THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **CNNC International Limited**, you should at once hand this circular and the form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

CNNC INTERNATIONAL LIMITED
中 核 國 際 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2302)

MAJOR TRANSACTION AND CONNECTED TRANSACTION DISPOSAL OF THE ENTIRE INTEREST OF A WHOLLY-OWNED SUBSIDIARY AND NOTICE OF EGM

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

紅日資本有限公司
RED SUN CAPITAL LIMITED

Capitalised terms used on this cover shall have the same meanings as those defined in this circular, unless the context requires otherwise. A letter from the Board is set out on pages 6 to 23 of this circular. A letter from the Independent Board Committee is set out on pages 24 to 25 of this circular. A letter from Red Sun Capital containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 26 to 50 of this circular.

A notice convening the EGM to be held at Boardroom 5, Mezzanine Floor, Renaissance Hong Kong Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong on Monday, 25th November, 2024 at 3:00 p.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish, and in such event, the instrument appointing the proxy shall be deemed to be revoked.

8th November, 2024

CONTENTS

Page

In this circular, unless the context requires otherwise, the following expressions shall have the following meanings:

"2024 Circular"	the circular of the Company dated 21st May, 2024 in connection with the continuing connected transactions of the Group
"Announcement"	the announcement of the Company dated 16th October, 2024 in relation to, among other things, the Disposal
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audited Accounts Adjustment"	refers to the adjustment as particularised in the paragraph headed "II. The Sale and Purchase Agreement — Audited Accounts Adjustment" in the letter from the Board of this circular
"Base Audited Accounts"	the audited accounts of the Target Company for the six months ended 30th June, 2024 prepared and signed by a Certified Public Accountant in accordance with the Hong Kong Financial Reporting Standards
"Base NAV"	the audited net asset value of the Target Company as shown in the Base Audited Accounts as at 30th June, 2024, amounting to HK$125,151,242.72
"Board"	the board of Directors
"Business Day(s)"	a day on which commercial banks in Hong Kong and the PRC are open for general business (other than any Saturday and Sunday)
"CNNC"	China National Nuclear Corporation (中國核工業集團有限公司), which is directly wholly-owned by the SASAC as at the Latest Practicable Date
"CNNC Group"	CNNC and its subsidiaries (other than the Group)
"CNNC Leasing"	CNNC Financial Leasing Limited Company* (中核融資租賃有限公司), a company established under the laws of the PRC on 22nd December, 2015 and controlled by CNNC
"CNOL"	CNNC Overseas Limited (中核海外有限公司) (formerly known as CNNC Overseas Uranium Holding Limited (中核海外鈾業控股有限公司), a company incorporated in Hong Kong with limited liability, being a subsidiary of CNNC and the immediate holding company of the Company holding approximately 66.72% Shares as at the Latest Practicable Date

"CNUC"	China National Uranium Co., Limited (中國鈾業股份有限公司), a company established in the PRC with limited liability and was indirectly owned by CNNC as at the Latest Practicable Date
"CNUC Group"	CNUC and its subsidiaries (other than the Group)
"Company"	CNNC International Limited (中核國際有限公司), a company incorporated in the Cayman Islands whose issued Shares are listed on the Main Board of the Stock Exchange (Stock Code: 2302)
"Completion"	the completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement
"Completion Consideration"	the total consideration payable by the Purchaser to the Company for the Sale Shares (i.e. Initial Consideration subject to the Management Accounts Adjustment), details of which are set out in the paragraph headed "II. The Sale and Purchase Agreement — Consideration" in the letter from the Board of this circular
"Completion Date"	the second Business Day after all of the Conditions Precedent have been satisfied or waived (or such other date as the Parties may agree in writing)
"Completion Management Accounts"	the unaudited management accounts of the Target Company as at the Completion Management Accounts Date consisting of a profit and loss account and a balance sheet with a breakdown of the assets and liabilities of the Target Company
"Completion Management Accounts Date"	the day immediately prior to the Completion Date (or such other date as the Parties may agree in writing)
"Completion NAV"	the net asset value of the Target Company as shown in the Completion Management Accounts
"Conditions Precedent"	the conditions precedent to Completion, as set forth in the paragraph headed "II. The Sale and Purchase Agreement — Conditions Precedent" in the letter from the Board of this circular
"connected person(s)"	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)"	the director(s) of the Company

"Disposal"	the disposal of the Sale Shares by the Company pursuant to the terms and conditions of the Sale and Purchase Agreement
"EGM"	an extraordinary general meeting of the Company to be held at Boardroom 5, Mezzanine Floor, Renaissance Hong Kong Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong on 25th November, 2024 at 3:00 p.m. for the purpose of, among other things, considering and, if thought fit, approving the Sale and Purchase Agreement and the Transactions
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent committee of the Board, comprising all independent non-executive Directors, established for the purpose of advising the Independent Shareholders in respect of the Sale and Purchase Agreement and the Transactions
"Independent Financial Adviser" or "Red Sun Capital"	Red Sun Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement and the Transactions
"Independent Shareholders"	the Shareholders other than CNOL and its associates
"Independent Valuer"	China Enterprise Appraisals Co., Ltd.* (北京中企華資產評估有限責任公司), a qualified valuer in the PRC who is independent of the Company and its connected persons
"Initial Consideration"	the initial consideration for the Disposal in the amount of HK$167,352,569.30
"Latest Practicable Date"	4th November, 2024, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time

"Long Stop Date"	31st January, 2025 (or such other date as the Parties may agree in writing)
"Management Accounts Adjustment"	refers to the adjustment as particularised in the paragraph headed "II. The Sale and Purchase Agreement — Consideration — Management Accounts Adjustment" in the letter from the Board of this circular
"Parties"	the parties to the Sale and Purchase Agreement, namely, the Company and the Purchaser, and each a "Party"
"PRC"	the People's Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region
"Purchaser" or "CNNCTM"	CNNC Treasury Management Co. Limited (中核財資管理有限公司), a company incorporated in Hong Kong with limited liability and a subsidiary of CNNC
"RMB"	Renminbi, the lawful currency of the PRC
"Rössing Uranium Mine"	has the meaning ascribed to it in the 2024 Circular
"Sale and Purchase Agreement"	the sale and purchase agreement dated 16th October, 2024 entered into by the Parties in relation to the Disposal
"Sale Shares"	10,000 ordinary shares of HK$1 each of the Target Company, representing the entire issued share capital of the Target Company
"SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中國國務院國有資產監督管理委員會)
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Shareholders' Loan"	the non-interest bearing and unsecured loans provided by the Company to the Target Company, which is interest-free, unsecured and repayable on demand, and has a carrying amount of approximately HK$115.2 million as at the date of the Sale and Purchase Agreement

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Target Company"	CNNC International (HK) Limited (中核國際(香港)有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
"Target Group"	the Target Company and its subsidiaries
"Transactions"	the transactions contemplated under the Sale and Purchase Agreement, including the Disposal and the payment of outstanding balance of the Shareholders' Loan
"Uranium Purchase Transaction"	has the meaning ascribed to it in the 2024 Circular
"Valuation Benchmark Date"	the valuation benchmark date adopted in the Valuation Report, i.e. 30th June, 2024
"Valuation Report"	the valuation report prepared by the Independent Valuer in respect of the valuation of the Target Company as at the Valuation Benchmark Date
"%"	per cent

* *For identification purposes only*

CNNC INTERNATIONAL LIMITED
中 核 國 際 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2302)

Chairman and Non-executive Director:
Mr. Wang Cheng

Chief Executive Officer and Executive Director:
Mr. Zhang Yi

Non-executive Directors:
Mr. Wu Ge
Mr. Sun Ruofan

Independent Non-executive Directors:
Mr. Cui Liguo
Mr. Zhang Lei
Mr. Chan Yee Hoi
Ms. Liu Yajie

Registered Office:
P.O. Box 309GT
Ugland House
South Church Street
Grand Cayman
Cayman Islands

Head Office and Principal Place of Business:
Unit 2906,
29th Floor,
China Resources Building,
No.26 Harbour Road,
Wanchai, Hong Kong

8th November, 2024

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION AND CONNECTED TRANSACTION DISPOSAL OF THE ENTIRE INTEREST OF A WHOLLY-OWNED SUBSIDIARY AND NOTICE OF EGM

I. INTRODUCTION

Reference is made to the Announcement in respect of, among other things, the Sale and Purchase Agreement and the Transactions.

The purpose of this circular is to provide you with, among other things, (i) further details of the Sale and Purchase Agreement and the Transactions; (ii) the recommendation from the Directors (excluding Directors who have material interest in the Sale and Purchase Agreement and the Transactions); (iii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Sale and Purchase Agreement and the Transactions; (iv) a letter of advice from Red Sun Capital to the Independent Board Committee and the Independent Shareholders; and (v) the notice of the EGM, in order to enable you to make an informed decision on how to vote at the EGM.

II. THE SALE AND PURCHASE AGREEMENT

On 16th October, 2024 (after trading hours), the Company (as vendor) entered into the Sale and Purchase Agreement with CNNCTM (as the Purchaser), pursuant to which, the Company agreed to sell and CNNCTM agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company, at the Completion Consideration (representing the Initial Consideration of HK$167,352,569.30 subject to the Management Accounts Adjustment), subject to the Audited Accounts Adjustment and the terms and conditions of the Sale and Purchase Agreement.

The principal terms of the Sale and Purchase Agreement agreed by the Parties are summarised below:

Date: 16th October, 2024 (after trading hours)

Parties:
(1) the Company, as vendor; and
(2) CNNCTM, as the Purchaser.

Assets to be disposed of

The Sale Shares to be disposed of by the Company represent the entire issued share capital of the Target Company.

As at the Latest Practicable Date, the Target Company is a wholly-owned subsidiary of the Company.

Consideration

Pursuant to the Sale and Purchase Agreement, the consideration payable by the Purchaser for the Disposal shall be the Completion Consideration (representing the Initial Consideration subject to the Management Accounts Adjustment), subject further to the Audited Accounts Adjustment.

Initial Consideration

The Initial Consideration amounting to HK$167,352,569.30 was determined through arm's length negotiation between the Parties, based on the asset-based valuation of entire equity interest in the Target Company as at the Valuation Benchmark Date, as set out in the Valuation Report prepared by the Independent Valuer.

Management Accounts Adjustment

The Company shall deliver to the Purchaser the Completion Management Accounts no later than two (2) Business Days after the day on which all of the Conditions Precedent have been satisfied or waived. The Initial Consideration shall be adjusted by reference to the Completion NAV as shown in the Completion Management Accounts in accordance with the following formula:

Completion Consideration = (P) + (Q) – (R)

whereby:

(P) = the Initial Consideration;

(Q) = the Completion NAV; and

(R) = the Base NAV, amounting to HK$125,151,242.72.

In any event, the Management Accounts Adjustment shall not exceed 10% of the Initial Consideration.

Payment of the Completion Consideration and outstanding balance of Shareholders' Loan

The Completion Consideration shall be payable by the Purchaser to the Company upon Completion. Payment of the Completion Consideration shall be made in HK$, or the equivalence in RMB as determined by the average day-end HK$ to offshore RMB exchange rate quoted by the Industrial and Commercial Bank of China (Asia) Limited over the five settlement days prior to the Completion Date (excluding the Completion Date).

The Purchaser undertakes to procure the payment of the outstanding balance of the Shareholders' Loan pursuant to such amount as shown in the Completion Management Accounts by the Target Company to the Company at Completion. As at the date of the Sale and Purchase Agreement, the outstanding balance of the Shareholders' Loan amounts to approximately HK$115.2 million.

Audited Accounts Adjustment

The Parties agree that an audit of the Completion Management Accounts (including the profit and loss account and balance sheet) shall be completed by an audit firm jointly appointed by the Parties within twenty (20) Business Days after the Completion Date (or such other date as may be agreed by the Parties in writing). The base date of the audit shall be the day immediately prior to the Completion Date. The relevant completion audit report (the "**Completion Audit Report**") issued by the appointed audit firm shall constitute the basis for any Audited Accounts Adjustment as illustrated below.

In the event that the audited net asset value of the Target Company as shown in the Completion Audit Report is less than the Completion NAV, the shortfall shall be payable by the Company to the Purchaser in cash within thirty (30) Business Days after the date of issue of the Completion Audit Report.

In the event that the audited net asset value of the Target Company as shown in the Completion Audit Report is higher than the Completion NAV, the excess shall be payable by the Purchaser to the Company in cash within thirty (30) Business Days after the date of issue of the Completion Audit Report.

In any event, the Management Accounts Adjustment and the Audited Accounts Adjustment in aggregate shall not exceed 10% of the Initial Consideration.

