors but excluding Mr. Cai Xifu, Mr. Zhang Hongqing, Mr. Xu Hongchao (resigned on 1st April, 2013) and Mr. Xu Shouyi who have elected to abstain from voting) consider that the Framework Agreement and the transactions contemplated thereunder were entered into in the ordinary and usual course of the business of the Group, and have been negotiated on an arm's length basis between the parties on normal commercial terms. The Directors (including the independent non-executive Directors but excluding Mr. Cai Xifu, Mr. Zhang Hongqing, Mr. Xu Hongchao (resigned on 1st April, 2013) and Mr. Xu Shouyi who have elected to abstain from voting) believe that the terms of the Framework Agreement (including the Annual Caps) are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CNNC Overseas Uranium Holding Limited (中核海外鈾業控股有限公司) is the controlling Shareholder interested in 326,372,273 Shares, representing approximately 66.72% of the issued share capital of the Company. CNNC Overseas Uranium Holding Limited is a direct wholly-owned subsidiary of China Uranium Corporation Limited (中國國核海外鈾業有限公司), which in turn is a wholly-owned subsidiary of CNNC. Accordingly, CNNC is a connected person of the Company as defined under the Listing Rules.

As the aggregate amount of the proposed Annual Caps under the Framework Agreement exceeds 5% of one or more of the applicable percentage ratios (as defined in the Listing Rules), the transactions under the Framework Agreement constitute non-exempt continuing connected transactions and are subject to reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. CNNC and its associates will abstain from voting at the EGM of the Company to approve the Framework Agreement and the Annual Caps and the votes of the independent Shareholders in the EGM will be taken by poll.

The Company will establish an independent board committee to advise the independent Shareholders as to whether the Framework Agreement and the proposed Annual Caps are (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms; and (c) fair and reasonable so far as the independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

In this connection, the Company will appoint an independent financial adviser to advise the independent board committee and the independent Shareholders in relation to the Framework Agreement and the proposed Annual Caps.

A circular containing, among other things, (a) further details of the Framework Agreement, the proposed Annual Caps and the transactions contemplated thereunder; (b) a letter from the independent financial adviser containing its advice to the independent board committee and the independent Shareholders on the Framework Agreement and the Annual Caps; (c) recommendation of the independent board committee to the independent Shareholders; and (d) a notice of the EGM will be despatched by the Company to the Shareholders no later than 16th May, 2013.

Details of the continuing connected transactions under the Framework Agreement will be disclosed in the Company's next published annual report in compliance with the requirements under the Listing Rules.

## **GENERAL INFORMATION**

As at the date of this announcement, the principal activities of the Group were the exploration and trading of mineral properties.

CNNC is a large-scale state-owned enterprise established in the PRC and principally engaged in the research and development of nuclear related products, nuclear electricity production, nuclear fuel and nuclear technology development and application, and the construction and operation of nuclear power plants.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms have the following meanings.

<b>“Annual Caps”</b>	the annual caps under the Framework Agreement
<b>“Board”</b>	the board of Directors
<b>“CNNC”</b>	China National Nuclear Corporation (中國核工業集團公司), a controlling Shareholder of the Company.
<b>“Company”</b>	CNNC International Limited (中核國際有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
<b>“Directors”</b>	the directors of the Company



“EGM”	an extraordinary general meeting to be convened and held by the Company to consider and, if thought fit, to approve the Framework Agreement, the proposed Annual Caps and the transactions contemplated thereunder
“Framework Agreement”	the framework agreement dated 23rd April, 2013 and entered into between the Company and CNNC
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TradeTech”	TradeTech of Denver Tech Centre
“UxC”	The Ux Consulting Company, LLC

By order of the Board  
**CNNC International Limited**  
 中核國際有限公司  
**Cai Xifu**  
*Chairman*

Hong Kong, 24th April, 2013

*As of the date of this announcement, the Board comprises non-executive director and chairman, namely, Mr. Cai Xifu, executive directors, namely, Mr. Zhang Hongqing and Ms. Wang Ying, non-executive director, namely, Mr. Xu Shouyi and independent non-executive directors, namely, Mr. Cheong Ying Chew Henry, Mr. Cui Liguang and Mr. Zhang Lei.*