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CNNC INTERNATIONAL LIMITED

中核國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2302)

VOLUNTARY ANNOUNCEMENT MERGER OF AN ASSOCIATE OF THE COMPANY

This announcement is a voluntary announcement made by CNNC International Limited (the “Company”, together with its subsidiaries shall be referred to as the “Group”).

The Merger

The board of directors of the Company is pleased to announce that, on 12th November, 2020, the board of CNNC Financial Leasing Company Limited (中核融資租賃有限公司) (“CNNC Leasing”) (an associate of the Company, the equity interest of which is held as to approximately 18.45% by the Group) has approved to enter into an absorption and merger agreement (the “Merger Agreement”) with China Nuclear E&C Financial Leasing Co., Ltd (中核建融資租賃有限公司) (“CNECFL”) and the shareholders of CNECFL (“CNECFL Shareholders”) in relation to the merger (the “Merger”) of CNNC Leasing with CNECFL. Pursuant to the Merger: (i) CNNC Leasing will absorb and merge with CNECFL, and the assets, liabilities, businesses, employees, contracts and all other rights and obligations of CNECFL shall be succeeded and undertaken by CNNC Leasing; and (ii) CNNC Leasing will allot and issue RMB1,247,526,100 new registered capital (the “New Equity Interest”) to the CNECFL Shareholders, representing approximately 38.41% of the registered capital of CNNC Leasing (as enlarged by the New Equity Interest).

The consideration was determined with reference to the assessed value of the equity interest of CNNC Leasing of approximately RMB2,053,978,500 and CNECFL of approximately RMB1,281,195,900, based on the assessed net asset value of CNNC Leasing and CNECFL as of 31st December, 2019, which have been appraised by an independent valuer and adjusted by the dividend payments of CNNC Leasing during the transition period.

Upon completion of the Merger (expected to occur before 31st December, 2020):

1. CNNC Leasing will continue as the surviving company and CNECFL will cease to exist as a legal entity.
2. The registered capital of CNNC Leasing will be increased by RMB1,247,526,100 from RMB2,000,000,000 to RMB3,247,526,100.

The interests of the existing shareholders of CNNC Leasing in CNNC Leasing will be reduced to approximately 61.59%, and the interests of the CNECFI Shareholders in CNNC Leasing resulted from the allotment of the New Equity Interest will become approximately 38.41% (as enlarged by the New Equity Interest). The Group's interests in CNNC Leasing will be reduced from approximately 18.45% to approximately 11.36% (as enlarged by the New Equity Interest).

3. CNNC Leasing is expected to have 7 directors, and the Group may nominate 1 director. It is expected that CNNC Leasing would remain to be recognised as an associate of the Group, and hence, according to the accounting policy of the Group, the Group will continue to share the profit or loss and other comprehensive income of CNNC Leasing.

Information of CNNC Leasing and CNECFI

CNNC Leasing is a company established under the laws of the People's Republic of China (the "PRC") with limited liability and a registered capital of RMB2,000 million. It is principally engaged in the provision of financial leasing on clean energy-related projects including, but not limited to, nuclear energy, wind power and hydro power. Before completion of the Merger, CNNC Leasing has 11 shareholders, including the Group, all of which are subsidiaries of the controlling shareholder of the Company, China National Nuclear Corporation (中國核工業集團有限公司) ("CNNC") (i.e. connected persons of the Company). As at the date of this announcement, CNNC holds approximately 66.72% of the shares of the Company.

CNECFI is a company established under the laws of the PRC with limited liability and a registered capital of US\$200 million. It is principally engaged in the provision of financial leasing on clean energy-related projects including, but not limited to, nuclear energy, wind power and hydro power and public utilities projects in the PRC. CNECFI has 3 shareholders, including one which is also a shareholder of CNNC Leasing, all of which are subsidiaries of CNNC (i.e. connected persons of the Company).

Reasons and Financial Effects

The Merger will provide an enlarged capital base for CNNC Leasing to expand its business. With the public utilities projects of CNECFI succeeded by CNNC Leasing, CNNC Leasing will also be able to diversify its business.

Upon completion of the Merger, the Group's interests in CNNC Leasing will be reduced from approximately 18.45% to approximately 11.36% (as enlarged by the New Equity Interest). It is expected that CNNC Leasing would remain to be recognised as an associate of the Group, and hence, according to the accounting policy of the Group, the Group will continue to share the profit or loss and other comprehensive income of CNNC Leasing. Having considered the financial results of CNECFI for the year ended 31st December, 2019 and its management accounts for the ten months ended 31st October, 2020, and assuming there is no material adverse change in the financial conditions or prospects after the date of this announcement, it is expected that there will be no immediate material effect on the earnings of the Company associated with the Group's investments in CNNC Leasing.

By order of the Board
CNNC International Limited
中核國際有限公司
Li Philip Sau Yan
Company Secretary

Hong Kong, 13th November, 2020

As of the date of this announcement, the Board comprises non-executive director and chairman, namely, Mr. Zhong Jie, executive director and chief executive officer, namely, Mr. Zhang Yi, non-executive director, namely, Mr. Wu Ge and independent non-executive directors, namely, Mr. Cui Liguang, Mr. Zhang Lei and Mr. Chan Yee Hoi.