Conditions Precedent

Completion shall be subject to and conditional upon the fulfilment or waiver (as the case may be) of the following Conditions Precedent:

(a) the representations, warranties and undertakings made by the Parties under the Sale and Purchase Agreement remain accurate, true and complete in all material respects from the date of the Sale and Purchase Agreement up to and including the Completion Date, and shall have the same effect as if made at and as of such dates, save as expressly provided to the contrary in the Sale and Purchase Agreement;

(b) each of the Parties has performed and complied with all obligations, responsibilities, undertakings and conditions contained in the Sale and Purchase Agreement that are required to be performed or complied with by it on or prior to the Completion Date;

(c) all necessary third-party consents, authorisations and approvals (if required) in connection with the transfer of the Sale Shares have been obtained, and the Sale Shares are not subject to any pledges, freezing orders, encumbrances or third-party rights that may restrict or impede the transfer of the Sale Shares;

(d) the Company having completed all relevant vetting and approval procedures in relation to connected transactions under the Listing Rules, including but not limited to obtaining the Board's and the Independent Shareholders' approval in respect of the Sale and Purchase Agreement and the Transactions at the Company's general meeting;

(e) the Company has obtained all necessary consents and approvals required for the Transactions;

(f) the Purchaser has obtained all necessary consents and approvals required for the Transactions; and

(g) the Purchaser has obtained all required confirmations and/or waivers for the Transactions, as well as all relevant third-party consents, authorisations and approvals (if required), and has completed all relevant reviews, registrations and filings with governmental or regulatory authorities or agencies (including those in the PRC and Hong Kong), which include but is not limited to their consents, approvals, authorisations, confirmations, or permits granted or deemed to be granted under applicable foreign direct investment laws and regulations, and such confirmations and/or waivers have not been revoked prior to Completion.

The Purchaser may waive the fulfillment of any of Conditions Precedent (except for Conditions Precedent (d) to (g)) in writing.

If any of the Conditions Precedent are not fulfilled or waived (except for Conditions Precedent (d) to (g)) on or before the Long Stop Date (or such other date as may be agreed by the Parties in writing), the Sale and Purchase Agreement shall be void and terminated.

As at the Latest Practicable Date, Conditions Precedent (e), (f) and (g) had been fulfilled, and Condition Precedent (d) had been partially fulfilled to the extent that the Board has approved the Sale and Purchase Agreement and the Transactions.

Completion

Completion shall take place at 10:00 a.m. (or such other time as the Parties may agree in writing) on the Completion Date (i.e. the second Business Day after all of the Conditions Precedent have been satisfied or waived (or such other date as the Parties may agree in writing)).

Immediately after Completion, the Company will cease to hold any equity interest in the Target Company, and the Target Company will cease to be a subsidiary of the Company.

Stamp duty and taxes

All stamp duty payable in respect of the Sale and Purchase Agreement and the Transactions shall be borne equally by the Parties.

The Parties shall be responsible for their respective taxes arising from the transactions contemplated under the Sale and Purchase Agreement in the PRC in accordance with PRC laws (if applicable).

III. VALUATION

The Company engaged China Enterprise Appraisals Co., Ltd.* (北京中企華資產評估有限責任公司), the Independent Valuer, to conduct the valuation of the Target Company (including the 7.55% equity interest in CNNC Leasing held by the Target Company) for the purpose of the Disposal.

Valuation approach and methodology

The fair value of the entire equity interest in the Target Company of HK$167,352,569.30 as at the Valuation Benchmark Date is determined by the Valuer using the asset-based approach. The Valuer issued the Valuation Report on 29th September, 2024.

In arriving at the appraised fair value of the Target Company, the Independent Valuer has considered three generally accepted approaches, namely the income approach, market approach, and asset-based approach in accordance with the Asset Appraisal Practice Code — Enterprise Value. The income approach refers to the determination of the value of an appraised object based on its future expected income, which is capitalised or discounted to present value. The market approach refers to the assessing of the value of an appraised object based on the market price of a comparable reference object by comparing the appraised object with the comparable reference object. The asset-based approach refers to the valuation approach that uses the balance sheet of the appraised object as at a given valuation base date as the basis for appraising the value of various assets and liabilities to determine the value of the appraised object.

Due to the absence of relevant reference object and limited transaction cases that are directly comparable to the valuation subject (i.e. the Target Company) in the Hong Kong capital market, the market approach is not considered to be the most appropriate for the valuation. The valuation subject is an investment holding company without business operation, and its future income could not be predicted or measured in monetary terms. As such, the income approach is not adopted for the valuation. As the Target Company's long-term investments (i.e. the 7.55% equity interest in CNNC Leasing held by the Target Company) constitute its major assets, the asset-based approach has been adopted as the primary method in the valuation.

In relation to the Target Company's long-term investments (i.e. the 7.55% equity interest in CNNC Leasing held by the Target Company), the market approach has been adopted in appraising its fair value. The commonly used valuation ratios in the market approach include price-to-earnings (P/E), price-to-book (P/B), price-to-sales (P/S), and enterprise value to EBITDA (EV/EBITDA). Having considered that (i) the company being evaluated (i.e. CNNC Leasing) is in the leasing industry, where its business is closely related to the macroeconomic environment and is heavily influenced by national monetary policies and financial industry regulations; (ii) leasing companies are capital-driven, where the size of their net capital and the quality of their total assets are critical to realising their value; and (iii) leasing companies' profitability is a key indicator of their value, the P/B ratio and P/E ratio were selected by the Independent Valuer for the valuation of the Target Company's long-term investments.

To select appropriate comparables, the Independent Valuer focused on market transactions involving companies engaging in the business of provision of finance leases in the PRC. Comparable transactions were identified and selected from a valuation database based on the following selection criteria: (i) the market transactions having date of the relevant transaction agreement falling within two years prior to the Valuation Benchmark Date; (ii) the subject company involved in the market transaction is principally engaged in the business of provision of finance leases in the PRC; (iii) the market transaction involved a transfer of minority interest of the subject company (similar to the minority interest of CNNC Leasing held by the Target Company); and (iv) the transaction consideration and key financial indicators of the market transactions are publicly available.

Based on these selection criteria and review procedures, six valid transaction cases were initially identified as potential comparables. Of these, two transaction cases were excluded from the final list of comparables for the following reasons: (a) one transaction involved a target with a net asset value of approximately RMB1 billion which is significantly smaller than the remaining five transaction cases (each having a net asset value exceeding RMB2 billion); and (b) another transaction involved a target with a P/E ratio of approximately 38 times, reflecting valuation multiples that significantly deviated from the P/E ratios of approximately 11 to 18 times observed in other potential comparable transaction cases.

Accordingly, the Independent Valuer selected four comparable transactions. Set out below are the particulars of the four selected comparable transactions.

No.	Name of the target in the comparable transactions	Shareholding involved in the comparable transactions (A)	Transaction consideration (B) *RMB'000*	Implied market value *(Note 1)* (C) *RMB'000*	Last disclosed net asset book value prior to transaction disclosure (D) *RMB'000*	Net profit *(Note 2)* (E) *RMB'000*	P/B ratio =(C)/(D)	Adjusted P/B ratio *(Note 3)*	P/E ratio =(C)/(E)	Adjusted P/E ratio *(Note 3)*
1	Datang Financial Leasing Co., Ltd.* (大唐融資租賃有限公司) ("**Datang Financial Leasing**") *(Note 4)*	13.75%	537,668.6	3,372,648.5	3,469,070.3	297,042.6	0.9722	1.1071	11.35	13.34
2	Ganzhou Development Financial Leasing Co., Ltd.* (贛州發展融資租賃有限責任公司) ("**Ganzhou Development**") *(Note 5)*	19.44%	488,523.0	2,512,526.0	2,488,088.5	161,177.2	1.0098	0.9314	15.59	13.84
3	Huabao Duding (Shanghai) Financial Leasing Co., Ltd.* (華寶都鼎(上海)融資租賃有限公司) ("**Huabao Duding**") *(Note 6)*	3.11%	88,635.0	2,850,000.0	2,811,227.5	205,755.1	1.0138	0.9909	13.85	12.90
4	Zhejiang Zheshang Financial Leasing Co., Ltd.* (浙江浙商融資租賃有限公司) ("**Zhejiang Zheshang**") *(Note 7)*	20.08%	465,800.4	2,547,279.8	2,465,214.2	138,627.6	1.0333	0.9150	18.38	14.70
	Average						**1.0073**	**0.9861**	**14.79**	**13.70**

Notes:

1. The selected comparable transactions, except for that of Datang Financial Leasing, are share transfer transactions, where the implied market value was derived by dividing the transaction consideration (B) by the shareholding involved in the respective comparable transactions (A). For Datang Financial Leasing, being a capital increase transaction, the implied market value was derived by (i) dividing the transaction consideration (B) by the post-transaction shareholding percentage involved (A) to arrive at the post-money valuation; and (ii) subtracting the transaction consideration (B) from such post-money valuation to determine the pre-money valuation. For Zhejiang Zheshang, the implied market value was further adjusted by adding back the dividend distribution, made after the reference date of its last disclosed net asset book value prior to transaction disclosure but before the comparable transaction, to arrive at the implied market value.

2. Net profits of these four selected comparables are extracted from the last available full-year financial statements of the targets or represent the annualised values of the last available half-year or quarterly financial statements.

3. The Independent Valuer made adjustments to the P/B ratio and P/E ratio to account for differences between CNNC Leasing and the comparables in several key areas: (a) transaction date — market conditions may have changed between the dates of the comparable transactions and the valuation date. Adjustments were made to ensure that the valuation reflects current market conditions; (b) profitability — differences in profitability metrics such

as return on equity (ROE), return on assets (ROA), and net profit margin were considered, as these affect investor expectations and valuation multiples; (c) scale — variations in business scale, represented by metrics like total assets or revenue, can impact the comparability of valuation multiples; (d) operational efficiency — differences in asset turnover rates indicate how efficiently a company utilises its assets to generate revenue; (e) risk management capability — variations in financial leverage and asset-liability structures, such as the debt-to-asset ratio, affect a company's risk profile and, consequently, its valuation; and (f) growth potential — differences in historical growth rates of revenue and net profit were adjusted for, as higher growth potential typically commands higher valuation multiples.

The adjustments were conducted by the Independent Valuer applying a standardised approach: (1) financial indicators of CNNC Leasing and each comparable were extracted, focusing on the most recent full financial year prior to the transaction date; (2) the differences between CNNC Leasing and each comparable in terms of key financial metrics were calculated; (3) based on the quantified differences, scores were assigned to each comparable company relative to CNNC Leasing; metrics where the comparable outperformed CNNC Leasing received higher scores and vice versa; and (4) individual adjustment coefficients for each factor were determined by taking the ratio of CNNC Leasing's score to that of each comparable.

The adjusted P/B ratio and P/E ratio for each comparable were calculated by applying the adjustment coefficients to the original ratios.

4. Based solely on publicly available information, Datang Financial Leasing is a limited liability company established in the PRC, which is primarily engaged in the financial leasing business and leasing business.

5. Based solely on publicly available information, Ganzhou Development is a limited liability company established in the PRC, which is primarily engaged in financial leasing, property leasing, leasing of machinery, medical equipment, and electronic equipment.

6. Based solely on publicly available information, Huabao Duding is a limited liability company established in the PRC, which is primarily engaged in the financial leasing business and leasing business.

7. Based solely on publicly available information, Zhejiang Zheshang is a limited liability company established in the PRC, which is primarily engaged in financial leasing and equipment leasing.

The results of the market approach considered the average of both the P/B ratio and P/E ratio. The average P/B ratio derived from the comparable transactions was 0.9861, and the average P/E ratio derived therefrom was 13.70. Based on (i) the net asset value of CNNC Leasing of approximately RMB5,494.2 million as at 30 June 2024, (ii) the net profit attributable to the parent company of CNNC Leasing of approximately RMB219.4 million for the six months ended 30 June 2024, representing an annualised net profit of approximately RMB438.9 million, (iii) the adoption of the market approach by considering the average of the P/B ratio and P/E ratio, and (iv) the RMB to HKD central parity rate as published by the People's Bank of China as at the Valuation Benchmark Date, the appraised value of the Target Company's long-term investment of 7.55% equity interest in the CNNC Leasing is approximately HK$472.8 million according to the Valuation Report.

As confirmed by the Independent Valuer, (i) the aforesaid selection criteria were consistently applied; (ii) all potential comparables that met the criteria were considered, and exclusions were made based on justified and clearly stated reasons as outlined above; and (iii) the market comparables used are appropriate and exhaustive for the purpose of the valuation.

As at the Valuation Benchmark Date, the carrying amount of the net assets of the Target Company was approximately HK$125.2 million, and the appraised value of its net assets is approximately HK$167.4 million, representing an increase of approximately HK$42.2 million over the carrying amount of the net assets.

Summary table of valuation results under the asset-based approach

Valuation Benchmark Date: 30 June 2024 Unit: HK$'0,000

Item		**Book value** A	**Appraised value** B	**Appreciation/ Depreciation in value** C = B–A	**Appreciation rate (%)** D = C/A × 100%
Current assets	1	3,689.02	3,689.02	0.00	0.00
Non-current assets	2	43,060.58	47,280.71	4,220.13	9.80
Of which: Long-term equity investment	3	43,059.14	47,279.08	4,219.94	9.80
Investment properties	4	0.00	0.00	0.00	
Fixed assets	5	0.91	1.05	0.14	16.48
Construction in progress	6	0.00	0.00	0.00	
Oil and gas assets	7	0.00	0.00	0.00	
Intangible assets	8	0.53	0.58	0.05	9.43
Of which: Land use rights	9	0.00	0.00	0.00	
Other non-current assets	10	0.00	0.00	0.00	
Total assets	11	46,749.60	50,969.73	4,220.13	9.03
Current liabilities	12	16,034.47	16,034.47	0.00	0.00
Non-current liabilities	13	18,200.00	18,200.00	0.00	0.00
Total liabilities	14	34,234.47	34,234.47	0.00	0.00
Net assets	15	12,515.13	16,735.26	4,220.13	33.72

According to the Valuation Report, the differences in the appraised value and the carrying amount of the net assets of the Target Company, and reasons thereof, are as follows:

(i) the Target Company's long-term investments increased by approximately HK$42.2 million (or approximately 9.8%) after being appraised using the market approach and based on the methodology as aforesaid, from a carrying amount of approximately HK$430.6 million;

(ii) the Target Company's fixed assets increased by approximately HK$1,400 (or approximately 16.5%) due to differences in the depreciation periods used for accounting purposes and those applied in the valuation. The Target Company has historically depreciated its electronic equipment over a shorter useful life as per its accounting policies, however, in the valuation, a longer economic useful life was considered based on industry standards and the actual condition of the assets, which led to a higher appraised net value after depreciation; and

(iii) the Target Company's intangible assets, primarily consisting of purchased software, increased by approximately HK$500 (or approximately 9.4%) due to the valuation methodology adopted. At the Valuation Benchmark Date, the book value of these software assets on the Target Company's balance sheet reflected the purchase cost minus accumulated amortisation. However, for valuation purposes, the market approach was adopted, considering the current market prices of equivalent software. By referencing the prevailing market prices for similar software, the assessed value exceeded the net book value after amortisation.

Key assumptions of the valuation

The following key assumptions were adopted in the preparation of the Valuation Report:

1. it is assumed that all subjects to be appraised are in the process of transaction, and the valuer makes estimations in an analogical market according to the transaction conditions of the assets to be appraised;

2. it is assumed that all assets, whether currently traded or intended for future market transactions, are exchanged between buyers and sellers with equal standing. Both parties are provided with the opportunity and time to obtain sufficient market information, and the transaction is conducted on a voluntary basis with rational judgment regarding the functionality, use, and price of the assets;

3. it is assumed that there are no material changes to the relevant laws, regulations, policies, or macroeconomic conditions in the jurisdiction where the valuation subject currently operates, nor significant changes to the political, economic, and social environment in the regions where the parties to this transaction are located at;

4. it is assumed that the valuation subject will continue as a going concern as of the Valuation Benchmark Date;

5. it is assumed that there will be no material changes in the relevant interest rates, exchange rates, tax bases and tax rates, and policy-related charges, etc. in relation to the valuation subject after the Valuation Benchmark Date;

6. it is assumed that after the Valuation Benchmark Date, the management of the valuation subject will remain responsible, stable, and capable of assuming their positions;

7. unless otherwise specified, it is assumed that the valuation subject fully complied with all relevant laws and regulations;

8. it is assumed that there are no force majeure and unforeseeable factors that will lead to a significant adverse impact on the valuation subject after the Valuation Benchmark Date;

9. it is assumed that the accounting policies adopted by the valuation subject after the Valuation Benchmark Date are consistent in all material aspects with those adopted at the time of preparation of the Valuation Report;

10. it is assumed that the valuation subject will maintain the same business scope, operations, and management direction and level as the current situation after the Valuation Benchmark Date; and

11. it is assumed that after the Valuation Benchmark Date, the cash inflow and outflow of the valuation subject are the average inflow and outflow respectively.

The Directors have reviewed and considered the Valuation Report, the methodology adopted, the basis, key assumptions and the quantitative inputs used, in arriving at the valuation and the rationale of the Independent Valuer adopting the asset-based approach. There are no irregularities noted by the Directors (including the independent non-executive Directors) in relation to the quantitative inputs in the valuation and the Directors consider the methodology adopted for and the basis, key assumptions and quantitative inputs used in the valuation to be fair and reasonable.

IV. INFORMATION ON THE TARGET GROUP

The Target Company

The Target Company is an investment holding company incorporated in Hong Kong on 23rd December, 2008 with limited liability. As at the Latest Practicable Date, (i) the total number of the issued shares of the Target Company is 10,000; and (ii) the Target Company is wholly and beneficially owned by the Company.

CNNC Leasing

As at the Latest Practicable Date, the Target Company holds 7.55% equity interest in CNNC Leasing. CNNC Leasing is a company established under the laws of the PRC on 22nd December, 2015 and controlled by CNNC (the ultimate parent company of the Group) and its subsidiaries (but excluding the Group) (the "**Parent Group**"). CNNC Leasing is principally engaged in the provision of financial leasing and financial guarantees on clean energy-related projects including but not limited to nuclear energy, wind power and hydro power.

Set out below is the audited financial information of the Target Group prepared in accordance with the Hong Kong Financial Reporting Standards issued by a Certified Public Accountant for the two years ended 31st December, 2023 and the six months ended 30th June, 2024:

	For the year ended 31st December,		**For the six months ended 30th June,**
	2022	**2023**	**2024**
	Approximately HK$' million (audited)	*Approximately HK$' million* (audited)	*Approximately HK$' million* (audited)
Revenue	—	—	—
Profit/(loss) before taxation	28.092	12.834	116.266 *(Note)*
Profit/(loss) after taxation	25.701	10.453	114.651 *(Note)*

	As at 30th June, 2024
	Approximately HK$' million (audited)
Net assets	125.151

Note: During the six months ended 30th June, 2024, the Target Group recorded profit after tax of approximately HK$114.651 million (year ended 31st December, 2023: approximately HK$10.453 million), which was primarily due to a reversal on impairment loss on amount due from a fellow subsidiary of approximately HK$108.899 million.

V. REASONS FOR AND BENEFITS OF THE DISPOSAL

As at the Latest Practicable Date, the Company is principally engaged in the trading of natural uranium products. It is the strategic positioning of the Group to become the major platform of its parent group in overseas uranium resources exploration, development and trading. This strategic alignment is expected to facilitate the Group in further strengthening its uranium trading business and expand its reach into the PRC and worldwide market, which in turn would enhance the Group's profitability in the long run.

The Directors consider the Disposal of the Target Company, which holds a minority interest in CNNC Leasing which is unrelated to the Company's principal business, a prudent and timely opportunity for the Group to monetise its investment at a fair and reasonable price. Despite CNNC Leasing has been yielding dividend income in past years, it is deemed a non-core asset and does not align with the Group's primary focus on uranium resources. The Directors are of the view that the Disposal will allow the Group to reallocate resources more effectively towards advancing its core business and executing its long-term strategy in uranium resource trading and other related business activities.

The Disposal is also expected to improve the Group's liquidity, allowing for a more efficient allocation of internal resources. The net proceeds from the Disposal, estimated to be approximately HK$164.4 million, based on the Initial Consideration and after deducting the estimated professional fees and other related expenses and taxes directly attributable to the Disposal, will be applied to bolster the Group's working capital and enhance its financial capacity for further development of the Group's uranium-related business.

The Directors are of the view that by divesting this non-core assets, the Group will be better positioned to reduce financial exposure and capital commitment to non-strategic sectors and channel resources into expanding its uranium business, thus supporting its strategic goal of strengthening its position in the global uranium trading market, which shall be beneficial to the long-term development and overall profitability of the Group in the long run.

In view of the above, the Directors (other than the independent non-executive Directors whose views will be contained in the letter from the Independent Board Committee of this circular after considering the advice from the Independent Financial Adviser), have reviewed the terms of the Sale and Purchase Agreement and the Transactions and consider them to be on normal commercial terms, fair, and reasonable, and hence the Disposal is in the interests of the Company and the Shareholders as a whole.

VI. FINANCIAL EFFECTS OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

Upon Completion, 100% equity interest of the Target Company will be held by CNNCTM, and ultimately owned by the CNNC Group. The Company will cease to have any equity interest in the Target Company and, accordingly, the Target Company will cease to be a subsidiary of the Company and the financial results and assets and liabilities of the Target Group will no longer be consolidated into the consolidated financial statements of the Group.

Earnings

Based on the Initial Consideration and the Base NAV, the Group currently estimates that it will record a gain of approximately HK$39.2 million (after deducting the estimated professional fees and other related expenses and taxes of approximately HK$3.0 million) on the Disposal. The actual gain or loss on the Disposal to be recorded by the Company will depend on the Completion Consideration (as adjusted from the Initial Consideration after the Management Accounts Adjustment) and as further adjusted by the Audited Accounts Adjustment, and the actual consolidated net asset value of the Target Company as at the Completion Date, and therefore may be different from the amount mentioned above.

Following the completion of the Disposal, the Target Group will no longer contribute to the Group's future earnings.

Assets and liabilities

Upon Completion, the Company shall cease to hold any interest in the Target Group and the assets and liabilities of the Target Group will no longer be consolidated into the consolidated financial statements of the Company. The net assets of the Group will increase by approximately HK$39.2 million as a result of the Disposal.

Shareholders and potential investors should note that the above expectation is for illustrative purposes only. The actual accounting gain or loss in connection with the Disposal may be different from the above and will be determined based on the financial position of the Target Company as at the Completion Date.

The net proceeds from the Disposal, based on the Initial Consideration and after deducting the estimated professional fees and other related expenses and taxes directly attributable to the Disposal of approximately HK$3.0 million, will amount to approximately HK$164.4 million. It is intended that approximately 90% of the net proceeds will be used for the Group's ongoing uranium trading business, including the purchase of natural uranium products and related selling and distribution expenses, and that approximately 10% of the net proceeds will be used for the Group's general working capital, which includes salaries, office rental expenses, professional fees, and other general administrative expenses.

VII. INFORMATION ON THE PURCHASER

The Purchaser, CNNCTM, is a company incorporated in Hong Kong with limited liability and is a subsidiary of CNNC. CNNC is the ultimate controlling shareholder of the Company, holding approximately 66.72% of the Company's issued share capital through its subsidiary, CNOL. The Purchaser is principally engaged in treasury management and investment.

VIII. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal, together with the payment of outstanding balance of the Shareholders' Loan, contemplated under the Sale and Purchase Agreement exceed(s) 25%, but all of the applicable percentage ratios are less than 75%, the Disposal constitutes a major transaction of the Company, which is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

In addition, as at the Latest Practicable Date, the Purchaser, CNNCTM, is a subsidiary of CNNC. CNNC is the ultimate controlling shareholder of the Company, holding approximately 66.72% of the Company's issued share capital through its subsidiary, CNOL. Accordingly, CNNCTM, being a subsidiary of CNNC, is a connected person of the Company, hence the Disposal also constitutes a connected transaction of the Company, which is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Based on the above, the Disposal is subject to (i) the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules; and (ii) the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

IX. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee which comprises Mr. Cui Liguo, Mr. Zhang Lei, Mr. Chan Yee Hoi and Ms. Liu Yajie, all being independent non-executive Directors, has been established in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders as to the fairness and reasonableness of the Sale and Purchase Agreement and the Transactions.

In this connection, Red Sun Capital has been appointed as the Independent Financial Adviser by the Company to advise the Independent Board Committee and the Independent Shareholders on the Sale and Purchase Agreement and the Transactions.

X. EGM

An EGM will be convened and held at Boardroom 5, Mezzanine Floor, Renaissance Hong Kong Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong on Monday, 25th November, 2024 at 3:00 p.m. for the Independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the Transactions. The notice of the EGM is set out on pages EGM-1 to EGM-3 of this circular.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the relevant connected transaction contemplated under the Sale and Purchase Agreement is required to abstain from voting on the relevant resolution at the EGM. Given that the Purchaser, CNNCTM, is a subsidiary of CNNC, whereas CNOL is a subsidiary of CNNC, CNOL is regarded as having material interests in the Sale and Purchase Agreement and the Transactions. As at the Latest Practicable Date, CNOL and its associates were interested in a total of 326,372,273 Shares (representing approximately 66.72% of the Company's issued share capital). Accordingly, CNOL and its associates will be required to abstain from voting on the relevant resolution in relation to the Sale and Purchase Agreement and the Transactions to be proposed at the EGM. Mr. Wang Cheng, Mr. Zhang Yi, Mr. Sun Ruofan and Mr. Wu Ge, all being Directors, have also held positions in the CNNC Group or its associates and are regarded as having material interests in the Sale and Purchase Agreement and the Transactions. Accordingly, each of them had abstained from voting at the Board meeting on the relevant resolution. Save for the aforesaid, no Director or proposed Director is a director or employee of a company which has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO. To the best of the Directors' knowledge, information available at the Latest Practicable Date and belief having made all reasonable enquiries, save for CNOL and its associates, no other Shareholder is required to abstain from voting on the relevant resolution in relation to the Sale and Purchase Agreement and the Transactions.

To the best of the Directors' knowledge and information, there is (i) no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into or binding upon such Shareholders who are required to abstain from voting on the resolution to be proposed at the EGM to approve the Disposal; and (ii) no obligation or entitlement of such Shareholders as at the Latest Practicable Date, whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his shares in the issuer to a third party, either generally or on a case-by-case basis.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish, and in such event, the instrument appointing the proxy shall be deemed to be revoked.

XI. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules (except for administrative matters) and the articles of association of the Company currently in force, any vote of shareholders at a general meeting must be taken by poll. An announcement on the poll vote results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

XII. CLOSURE OF REGISTER OF MEMBERS AND THE EGM

The register of members of the Company will be closed from Wednesday, 20th November, 2024 to Monday, 25th November, 2024 (both dates inclusive) for determining the identity of the Shareholders who are entitled to attend and vote at the EGM. No transfer of Shares will be registered during this period. Shareholders whose name appear on the register of members of the Company on Monday, 25th November, 2024 shall be entitled to attend and vote at the EGM. In order to be eligible to attend and vote at the EGM, unregistered holders of the Shares should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 19th November, 2024.

XIII. RECOMMENDATION

You are advised to read carefully the letter from the Independent Board Committee on pages 24 to 25 of this circular. The Independent Board Committee, having taken into account the advice from Red Sun Capital, the text of which is set out on pages 26 to 50 of this circular, consider that the terms and conditions of the Sale and Purchase Agreement and the Transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the Transactions.

The Directors (including the independent non-executive Directors whose views have been set out in this circular after taking into consideration the advice of the Independent Financial Adviser) consider that (a) the terms of the Sale and Purchase Agreement have been negotiated on an arm's length basis between the parties and are fair and reasonable; and (b) the Transactions are on normal commercial terms and are in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors (other than Mr. Wang Cheng, Mr. Zhang Yi, Mr. Sun Ruofan and Mr. Wu Ge, being Directors who have material interests in the Sale and Purchase Agreement and the Transactions, and therefore had abstained from voting at the Board meeting on the relevant resolutions) recommend the Independent Shareholders to vote in favour of the resolution in relation to the Sale and Purchase Agreement and the Transactions to be proposed at the EGM.

XIV. ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee, the letter of advice from Red Sun Capital to the Independent Board Committee and the Independent Shareholders, and the additional information set out in the appendices to this circular.

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

* *For identification purposes only*

CNNC INTERNATIONAL LIMITED
中核國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2302)

8th November, 2024

To the Independent Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION AND CONNECTED TRANSACTION DISPOSAL OF THE ENTIRE INTEREST OF A WHOLLY-OWNED SUBSIDIARY

We refer to the circular of the Company dated 8th November, 2024 (the "**Circular**") of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders (i) as to whether the terms and conditions of the Sale and Purchase Agreement and the Transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) on how to vote on the Sale and Purchase Agreement and the Transactions.

We wish to draw your attention to (i) the letter of advice from Red Sun Capital, the details of which (including the principal factors and reasons the Independent Financial Adviser has taken into consideration) are set out on pages 26 to 50 of the Circular; and (ii) the letter from the Board as set out on pages 6 to 23 of the Circular.

Having considered the terms of the Sale and Purchase Agreement, the reasons for and the benefits of the Disposal and the principal factors and reasons considered by and the opinion of the Independent Financial Adviser as set out in its letter of advice, we consider that despite the Transactions are not in the ordinary and usual course of business of the Group, the terms and conditions of the Sale and Purchase Agreement and the Transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. We consider the entering into of the Sale and Purchase Agreement is in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend that the Independent Shareholders to vote in favour of the resolution to approve the Sale and Purchase Agreement and the Transactions at the EGM.

Yours faithfully,
Independent Board Committee

Mr. Cui Liguo	**Mr. Zhang Lei**	**Mr. Chan Yee Hoi**	**Ms. Liu Yajie**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*	*Independent non-executive Director*

The following is the letter of advice from Red Sun Capital Limited prepared for the purpose of inclusion in this circular in relation to the Sale and Purchase Agreement and transactions contemplated thereunder, setting out its advice to the Independent Board Committee and the Independent Shareholders.

紅日資本有限公司
RED SUN CAPITAL LIMITED

Room 310, Floor 3,
China Insurance Group Building,
141 Des Voeux Road Central,
Hong Kong

Tel: (852) 2857 9208
Fax: (852) 2857 9100

8 November 2024

To: The Independent Board Committee and the Independent Shareholders of CNNC International Limited

Dear Sirs,

MAJOR TRANSACTION AND CONNECTED TRANSACTION DISPOSAL OF THE ENTIRE INTEREST OF A WHOLLY-OWNED SUBSIDIARY

I. INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder (the "**Connected Transaction**"), details of which are contained in the letter from the Board (the "**Letter from the Board**") as set out in the circular to the Shareholders dated 8 November 2024 (the "**Circular**"), of which this letter forms part. This letter contains our advice to the Independent Board Committee and the Independent Shareholders in respect of the Connected Transaction. Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

On 16 October 2024 (after trading hours), the Company (as vendor) entered into the Sale and Purchase Agreement with CNNCTM (as the Purchaser), pursuant to which, the Company agreed to sell and CNNCTM agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company, at the Completion Consideration (representing the Initial Consideration of HK$167,352,569.30 subject to the Management Accounts Adjustment), subject to the Audited Accounts Adjustment and the terms and conditions of the Sale and Purchase Agreement.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal, together with the payment of outstanding balance of the Shareholders' Loan, contemplated under the Sale and Purchase Agreement exceed(s) 25%, but all of the applicable percentage ratios are less than 75%, the Disposal constitutes a major transaction of the Company, which is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, the Purchaser, CNNCTM, is a subsidiary of CNNC. CNNC is the ultimate controlling shareholder of the Company, holding approximately 66.72% of the Company's issued share capital through its subsidiary, CNOL. Accordingly, CNNCTM, being a subsidiary of CNNC, is a connected person of the Company, hence the Disposal also constitutes a connected transaction of the Company, which is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Based on the above, the Disposal is subject to (i) the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules; and (ii) the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the relevant connected transaction contemplated under the Sale and Purchase Agreement is required to abstain from voting on the relevant resolution at the EGM. Given that the Purchaser, CNNCTM, is a subsidiary of CNNC, whereas CNOL is a subsidiary of CNNC, CNOL is regarded as having material interests in the Sale and Purchase Agreement and the transactions contemplated thereunder. Accordingly, CNOL and its associates will be required to abstain from voting on the relevant resolution in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder to be proposed at the EGM.

II. THE INDEPENDENT BOARD COMMITTEE

The Board comprises non-executive Director and chairman, namely, Mr. Wang Cheng, executive Director and chief executive officer, namely, Mr. Zhang Yi, non-executive Directors, namely, Mr. Wu Ge and Mr. Sun Ruofan, and independent non-executive Directors, namely, Mr. Cui Liguo, Mr. Zhang Lei, Mr. Chan Yee Hoi and Ms. Liu Yajie, as at the Latest Practicable Date.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Cui Liguo, Mr. Zhang Lei, Mr. Chan Yee Hoi and Ms. Liu Yajie has been established to advise the Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder. Red Sun Capital Limited has been appointed by the Board with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

III. OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company, the Purchaser and their respective shareholders, directors or chief executives, or any of their respective associates. Accordingly, we are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the transactions contemplated under the Sale and Purchase Agreement.

Save for this appointment and our appointment as the independent financial adviser for the continuing connected transactions in relation to the framework agreement entered into between the Company and China National Uranium Co., Limited, details of which were set out in the circular dated 21 May 2024, there was no engagement between the Company and Red Sun Capital Limited in the last two years.

Apart from normal professional fees paid or payable to us in connection with this appointment and the engagement as stated above as the independent financial adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Group or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant from the Group to Rule 13.84 of the Listing Rules.

IV. BASIS OF OUR ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions, beliefs and representations for matters relating to the Group and their respective shareholders and management contained in the Circular and the information and representations provided to us by the Group and/or its senior management (the "**Management**") and/or the Directors.

We have assumed that all such statements, information, opinions, beliefs and representations contained or referred to in the Circular (including this letter) or otherwise provided or made or given by the Group and/or the Management and/or the Directors and for which it is/they are solely and wholly responsible, were true and accurate, and valid and complete in all material respects at the time they were made and given and continue to be so as at the Latest Practicable Date.

We have assumed that all the opinions, beliefs and representations for matters relating to the Group made or provided by the Management and/or the Directors contained in the Circular have been reasonably made after due and careful enquiry. The Company and/or the Management and/or the Directors confirmed that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have been provided with sufficient information and documents to enable us to reach an informed view and the Company has assured us no material information has been withheld from us to allow us to reasonably rely on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions, beliefs and representations provided to us by the Group and/or the Management and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents.

We have not, however, carried out any independent verification nor have we conducted any independent investigation into information provided by the Directors and the Management, background, business or affairs or future prospects of the Group, the Target Company, CNNC Leasing, the Purchaser and, where applicable, their respective shareholder(s) and subsidiaries or affiliates, and their respective history, experience and track records, or the prospects of the markets in which they respectively operate.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Sale and Purchase Agreement and the transactions contemplated thereunder, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

V. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the following principal factors and reasons:

1. Information of the Group

1.1 Background information of the Group

As set out in the Letter from the Board, the Company is principally engaged in the trading of natural uranium products. It is the strategic positioning of the Group to become the major platform of its parent group in overseas uranium resources exploration, development and trading. This strategic alignment is expected to facilitate the Group in further strengthening its uranium trading business and expand its reach into the PRC and worldwide market, which in turn would enhance the Group's profitability in the long run.

1.2 Overview of the historical financial information of the Group

Set out below is a summary of the consolidated financial information of the Group for the two years ended 31 December 2023 and the six months period ended 30 June 2023 and 2024 as extracted from the 2023 annual report of the Company (the "**2023 Annual Report**") and 2024 interim report of the Company (the "**2024 Interim Report**"), respectively.

Summary of the Group's consolidated statement of financial position

	As at 31 December		As at 30 June
	2022	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)
Non-current assets	**438,617**	**418,914**	**407,150**
— Interests in associates	438,257	412,718	401,342
Current assets	**208,309**	**571,948**	**423,875**
— Inventories	76,233	291,708	290,860
— Cash and cash equivalents	130,732	180,434	128,619
Current liabilities	**73,318**	**345,304**	**207,057**
— Trade and other payables and accruals	27,765	332,829	38,449
— Bank borrowing	—	—	156,256
Non-current liabilities	**182,000**	**185,271**	**184,540**
— Loan from immediate holding company	182,000	182,000	182,000
Equity attributable to owners of the Company	**391,608**	**460,287**	**439,428**

Note: for the avoidance of doubt, only selected major asset and liability balances are disclosed in the table above

Financial position as at 31 December 2023 compared to 31 December 2022

As at 30 June 2024, the Group's total assets amounted to approximately HK$831.0 million, representing a decrease of approximately HK$159.8 million as compared to approximately HK$990.9 million as at 31 December 2023, which mainly comprised (i) interests in associates of approximately HK$401.3 million; (ii) inventories of approximately HK$290.9 million; and (iii) cash and cash equivalents of approximately HK$128.6 million.

The Group's total liabilities amounted to approximately HK$391.6 million as at 30 June 2024, representing a decrease of approximately HK$139.0 million as compared to approximately HK$530.6 million as at 31 December 2023, which mainly comprised (i) bank borrowing of approximately HK$156.3 million; and (ii) loan from immediate holding company of approximately HK$182.0 million.

As at 30 June 2024, the total equity attributable to owners of the Company amounted to approximately HK$439.4 million, as compared to approximately HK$460.3 million as at 31 December 2023.

Financial position as at 31 December 2023 compared to 31 December 2022

We noted from the 2023 Annual Report that as at 31 December 2023, the Group's total assets amounted to approximately HK$990.9 million, representing an increase of approximately HK$344.0 million as compared to approximately HK$646.9 million as at 31 December 2022, which mainly comprised (i) interests in associates of approximately HK$412.7 million; (ii) inventories of approximately HK$291.7 million; and (iii) cash and cash equivalents of approximately HK$180.4 million.

The Group's total liabilities amounted to approximately HK$530.6 million as at 31 December 2023, representing an increase of approximately HK$275.3 million as compared to approximately HK$255.3 million as at 31 December 2022, which mainly comprised (i) trade and other payables and accruals of approximately HK$332.8 million; and (ii) loan from immediate holding company of approximately HK$182.0 million.

As at 31 December 2023, the total equity attributable to owners of the Company amounted to approximately HK$460.3 million, as compared to approximately HK$391.6 million as at 31 December 2022.

Summary of the Group's consolidated statement of profit or loss

	Year ended 31 December		**Six months ended 30 June**	
	2022	**2023**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	**905,730**	**580,958**	**76,144**	**6,400**
Share of result of an associate	25,084	32,170	21,161	15,596
Profit/(loss) for the year/period	**80,843**	**106,315**	**8,330**	**(7,731)**

*Financial performance for the six months ended 30 June 2023 ("**6M2023**") and 31 December 2024 ("**6M2024**")*

As set out in the 2024 Interim Report, the Group recorded revenue of approximately HK$6.4 million for 6M2024, representing a decrease of approximately HK$69.7 million or approximately 91.6% compared to approximately HK$76.1 million for 6M2023. The significant decrease in revenue of the Group for 6M2024 was primarily attributable to a substantial drop in trading volume within the Group's uranium trading business. As means of prudent risk management, the Group had focused on executing the continuing connected transactions with Rössing uranium mine which did not involve assumption of pricing risks by the Group.

The Group recorded share of result of an associate of approximately HK$15.6 million for 6M2024, representing a decrease of approximately HK$5.6 million or approximately 26.3% compared to approximately HK$21.2 million for 6M2023. The Group recorded loss for the period of approximately HK$7.7 million for 6M2024.

*Financial performance for the years ended 31 December 2022 ("**FY2022**") and 31 December 2023 ("**FY2023**")*

As set out in the 2023 Annual Report, the Group recorded revenue of approximately HK$581.0 million for FY2023, representing a decrease of approximately HK$324.7 million or approximately 35.9% compared to approximately HK$905.7 million for FY2022. The decrease in revenue was primarily attributable to (i) the decrease in the sales of uranium products through trades to and from independent third parties that has been reduced attributable to the level of activities at the material time; and (ii) the logistics problem that certain originally scheduled sales to the CNNC Group under physical delivery were impacted and postponed.

The Group recorded share of result of an associate of approximately HK$32.1 million for FY2023. The Group incurred finance costs of approximately HK$14.0 million for FY2023 which mainly arose from interests incurred on "loan from immediate holding company", the rising interest rate in the financial market during FY2023 has resulted in a substantial increase of approximately 63.3% on the interest expenses charged to the Group as compared to FY2022.

The Group recorded profit for the year of approximately HK$106.3 million for FY2023, representing an increase of approximately HK$25.5 million or 31.6% as compared to approximately HK$80.8 million for FY2022.

2. Information on the Purchaser

The Purchaser, namely, CNNCTM, is a company incorporated in Hong Kong with limited liability and is a subsidiary of CNNC. CNNC is the ultimate controlling shareholder of the Company, holding approximately 66.72% of the Company's issued share capital through its subsidiary, CNOL. Hence, the Purchaser is a connected person to the Company. The Purchaser is principally engaged in treasury management and investment.

3. Information on the Target Company

The Target Company is an investment holding company incorporated in Hong Kong with limited liability. As at the Latest Practicable Date, (i) the total number of the issued shares of the Target Company is 10,000; and (ii) the Target Company is wholly and beneficially owned by the Company.

As at the Latest Practicable Date, the Target Company holds 7.55% equity interest in CNNC Leasing. CNNC Leasing is a company established under the laws of the PRC and controlled by CNNC (the ultimate parent company of the Group) and its subsidiaries (but excluding the Group) (the "**Parent Group**"). CNNC Leasing is principally engaged in the provision of financial leasing and financial guarantees on clean energy-related projects including but not limited to nuclear energy, wind power and hydro power.

Set out below is the summary of the audited financial information of the Target Company for the years ended 31 December 2022 and 2023 and the six months ended 30 June 2024 as extracted from the audited report of the Target Company for the year ended 31 March 2023 and the six months ended 30 June 2024:

Summary of the Target Company's statement of profit or loss

	Year ended 31 December 2022	**Year ended 31 December 2023**	**Six months ended 30 June 2024**
	HK$'million (audited)	*HK$'million* (audited)	*HK$'million* (audited)
Revenue	—	—	—
Profit/(loss) before income tax	28.1	12.8	116.3
Profit/(loss) for the year	25.7	10.5	114.7

Given the nature of the Target Company is investment holding, no revenue was recorded for each of (i) the two years ended 31 December 2022 and 2023; and (ii) the six months ended 30 June 2024.

We noted from the Management that the profit before income tax of the Target Company for the six months ended 30 June 2024 of approximately HK$116.3 million was primarily related to a reversal of impairment loss on amount due from a fellow subsidiary of approximately HK$108.9 million, which is non-recurring in nature.

Summary of the Target Company's statement of financial position

As advised by the Management, the carrying amount of the net assets of the Target Company was approximately HK$125.2 million as at 30 June 2024. The table below sets out a summary of the Target Group's consolidated statement of financial position as at the respective dates.

	As at 31 December		**As at 30 June**
	2022	**2023**	**2024**
	HK$'million	*HK$'million*	*HK$'million*
	(audited)	(audited)	(audited)
Non-current assets	**430.6**	**430.6**	**430.6**
— Interests in associates	430.6	430.6	430.6
Current assets	**295.1**	**325.1**	**36.9**
— Cash and cash equivalents	27.5	24.3	36.9
Current liabilities	**672.5**	**692.1**	**160.3**
— Amount due to immediate holding company	379.9	393.6	151.2
Non-current liabilities	**182.0**	**182.0**	**182.0**
— Loan from intermediate holding company	182.0	182.0	182.0
Net assets/(liabilities)	**(128.8)**	**(118.4)**	**125.2**

Note: for the avoidance of doubt, only selected major asset and liability balances are disclosed in the table above

4. Reasons for and benefits of the Sale and Purchase Agreement

As set out in the Letter from the Board, the Directors believe that disposal of the Target Company, which holds a minority interest in CNNC Leasing and is unrelated to the Group's principal business, presents a prudent and timely opportunity to monetise the investment in CNNC Leasing at a fair and reasonable price. Although CNNC Leasing has generated dividend income in previous years, it is considered a non-core asset and does not align with the Group's primary focus on uranium resources. The

Directors are of the view that this Disposal will enable the Group to reallocate resources more effectively towards advancing its core business and executing its long-term strategy in uranium resource trading and other related activities.

The Disposal is expected to enhance the Group's liquidity, enabling a more efficient allocation of internal resources. The net proceeds from the Disposal, estimated to be around HK$164.4 million, based on the Initial Consideration and after deducting the estimated professional fees and other related expenses, and taxes directly attributable to the Disposal, will be applied to bolster the Group's working capital and enhance its financial capacity for further development of the Group's uranium-related business. By divesting from this non-core assets, the Group will be better positioned to reduce financial exposure and capital commitment to non-strategic sectors and channel resources into expanding its uranium business. In addition, the Disposal would support the Group's strategic goal of reinforcing its position in the global uranium trading market and beneficial to the long-term development and overall profitability of the Group in the long run.

In view of the above, the Directors, considered the Sale and Purchase Agreement and the transactions contemplated thereunder to be on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Having considered, among others, (i) the subject matter of the Disposal is considered to be a non-core asset by the Company, the disposal of which shall enable the Group to reallocate its internal resources and reduce its financial exposure and capital commitment to non-strategic sectors; (ii) the Group is expected to record a gain from the Disposal, the details of which is further analysed under the section headed "7. Possible financial effects of the Disposal" in this letter; and (iii) the net proceeds are expected to enhance the Group's liquidity and working capital as a whole, we concur with the view of the Directors that the Disposal is in the interests of the Company and the Independent Shareholders as a whole.

5. Principle terms of the Sale and Purchase Agreement

Set out below is a summary of the principal terms of the Sale and Purchase Agreement.

Date: 16 October 2024 (after trading hours)

Parties:
(i) the Company, as vendor; and
(ii) CNNCTM, as the Purchaser.

Assets to be disposed of

The Sale Shares to be disposed of by the Company represent the entire issued share capital of the Target Company. As at the Latest Practicable Date, the Target Company is a wholly-owned subsidiary of the Company.

Consideration

Pursuant to the Sale and Purchase Agreement, the consideration payable by the Purchaser for the Disposal shall be the Completion Consideration (representing the Initial Consideration subject to the Management Accounts Adjustment), subject further to the Audited Accounts Adjustment.

Initial Consideration

The Initial Consideration amounting to HK$167,352,569.30 was determined through arm's length negotiation between the Parties, based on the asset-based valuation of entire equity interest in the Target Company as at the Valuation Benchmark Date, as set out in the Valuation Report prepared by the Independent Valuer.

Management Accounts Adjustment

The Company shall deliver to the Purchaser the Completion Management Accounts no later than two (2) Business Days after the day on which all of the Conditions Precedent have been satisfied or waived. The Initial Consideration shall be adjusted by reference to the Completion net assets value ("**NAV**") as shown in the Completion Management Accounts in accordance with the following formula:

Completion Consideration = (P) + (Q) – (R)

whereby:

(P) = the Initial Consideration;

(Q) = the Completion NAV; and

(R) = the Base NAV, amounting to HK$125,151,242.72.

In any event, the Management Accounts Adjustment shall not exceed 10% of the Initial Consideration.

Payment of the Completion Consideration and outstanding balance of Shareholders' Loan

The Completion Consideration shall be payable by the Purchaser to the Company upon Completion. Payment of the Completion Consideration shall be made in HK$, or the equivalence in RMB as determined by the average day-end HK$ to offshore RMB exchange rate quoted by the Industrial and Commercial Bank of China (Asia) Limited over the five settlement days prior to the Completion Date (excluding the Completion Date).

The Purchaser undertakes to procure the payment of the outstanding balance of the Shareholders' Loan pursuant to such amount as shown in the Completion Management Accounts by the Target Company to the Company at Completion. As at the date of the Sale and Purchase Agreement, the outstanding balance of the Shareholders' Loan amounts to approximately HK$115.2 million.

Audited Accounts Adjustment

The Parties agree that an audit of the Completion Management Accounts (including the profit and loss account and balance sheet) shall be completed by an audit firm jointly appointed by the Parties within twenty (20) Business Days after the Completion Date (or such other date as may be agreed by the Parties in writing). The base date of the audit shall be the day immediately prior to the Completion Date. The relevant completion audit report (the "**Completion Audit Report**") issued by the appointed audit firm shall constitute the basis for any Audited Accounts Adjustment as illustrated below.

In the event that the audited net asset value of the Target Company as shown in the Completion Audit Report is less than the Completion NAV, the shortfall shall be payable by the Company to the Purchaser in cash within thirty (30) Business Days after the date of issue of the Completion Audit Report.

In the event that the audited net asset value of the Target Company as shown in the Completion Audit Report is higher than the Completion NAV, the excess shall be payable by the Purchaser to the Company in cash within thirty (30) Business Days after the date of issue of the Completion Audit Report.

In any event, the Management Accounts Adjustment and the Audited Accounts Adjustment in aggregate shall not exceed 10% of the Initial Consideration.

Completion

Completion shall subject to and is conditional upon the fulfilment or waiver (as the case may be) of the Conditions Precedent, details of which are set out in the section headed "The Sale and Purchase Agreement — Conditions Precedent" in the Letter from the Board.

For further details on the terms of the Sale and Purchase Agreement, please refer to the Letter from the Board.

6. Our analysis on the principal terms of the Sale and Purchase Agreement

6.1 Our analysis on the Initial Consideration, the Completion Consideration and the Management Accounts Adjustment

We understand from the Management that, in connection with the Disposal, the Group has circulated an invitation for tender to all existing shareholders of CNNC Leasing as the major investment of the Target Company is its 7.55% equity interest in CNNC Leasing. However, these parties did not express an interest in acquiring CNNC Leasing and/or the Target Company. Nonetheless, the Company advised that the Purchaser approached the Company expressing an interest on the Disposal and become the only interested party which expressed interest on the Target Company. On this basis, the Company commenced negotiation with the Purchaser on the terms of the Disposal.

In addition, we noted from the Letter from the Board that the Initial Consideration was determined through arm's length negotiation between the Parties, based on the asset-based valuation of entire equity interest in the Target Company as at the Valuation Benchmark Date, as set out in the Valuation Report prepared by the Independent Valuer and that the Completion Consideration (as adjusted from the Initial Consideration after the Audited Accounts Adjustment and Management Accounts Adjustments) is intended to capture the movement in the Base NAV and Completion NAV. In this connection, our analysis has been set out under the sub-section headed "6.2 Our analysis on the Appraised Value of the Target Company" in this letter below.

Having considered that (i) the Management Accounts Adjustment and Audited Accounts Adjustments (together, the "**Adjustments**") will reflect the net asset value change of the Target Company between 30 June 2024 (i.e. Valuation Benchmark Date) and the Completion Management Accounts Date; and (ii) the upward or downward adjustment to the Completion Consideration shall not exceed 10% of the Initial Consideration; (iii) the Adjustments would enable the Group to capture the upward or downward fluctuation in relation to the NAV of the Target Company contributable to its dairy operation for the period between the Valuation Benchmark Date and Completion, we are of the view that the basis of determining the Adjustments are fair and reasonable.

Further analysis on the Initial Consideration is set out below.

6.2 Our analysis on the Appraised Value of the Target Company

The Company engaged China Enterprise Appraisals Co., Ltd.* (北京中企華資產評估有限責任公司), the Independent Valuer (the "**Independent Valuer**"), to conduct the valuation (the "**Valuation Report**") of the Target Company (including the 7.55% equity interest in CNNC Leasing held by the Target Company) for the purpose of the Disposal.

According to the Valuation Report, the appraised value of the entire equity interest in the Target Company as at 30 June 2024 (i.e. Valuation Benchmark Date) was approximately HK$167,352,569 (the "**Appraised Value**") adopting the asset-based approach. The full text of the Valuation Report is set out in Appendix II to the Circular, and the Independent Shareholders are recommended to read in full. In this connection to the Valuation Report, we have carried out the following work and analysis.

With a view to assess the fairness and reasonableness of the Initial Consideration, we have performed the following procedures, including but not limited to, (i) reviewed the Valuation Report prepared by the Independent Valuer in respect of the appraised value of Target Company; and (ii) discussed with the Independent Valuer in relation to (a) their methodology and assumptions used in appraising the value of Target Company as set out in the Valuation Report; (b) their scope of work in connection with the Valuation Report; and (c) their relevant professional qualifications and experience.

(a) Background of the Independent Valuer

We have reviewed the information and background of the Independent Valuer and noted from its website that the Independent Valuer is a qualified independent valuer in the PRC engaged in the provision of enterprise valuation services, intangible asset valuation services, mining rights valuation services and other asset valuation services. The Independent Valuer has a track record in the provision of valuation services. We have also discussed the information as set out in the Valuation Report, including the basis and assumptions thereunder, with the engagement team of the Independent Valuer, namely Ms. Yu Ning* (郁寧), Ms. Liu Yu* (劉雨) and Mr. Li Xueqi* (李學奇), all of whom have obtained Professional Qualification Certificate for Asset Appraisers* (資產評估師職業資格證書) issued by the China Appraisal Society (中國資產評估協會) (with certificate numbers of 11001118, 11230150 and 11180114, respectively) with 24 years, 11 years and 10 years of experience in valuation and financial analysis, respectively.

In addition, we have enquired and the Independent Valuer has confirmed that they do not have any current or prior relationships with and are independent from each of the Group and the Purchaser.

We also noted that as part of their work performed, the Independent Valuer has obtained and reviewed the relevant financial information and other relevant data in relation to Target Company necessary to perform their work, and the Independent Valuer has also confirmed that they have conducted the valuation in accordance with the applicable asset appraisal standards.

Furthermore, we have reviewed the terms of engagement in relation to the Valuation Report, including the scope of work and responsibilities of the Independent Valuer, and as confirmed by the Independent Valuer, there were no limitations on the scope of work which might adversely impact work and/or valuation by the Independent Valuer in the Valuation Report. Based on the above, we are satisfied that the Independent Valuer is qualified to give their opinion as set out in the Valuation Report considering their relevant experience and expertise, their independence, their scope of work and valuation procedures performed.

(b) Valuation assumptions

We have reviewed the assumptions in the Valuation Report as set out in Appendix II to this Circular and noted that the valuation is made on the assumption that the Target Company will continue to operate and maintain the same business scope and methods based on the current management methods and management levels. As the assumptions are generally in line with market practices, we are of the view that the assumptions adopted in the Valuation are reasonable. Based on our discussion with the Independent Valuer, we have not identified any major factors which would lead us to question the reasonableness of the valuation methodology and the principal basis and assumptions adopted in arriving at the Appraised Value.

(c) Valuation methodologies

For the purpose of our assessment of the Valuation Report and the Appraised Value, we have reviewed and made enquiries about the valuation methodology used and the principal bases and assumptions adopted in the Valuation Report. We noted that the Valuation Report was prepared in accordance with various laws and standards, including but not limited to, Asset Appraisal Law of the PRC* (《中華人民共和國資產評估法》) adopted at the 21st Session of the Standing Committee of the 12th National People's Congress of the PRC on 2 July 2016 and Basic Rules for Asset Appraisal* (《資產評估基本準則》) (Cai Zi [2017] No. 43) (財資[2017]43號). For further details, please refer to Appendix II to the Circular.

Based on our review of the Valuation Report and our discussion with the Independent Valuer on, among others, the valuation methodologies, basis and assumptions adopted by the Independent Valuer, we understood that the Independent Valuer has considered three generally accepted approaches, namely the income approach, the market approach, and the asset-based approach in the Valuation Report.

The income approach in the appraisal of enterprise value refers to the appraisal method that determines the value of the valuation subject by capitalising or discounting the expected income of the appraised entity. The specific methods commonly used in the income approach include the dividend discount method and the discounted cash flow method.

The market approach in the appraisal of enterprise value refers to the appraisal method that determines the value of the valuation subject by comparing the valuation subject with comparable listed companies or comparable transaction cases.

The asset-based approach in the appraisal of enterprise value refers to the appraisal method that reasonably determines the value of the valuation subject by appraising the value of various assets and liabilities on and off the balance sheets, based on the balance sheet of the appraised entity as of the valuation benchmark date.

As per our discussion with the Independent Valuer, based on their research, there were difficulties in identifying market precedent transactions that are identical or similar to Target Company, being an investment holding company with a minority shareholding investment in an unlisted company (i.e. CNNC Leasing), for similar reasons as identified above, the Independent Valuer was not able to identify comparable listed companies with limited differences from the Target Company in terms of the investment portfolio, business scale as well as principal business for the purpose of market comparable analysis. Having considered the absence of relevant reference objects and limited transaction cases that are directly comparable to the valuation subject (i.e. the Target Company) in the Hong Kong capital market, the market approach is not considered to be the most appropriate for the valuation.

The Independent Valuer also considered the income approach to be inappropriate as it requires detailed financial forecast of the Target Company, which involves adoption of much more subjective assumptions than the other two approaches, not all of which can be easily quantified or ascertained, and as the valuation subject is an investment holding company without business operation, its future income could not be accurately predicted or measured in monetary terms. As such, the income approach is not adopted for the valuation.

Based on our discussion with the Management, the Target Company is principally engaged in investment holding and the major investment of the Target Company is an investment of equity interest in CNNC Leasing. While the asset-approach was adopted as the primary valuation method for the Target Company, market approach was adopted as the primary valuation method for the valuation of the 7.55% equity interest in CNNC Leasing held by the Target Company.

Based on our discussion with the Independent Valuer and that the Target Company is principally engaged in investment holding and the major asset of the Target Company is an investment of equity interest in CNNC Leasing. The Independent Valuer has primarily adopted the asset-based approach given (i) the assets of the Target Company are on the basis of or assumed to be in continuing operation; and (ii) the business nature of the Target Company and its investment in CNNC Leasing. Hence, the Independent Valuer considered the asset-based approach to be the most appropriate valuation methodology in appraising the value of the Target Company.

As the Target Company does not operate any business itself currently, and the only major business consolidated to the accounts of the Target Company is the long-term investment of 7.55% equity interests in CNNC Leasing, we concur with the Independent Valuer's view that it is not appropriate to adopt the income approach or the market approach for the valuation of the Target Company.

(d) Our review of the Valuation Report

The scope of Valuation included all of assets and liabilities of the Target Company, which included current assets, fixed assets, intangible assets, long-term investment, current liabilities and non-current liabilities. The book value of assets and liabilities of the Target Company adopted by the Independent Valuer was based on the audited financial statements of the Target Company for the six months ended 30 June 2024 issued by PKF Hong Kong Limited (大信梁學濂(香港)會計師事務所有限公司) (the "**Independent Auditor**").

It is noted from the Valuation Report that under the premise of going concern, the audited book value of total assets of the Target Company as of the Valuation Benchmark Date was approximately HK$467,496,000 compared to the appraised value of approximately HK$509,697,000, representing an appreciation in the amount of approximately HK$42,201,000. The increase in the appraised value of total assets as compared to its book value was primarily due to the increase in appraised value of the long-term investment in CNNC Leasing, its appraised value of which is based on market approach. We have reviewed the work performed by the Independent Valuer, a summary of which is set out below.

Current assets

In relation to the current assets, which mainly comprised of cash, we noted from the Valuation Report that the Independent Valuer has checked and verified the current assets by checking the relevant books and records, bank statements and statements of bank reconciliation. There was no difference between the book value and the appraised value of the current assets of the Target Company.

Fixed assets

In relation to the fixed assets, which mainly comprised of equipment, we noted from the Valuation Report that the Independent Valuer has checked and verified the fixed assets by, among others, performing physical observation for the details and conditions of the equipment, verifying the relevant books and records, checking the fixed assets against with the books and records, and original purchase invoices and agreements and performing interviews with the representatives with the Target Company to understand the relevant accounting treatments for the fixed assets.

It is noted from the Valuation Report that the net book value of the equipment of the Target Company as of the Valuation Benchmark Date was approximately HK$9,057 compared to the appraised value of approximately HK$10,552, representing an appreciation in the amount of approximately HK$1,495. The aforesaid adjustment in value by the Independent Valuer was on the basis that the depreciation period adopted by the Target Company for certain equipment is shorter than the economic life period of the appraised assets as estimated by the Independent Valuer.

Long term investment

In relation to the Target Company's long-term investment (i.e. the 7.55% equity interest in CNNC Leasing held by the Target Company), we understand from the Valuation Report that the Independent Valuer adopted the market approach in appraising the fair value of investment CNNC Leasing, for the reasons stated below.

The Independent Valuer is of the view that income approach is not considered as the most appropriate approach since the CNNC Leasing is held as to 7.55% by the Target Company as at the Valuation Benchmark Date (i.e. 30 June 2024) and therefore the management of the Target Company is not in the position to obtain the information in relation to CNNC Leasing's business and details of its main assets, thereby making it unable to provide supportable and reliable operating profit and cash flow forecast as required under such valuation methodology.

As confirmed by the Independent Valuer, the market approach is considered as the most appropriate approach for valuation of the long-term investment in CNNC Leasing by making reference to the recent public transactions of equity transfer of companies which are primarily engage in provision of similar business of CNNC Leasing.

The commonly used valuation ratios in the market approach include price-to-earnings ("**P/E**") multiples, price-to-book ("**P/B**") multiples, price-to-sales multiples, and enterprise value to EBITDA (EV/EBITDA). Having considered that (i) CNNC Leasing is in the leasing industry, where its business is closely related to the macroeconomic environment and is heavily influenced by national monetary policies and financial industry regulations; (ii) leasing companies are capital-driven, where the size of their net capital and the quality of their total assets are critical to realising their value; and (iii) leasing companies' profitability is a key indicator of their value, the P/B ratio and P/E ratio were selected by the Independent Valuer for the valuation of the Target Company's long-term investments.

Given that P/E ratio and P/B ratio are commonly used in the valuation of profit-making companies, we consider the adoption of P/E ratio and P/B ratio as the valuation multiples to be appropriate.

In the Valuation Report, the Independent Valuer adopted the market approach by using market transactions involving companies engaging in the business of provision of finance leases in PRC. Comparable transactions were identified and selected from a valuation database based on the following criteria (the "**Comparable Transactions Criteria**"), namely, (i) the subject company involved in the market transaction is principally engaged in the business of provision of finance leases in PRC; (ii) the market transaction involved a transfer of minority interest of the subject company (similar to the minority interest of CNNC Leasing hold by the Target Company); and (iii) the date of agreement of the subject transaction was within two years, being 24 months immediately preceding the Valuation Date; and (iv) transaction consideration and key financial indicators of the market transactions are publicly available.

We have assessed the appropriateness of the Comparable Transactions Criteria adopted by the Independent Valuer. Having considered that (i) it is reasonable to select market transactions conducted by companies which are principally engaged in the business of provision of finance leases in PRC, given the similarity to that of the principal business of CNNC Leasing and the principal geographical location of its businesses (i.e. the PRC); (ii) it is appropriate to select market transactions that involved a transfer of minority interest of the subject company given that the shareholding interest of CNNC Leasing being held by the Target Company also represents a minority interest (i.e. 7.55% and that the Target Company has no control stake in CNNC Leasing); and (iii) it is appropriate to select market transactions with the relevant date of agreement within two years, being 24 months immediately preceding the Valuation Date, given the market comparable transactions should be within a recent timeframe for them to be relevant, we concur with the Independent Valuer that they are appropriate selection criteria and are a meaningful analysis of the market value of the CNNC Leasing.

Comparable Transactions

The market capitalisation and earnings and equity attributable to shareholders of companies involved in the comparable market transaction are extracted from a database. Based on the Comparable Transactions Criteria, a total of six transactions were initially identified. Of these, two transaction cases were excluded from the final list of comparable transactions for the following reasons: (i) one transaction involved a target company with a net asset value of approximately RMB1 billion which is significantly smaller than the remaining five transaction cases (each having a net asset value exceeding RMB2 billion); and (ii) another transaction involved a target company with a P/E ratio of approximately 38 times, such valuation multiples of which significantly deviated from the P/E ratios of approximately 11 to 18 times observed in other potential comparable transaction cases. On this basis, a list of four comparable transactions (individually the "**Comparable Transaction**" or collectively the "**Comparable Transactions**") which satisfied the above selection criteria were identified by the Independent Valuer and selected for the use of the valuation.

We have reviewed the principal activities, locations of operations of the subject companies of Comparable Transactions identified by the Independent Valuer as set out in the Valuation Report, and the descriptions of the relevant equity transfer agreement as set out in the announcement issued by the subject company in connection with the Comparable Transactions. The Independent Valuer also considers the list of Comparable Companies to be exhaustive based on their research and selection criteria on a best-effort basis. As such, we concur with the view of the Independent Valuer that the Comparable Transactions are fair and representative.

Set out below are the P/E Ratio and P/B Ratio of the Comparable Transactions, details of which please refer to section headed "III. Valuation — Valuation approach and methodology" in the Letter from the Board of the Circular:

No.	Name of the subject company in the comparable transactions	Principal business	Shareholding involved in the comparable transactions	Adjusted P/B ratio	Adjusted P/E ratio
1	Datang Financial Leasing Co., Ltd.* (大唐融資租賃有限公司)	Provision of finance lease services	13.75%	1.1071	13.34
2	Ganzhou Development Financial Leasing Co., Ltd.* (贛州發展融資租賃有限責任公司)	Provision of finance lease services	19.44%	0.9314	13.84
3	Huabao Duding (Shanghai) Financial Leasing Co., Ltd.* (華寶都鼎(上海)融資租賃有限公司)	Provision of finance lease services	3.11%	0.9909	12.90
4	Zhejiang Zheshang Financial Leasing Co., Ltd.* (浙江浙商融資租賃有限公司)	Provision of finance lease services	20.08%	0.9150	14.70
	Average			**0.9861**	**13.70**

The adjusted P/E ratio of the Comparable Transactions was calculated as the implied valuation of the subject company under the Comparable Transactions based on the consideration of the relevant equity transfer agreement divided by the annualised profit for the year based on the last available half-year or quarterly financial statements, or the latest profit for the year of the subject company adjusted for the differences in business performance between the subject company and CNNC Leasing. The adjusted P/B ratio of the Comparable Transactions were calculated as the implied valuation based on the consideration of the relevant equity transfer agreement divided by their relevant net asset value adjusted for the differences in size. The adjustments are to account for the differences in performance between the subject companies of Comparable Transactions and CNNC Leasing, including, among others, profitability, asset sizes, historical revenue growth and risk profile (the "**Adjustments**").

We have discussed and reviewed the Adjustments adopted by the Independent Valuer, including, among others, (i) the Adjustments were adopted on a consistent basis for all Comparable Transactions; (ii) the Adjustments were supported by calculations performed by the Independent Valuer; and (iii) the Adjustments were considered to be appropriate as it takes into account the differences in financial performance and sizes between CNNC Leasing and the subject company of the Comparable Transactions, and we are of the view that the appraised value of the minority interest in CNNC Leasing is an appropriate benchmark for the purpose of our analysis.

Based on the selection criteria and review procedures, the Independent Valuer selected four comparable transactions. The results of the market approach considered the average of both the P/B ratio and P/E ratio. The average P/B ratio derived from the comparable transactions was approximately 0.9861, and the average P/E ratio derived therefrom was approximately 13.70.

Based on the net assets of the CNNC Leasing as at 30 June 2024 of approximately HK$5.5 billion and the average P/B ratio derived from the Comparable Transactions of approximately 0.9861, the fair value of the entire of equity interest in CNNC Leasing held by the Target Company was approximately HK$5.4 billion.

Based on the profit for the six months period ended 30 June 2024 of CNNC Leasing of approximately HK$219.4 million and the annualised profit for the year ending 31 December 2024 of approximately HK$438.9 million and the average P/E ratio derived from the Comparable Transactions of approximately 13.70 times, the fair value of the entire of equity interest in CNNC Leasing held by the Target Company was approximately HK$6.0 billion.

According to the Valuation Report, the Independent Valuer applied the average of (i) the fair value of the entire of equity interest in CNNC Leasing held by the Target Company under P/B ratio; and (ii) the fair value of the entire of equity interest in CNNC Leasing held by the Target Company under P/E ratio, to arrive at the fair value of the entire of equity interest in CNNC Leasing. The fair value of the entire of equity interest of CNNC Leasing was approximately HK$6.3 billion and the fair value of the 7.55% equity interest in CNNC Leasing held by the Target Company was therefore approximately HK$472.8 million, representing an appreciation of approximately HK$42.2 million, which was mainly attributable to the 7.55% equity interest in CNNC Leasing held by the Target Company, which was measured at cost in the financial statements of the Target Company.

Intangible assets

For other intangible assets, which mainly comprised of software, the purchase invoice and actual usage were verified by the Independent Valuer. It is noted from the Valuation Report that the net book value of the other intangible assets of the Target Company as of the Valuation Benchmark Date was approximately HK$5,271 compared to the appraised value of approximately HK$5,750, representing an appreciation in the amount of approximately HK$479. The aforesaid adjustment in value by the Independent Valuer was on the basis that the price of the relevant software selling in the market on the Valuation

Benchmark Date is higher than the net book value of the other intangible assets, which was measured at cost less relevant accumulated amortisation expenses.

Liabilities

For the liabilities, the Independent Valuer checked the loan balances against the corresponding relevant books and accounting records and obtained the agreements of loans, interests settlement records, original invoices and discussed the loan utilised status with the representative of the Target Company. There was no difference between the book value and the appraised value of liabilities of the Target Company as of the Valuation Benchmark Date.

The assets and liabilities and other items involved in the Valuation Report were checked and verified by the Independent Valuer in accordance with normal procedures, and no matters affecting the asset verification work were found by the Independent Valuer.

Based on the work performed by the Independent Valuer and the methodology adopted in determining the appraised value of the assets and liabilities, we considered that the Appraisal Value to be an appropriate benchmark for our assessment of the fairness and reasonableness of the Initial Consideration.

(e) Our view

Based on the above and having considered that (i) the Independent Valuer is qualified with sufficient experience to conduct the valuation; (ii) the adoption of the asset-based approach for the valuation of the Target Company is appropriate given the nature of its principal business, being investment holding, and that it did not record any revenue during the two years ended 31 December 2022 and 2023, and the six months ended 30 June 2024. Given the above, the income approach and the market approach are therefore less appropriate than asset-based approach; and (iii) valuation methodology so applied on assessing the equity value of CNNC Leasing is appropriate as analysed in this letter above, we concur with the view of the Directors that the Valuation Report is an appropriate reference in determining the Initial Consideration of the Disposal of approximately HK$167.4 million, which made reference to the fair value of the entire equity interest of Target Company of HK$167.4 million as at the Valuation Date.

6.3 Summary of our analysis

Having considered, among others, (i) the Target Company is considered to be non-core asset of the Group; (ii) the Disposal is expected to give raise to a gain for the Group; (iii) the net proceeds and the amount from the repayment of the Shareholders' Loan will enhance the working capital of the Group; (iv) the principal terms of the Sale and Purchase Agreement as analysed by us and detailed under the sub-section headed "6.1 Our analysis on the Initial Consideration, the Completion Consideration and the Management Accounts Adjustment"; and (v) our work performed on the Valuation Report, in particular, the Initial Consideration is at the same level as the Appraisal Value, we are of the view that the terms of Sale and Purchase Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

7. Possible financial effects of the Disposal

Upon Completion, 100% equity interest of the Target Company will be held by CNNCTM and the Company will cease to be interested in any equity interest in the Target Company. Accordingly, the Target Company will cease to be a subsidiary of the Company and the financial results and assets and liabilities of the Target Group will no longer be consolidated into the consolidated financial statements of the Group.

Based on the Letter from the Board, with reference to the Initial Consideration and the Base NAV, the Management currently estimates that it will record a gain of approximately HK$39.2 million (after deducting the estimated professional fees and other related expenses and taxes of approximately HK$3.0 million) on the Disposal. The actual gain or loss on the Disposal to be recorded by the Company will depend on the Completion Consideration (as adjusted from the Initial Consideration after the Management Accounts Adjustment) and as further adjusted by Audited Accounts Adjustment, and the actual consolidated net asset value of the Target Company as at the Completion Date. It is also noted that the Purchaser undertakes to procure the payment of the outstanding balance of the Shareholder's Loan by the Target Company to the Company at Completion.

The above possible financial effects are for illustrative purposes only. The actual financial effects in connection with the Disposal may be different from the above and will be determined based on the financial position of the Target Company as at the Completion Date.

The Company intends to utilise the net proceeds from the Disposal of approximately HK$164.4 million to bolster the Group's working capital and enhance its financial capacity for further development of the Group's uranium-related business.

VI. RECOMMENDATION

Having considered of the above principal factors and reasons, we consider that although the Sale and Purchase Agreement and the transactions contemplated thereunder are not entered into under the ordinary and usual course of the business of the Group, the Sale and Purchase Agreement is on normal commercial terms, and the transactions contemplated under the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant ordinary resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

Yours faithfully
For and on behalf of
Red Sun Capital Limited
Lewis Lai
Managing Director

Mr. Lewis Lai is a licensed person registered with the SFC and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 17 years of experience in the corporate finance industry.

* *For identification purpose only*

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements, together with the accompanying notes to the financial statements, of the Group for the years ended 31 December 2021, 2022 and 2023 and the unaudited consolidated financial information, together with the accompanying notes to the financial statements, of the Group for the six months ended 30 June 2024 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cnncintl.com):

- Annual report for the year ended 31 December 2021 (pages 61 to 179):
https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0918/2022091800119.pdf

- Annual report for the year ended 31 December 2022 (pages 73 to 183):
https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0428/2023042801206.pdf

- Annual report for the year ended 31 December 2023 (pages 73 to 183):
https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0419/2024041901075.pdf

- Interim report for the six months ended 30 June 2024 (pages 14 to 37):
https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0830/2024083000888.pdf

2. INDEBTEDNESS STATEMENT

As at the close of business on 30th September, 2024, being the latest practicable date for the purpose of this indebtedness statement, the Group had outstanding indebtedness as follow:

Borrowings

As at the close of business on 30th September, 2024, the Group had an unguaranteed, unsecured and interest-free amount due to immediate holding company, an intermediate holding company and ultimate holding company of approximately HK$0.98 million, 0.91 million and 1.98 million, respectively.

As at the close of business on 30th September, 2024, the Group had an unguaranteed, unsecured and interest bearing at Hong Kong Interbank Offered Rate +2.45% loan from immediate holding company and interest payables of approximately HK$182.00 million and 12.00 million, respectively.

Lease liabilities

As at 30th September, 2024, the Group had unsecured and unguaranteed lease liabilities of approximately RMB3.73 million.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, normal trade payables and other payables in the ordinary course of business, at the close of business on 30th September, 2024, the Group did not have any debt securities issued or outstanding, or authorised or otherwise created but unissued, or any term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, loans, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages or charges, material contingent liabilities or guarantees outstanding.

3. WORKING CAPITAL SUFFICIENCY

The Directors are of the opinion that, after taking into account the financial resources available to the Group, including the internally generated funds, available banking facilities, as well as the effects of the Disposal, the Group will have sufficient working capital to satisfy its requirements for at least the next 12 months from the date of this circular in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

As disclosed in the Company's profit warning announcement dated 5th August, 2024 and interim results announcement dated 23rd August, 2024, the Group reported a net loss of approximately HK$7,731,000 for the six months ended 30 June 2024, as compared to the net profit of approximately HK$8,330,000 in the same period of 2023. This downturn was primarily due to the Group's risk management response to the then near-term market uncertainties and volatile uranium prices, which trended downward from March to June 2024. As a result of the above, the Group had resolved to focus on sourcing and concluding uranium sales opportunities utilising the Uranium Purchase Transaction framework (as defined and further particularised in the circular of the Company dated 31st May, 2022) with Rössing Uranium Mine during the six months ended 30 June 2024, under which the Group effectively acted as agent for Rössing Uranium Mine to source and procure sales for its natural uranium products, thereby avoiding any assumption of pricing risks for prudent risk management considerations.

Save as disclosed above and in the Company's announcements dated 5th August, 2024 and 23rd August, 2024, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31st December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up) up to the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As at the Latest Practicable Date, the Group is principally engaged in the trading of natural uranium products. It is the strategic positioning of the Group to become the major platform of its parent group in overseas uranium resources exploration, development and trading. The Group focuses on and will continue to devote its available resources to the development of the uranium products trading business, and to actively seek high-quality uranium resources projects, with intended focus on in-production projects, to complement the development of its parent group, as well as to leverage on the strengths of the parent group in the field of nuclear energy.

As disclosed in the announcements of the Company dated 18th April, 2024, and 17th June, 2024, and the 2024 Circular, the Company (for itself and on behalf of each of its subsidiaries) and CNUC entered into a framework agreement in relation to the proposed continuing connected transactions in June 2024 (the "**2024 Framework Agreement**"), pursuant to which the Group agreed to (i) act as the exclusive supplier of CNUC Group for natural uranium products purchased from sellers other than those based in Asia and Africa; (ii) act as an agent of CNUC Group to procure natural uranium products in the market to meet the sporadic demand of the CNUC Group; and (iii) act as the exclusive authorised distributor for the sale and distribution of uranium products produced by the Rössing Uranium Mine, for on-sale to third party customers in all countries and regions around the world except the PRC. On 17th June, 2024, the 2024 Framework Agreement, the transactions contemplated thereunder, and the proposed annual caps under the continuing connected transactions for the years ending 31st December, 2024 and 2025 have been approved by the independent shareholders of the Company at the extraordinary general meeting of the Company.

The Group believes the transactions contemplated under the 2024 Framework Agreement are in line with the Group's strategic pursuit of becoming CNUC Group's major platform in overseas uranium resources exploration, development and trading, and would facilitate the Group in further strengthening its uranium trading business and expand its reach into the PRC and worldwide market, which in turn would enhance the Group's profitability in the long run. The continuing connected transactions contemplated under the 2024 Framework Agreement are expected to occur on a regular and continuing basis and in the ordinary and usual course of business of the Group.

Being a member of CNUC Group and having considered the competitive edges of the Group, the Group would be considered to be in a better strategic position to be designated as the procurement arm of CNUC Group in the international uranium market. To further enlarge its business scale, the Group will continue to actively participate in international market bidding, increase its market exposure, and explore various financing channels to complement the expansion of uranium trade. The Group is committed to actively exploring trading opportunities with new business partner(s) with the aim of further expanding our collaborating business partner base and continuously growing our uranium trading business.

The following is the English translation of the Valuation Report prepared by the Independent Valuer for the purpose of inclusion in this circular in respect of the appraised fair value of the entire equity interest in the Target Company as at 30 June, 2024. The Chinese text of this report shall prevail over the English text in the event of inconsistency.

VALUATION REPORT ON THE ENTIRE EQUITY OF SHAREHOLDERS OF CNNC INTERNATIONAL (HK) LIMITED (中核國際(香港)有限公司) IN RELATION TO THE PROPOSED TRANSFER OF THE EQUITY INTEREST IN CNNC INTERNATIONAL (HK) LIMITED (中核國際(香港)有限公司) BY CNNC INTERNATIONAL LIMITED (中核國際有限公司)

(Book 1 of 1)

China Enterprise Appraisals Co., Ltd.*
(北京中企華資產評估有限責任公司)
29 September 2024

CONTENT

STATEMENT

I. This valuation report is prepared in accordance with the Basic Standards for Asset Appraisal* (資產評估基本準則) issued by the Ministry of Finance and the Practice Standards for Asset Appraisal* (資產評估執業準則) and Code of Ethics* (職業道德準則) issued by the China Appraisal Society.

II. Our firm and our valuers have complied with the laws, administrative regulations and asset valuation standards, adhered to the principles of independence, objectivity and impartiality, and are legally responsible for the valuation report issued.

III. The client or other users of the valuation report shall use the valuation report in accordance with the provisions of the laws and administrative regulations and the scope of use set out in the valuation report. Neither our firm nor our valuers shall bear the responsibilities if the client or other users of the valuation report are in breach of the above regulations in relation to the use of the valuation report.

This valuation report shall only be used by the client, other users of the valuation report specified in the valuation engagement contract, and users of the valuation report as stipulated by the laws and administrative regulations. Save for the above, the valuation report shall not be used by any other institution or individual.

Our firm and our valuers hereby remind users of the valuation report that they should properly understand and use the valuation conclusion, and that the valuation conclusion is not equivalent to, and should not be treated as, a guarantee of the realizable value of the valuation subject.

IV. The list of assets and liabilities of the valuation subject and the business forecast information has been provided and confirmed, by signature, seal or other means permitted by the laws, by the client and the appraised entity. The client and other relevant parties are legally responsible for the authenticity, completeness and legitimacy of the information provided by them.

V. Our valuers have conducted an on-site inspection on, attached necessary attention to the legal title of, and verified the legal title information of the valuation subject and its assets involved. They have made proper disclosure in respect of the issues identified, and requested the client and other relevant parties to rectify the title to satisfy the requirements for the issuance of the valuation report.

VI. Our firm and our valuers have no existing or prospective interest in the valuation subject as referred in the valuation report, nor with the relevant parties, and have no bias against the relevant parties.

VII. The analyses, judgment and results of the valuation report issued by our firm are subject to the assumptions and limitations set out in the valuation report. Users of the valuation report shall take into full account of the assumptions, limitations and notes on special matters as stipulated in the valuation report and their impact on the valuation conclusion.

VIII. The inspection of physical assets by our valuers is limited to observation only in accordance with normal practice to understand the conditions of use and maintenance, and did not include the internal parts that are covered, hidden or difficult to access. We do not have the capability of professional surveys and have not been commissioned to carry out professional and technical inspection and survey of the internal quality of the above assets. Our valuation is based on the information provided by the client and other relevant parties, and if there are defects in the internal quality of these valuation subjects, the valuation conclusion may be affected to varying degrees.

FULL TEXT OF THE VALUATION REPORT OF THE ENTIRE EQUITY OF SHAREHOLDERS OF CNNC INTERNATIONAL (HK) LIMITED (中核國際(香港)有限公司) IN RELATION TO THE PROPOSED TRANSFER OF THE EQUITY INTEREST IN CNNC INTERNATIONAL (HK) LIMITED (中核國際(香港)有限公司) BY CNNC INTERNATIONAL LIMITED (中核國際有限公司)

To CNNC International Limited (中核國際有限公司),

China Enterprise Appraisals Co., Ltd.* (北京中企華資產評估有限責任公司) has been engaged by the Company to appraise the market value of the entire equity of shareholders of CNNC International (HK) Limited (中核國際(香港)有限公司) as at 30 June 2024 in accordance with the laws, administrative regulations and asset valuation standards, adhering to the principles of independence, objectivity and impartiality, by adopting asset-bases approach as the valuation methodology, and following the required valuation procedures. The valuation report is set out below:

I. CLIENT, APPRAISED ENTITY AND OTHER USERS OF THE VALUATION REPORT SPECIFIED IN THE VALUATION ENGAGEMENT CONTRACT

The client of this valuation is CNNC International Limited (中核國際有限公司), and the appraised entity is CNNC International (HK) Limited (中核國際(香港)有限公司). Other users of the valuation report specified in the valuation engagement contract include users as stipulated by laws and administrative regulations.

(I) Overview of the Client

Name: CNNC International Limited (中核國際有限公司) (hereinafter referred to as "**CNNC International**")

Place of registration: Cayman Islands

Registered address: P.O. Box 309 GT, Ugland House, South Church Street, Grand Cayman, Cayman Islands

Office address: Unit 2906, 29th Floor, China Resources Building, No. 26 Harbour Road, Wan Chai, Hong Kong

Business registration number: 32997922

Company registration number: 2763120

Registered capital: HK$10,000,000

Date of establishment: 25 June 2002

(II) Overview of the Appraised Entity

1. Company profile

Name: CNNC International (HK) Limited (中核國際(香港)有限公司) (hereinafter referred to as "**CNNC International HK**")

Office address: UNIT 2906, 29TH FLOOR, CHINA RESOURCES BUILDING, 26 HARBOUR ROAD, WAN CHAI HONG KONG

Business registration number: 50134982

Company registration number: 1296376

Date of establishment: 23 December 2008

2. Corporate history and shareholders and their shareholding and changes in equity of the Company

CNNC International (HK) Limited (中核國際(香港)有限公司) was promoted and established by CNNC International Limited (中核國際有限公司). As at the valuation benchmark date, the shareholding structure of CNNC International (HK) Limited (中核國際(香港)有限公司) is as follows:

No.	Shareholders	Capital contribution (HK$)	Percentage of shareholding
1	CNNC International Limited (中核國際有限公司)	10,000.00	100.00%
	Total	10,000.00	100.00%

3. Assets, financial and operating position for the latest period

The following table sets out the financial position of the appraised entity for the latest period:

Unit: HK$'0,000

Items	30 June 2024
Total current assets	3,689.02
Total non-current assets	43,060.58
Total assets	46,749.60
Total current liabilities	16,034.47
Total non-current liabilities	18,200.00
Total liabilities	34,234.47
Total owners' equity	12,515.13

The following table sets out the operating position of the appraised entity for the latest period:

Unit: HK$'0,000

Items	**January-June 2024**
Operating revenue	—
Total profit	11,626.59
Net profit	11,465.09

The accounting reports of the appraised entity as at the valuation benchmark date have been audited by PKF Hong Kong Limited, which has issued an unqualified audit report.

4. Principal businesses and operating position of the appraised entity

CNNC International (HK) Limited (中核國際(香港)有限公司), the appraised entity, is an investment platform established in Hong Kong, and invested in CNNC Financial Leasing Limited* (中核融資租賃有限公司) (hereinafter referred as "**CNNC Leasing**") in February 2019.

CNNC Leasing was duly established in December 2015, with its registered office in the Shanghai Free Trade Zone and its scope of operation covering financial leasing business as well as factoring business related to its principal business. Following the comprehensive reorganization of CNNC Group and the former China Nuclear Engineering Group* (中核建設集團), CNNC Leasing has merged with China Nuclear Engineering and Construction Financial Leasing Co., Ltd* (中核建融資租賃股份有限公司) in December 2019, with a registered capital of RMB3,350,000,000 upon merger. CNNC Leasing aims to serve the Group by financial-industrial integration, and is committed to becoming a "Top-notch Domestic Enterprise with Two Orientations and Excelling in Three Areas"(「兩化三優、國內一流」公司), which means achieving top-notch status in the country as a financial leasing company in the industry with professional development and market-oriented operation, as well as quality assets, excellent services and outstanding performance.

5. Relationship between the client and the appraised entity

CNNC International Limited (中核國際有限公司), the client, is the shareholder of CNNC International (HK) Limited (中核國際(香港)有限公司), the appraised entity.

(III) Other Users of the Valuation Report as Stipulated in the Valuation Engagement Contract

This valuation report is only for the use of the client and the users of the valuation report as stipulated by national laws and regulations, and may not be used or relied upon by any other third party.

II. PURPOSE OF VALUATION

It is the intention of CNNC International Limited (中核國際有限公司) to transfer its equity interests in CNNC International (HK) Limited (中核國際(香港)有限公司). In order to provide a value reference for the above economic behaviour, it is necessary to conduct a valuation on the entire equity interests of CNNC International (HK) Limited (中核國際(香港)有限公司) as at the valuation benchmark date.

III. SUBJECT AND SCOPE OF VALUATION

(I) Valuation Subject

The valuation subject is the value of the entire equity of shareholders of CNNC International (HK) Limited (中核國際(香港)有限公司).

(II) Scope of Valuation

As at the valuation benchmark date, the assets fall within the scope of valuation include current assets, long-term equity investments, fixed assets and intangible assets, whereas liabilities fall within the scope of valuation include current and non-current liabilities.

The book value of the total assets, total liabilities and net assets amounted to HK$467,496,000, HK$342,344,700 and HK$125,151,300, respectively.

The valuation subject and scope of valuation being commissioned are consistent with the valuation subject and scope of valuation involved in the economic behaviour. As at the valuation benchmark date, the book value of the assets and liabilities within the scope of valuation have been audited by PKF Hong Kong Limited, which has issued an unqualified audit report.

IV. TYPE OF VALUE

The type of value of the valuation subject is determined, based on factors such as valuation purpose, market conditions and the conditions of the valuation subject, to be its market value.

Market value refers to the estimated value of the valuation subject in a normal arm's-length transaction on the valuation benchmark date between a willing buyer and a willing seller who had each acted rationally and without any compulsion.

Pursuant to *Guiding Opinions on Types of Value in Asset Appraisal* (《資產評估價值類型指導意見》)* (Zhong Ping Xie [2017] No. 47), the types of value include market value and value other than market value. The types of value other than market value include, among others, investment value, value in use, liquidation value and residual value. In performing asset appraisals, market value is generally selected as the type of value for the appraisal conclusion when the basic elements of asset appraisal, such as valuation purpose and valuation subject, satisfy the definition of market value. Given that the purpose of this appraisal is for the proposed transfer of equity interests and the valuation subject is equity interests that falls within the definition of market value, therefore market value is selected as the type of value.

V. VALUATION BENCHMARK DATE

The valuation benchmark date of this report is 30 June 2024.

The valuation benchmark date is determined by the client. The valuation benchmark date was determined primarily based on the realisation of the economic behaviour and factors at the end of the accounting period. Valuation provides a reference to the asset value at a certain point of time, and selecting the end of the accounting period as the valuation benchmark date can comprehensively reflect the general condition of the assets of the valuation subject. Furthermore, the valuation benchmark date has been selected to be a date which is relatively close to the date on which the relevant economic behaviour planned due to realise, which is to ensure that the valuation results effectively serve the valuation purpose, the valuation scope is accurately delineated, the assets are accurately and efficiently checked and verified, and the bases of valuation and pricing are reasonably selected.

VI. BASIS OF VALUATION

(I) Basis of Economic Behaviour

Meeting Minutes of the 19th Management Meeting of CNNC International in 2024 (Meeting Minutes of CNNC International [2024] No. 19).

(II) Legal and Regulatory Basis

1. *Asset Appraisal Law of the People's Republic of China* (《中華人民共和國資產評估法》)* (adopted at the 21st meeting of the Standing Committee of the 12th National People's Congress of the People's Republic of China on 2 July 2016);

2. *Company Law of the People's Republic of China* (《中華人民共和國公司法》)* (revised for the second time at the 7th meeting of the Standing Committee of the 14th National People's Congress on 29 December 2023);

3. *Civil Code of the People's Republic of China*. (《中華人民共和國民法典》)* (adopted at the Third Session of the 13th National People's Congress on 28 May 2020);

4. *Securities Law of the People's Republic of China* (《中華人民共和國證券法》)* (revised for the second time at the 15th meeting of the Standing Committee of the 13th National People's Congress on 28 December 2019);

5. *Enterprise Income Tax Law of the People's Republic of China* (《中華人民共和國企業所得稅法》)* (revised for the second time at the 7th meeting of the Standing Committee of the 13th National People's Congress on 29 December 2018);

6. *Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China* (《中華人民共和國企業所得稅法實施條例》)* (State Council Order No. 512);

7. *Law of the People's Republic of China on State-Owned Assets of Enterprises* (《中華人民共和國企業國有資產法》)* (adopted at the 5th meeting of the Standing Committee of the 11th National People's Congress on 28 October 2008);

8. *Interim Regulations on the Supervision and Administration of State-Owned Assets* (《企業國有資產監督管理暫行條例》)* (State Council Order No. 378 and State Council Order No. 709 (amendment));

9. *Administrative Measures for the Appraisal of State-Owned Assets* (《國有資產評估管理辦法》)* (State Council Order No. 91 and State Council Order No. 732 (amendment));

10. *Interim Measures for the Administration of Appraisal of State-owned Assets of Enterprises* (《企業國有資產評估管理暫行辦法》)* (SASAC Order No. 12);

11. *Regulatory Measures on the Transactions of State-owned Assets of Enterprises*(《企業國有資產交易監督管理辦法》)* (Order No. 32 of SASAC of the State Council and the Ministry of Finance);

12. *Notice on Strengthening the Appraisal and Management of State-owned Assets of Enterprises* (《關於加強企業國有資產評估管理工作有關問題的通知》)* (SASAC Chan Quan [2006] No. 274);

13. *Notice on Issuing the Implementation Rules for the Administrative Measures for the Appraisal of State-Owned Assets* (《關於印發〈國有資產評估管理辦法施行細則〉的通知》)* (Guo Zi Ban Fa [1992] No. 36);

14. *Notice on Matters Concerning the Auditing of Appraisal Report on State-owned Assets of Enterprises* (《關於企業國有資產評估報告審核工作有關事項的通知》)* (Guo Zi Chan Quan [2009] No. 941);

15. *Notice on Matters Concerning Further Strengthening the Management of Overseas State-owned Property Rights of Central Enterprises* (《關於進一步加強中央企業境外國有產權管理有關事項的通知》)* (Guo Zi Fa Chan Quan Gui [2020] No. 70);

16. *Circular on Matters Relating to the Optimization of Asset Valuation Management of Central Enterprises (《關於優化中央企業資產評估管理有關事項的通知》)* (Guo Zi Fa Chan Quan Gui [2024] No. 8);

17. *Accounting Standards for Business Enterprises — Basic Standards* (《企業會計準則 — 基本準則》)* (Ministry of Finance Order No. 33) and *the Decision of the Ministry of Finance to Amend the Accounting Standards for Business Enterprises — Basic Standards* (《財政部關於修改〈企業會計準則 — 基本準則〉的決定》)* (Ministry of Finance Order No. 76);

18. Other relevant laws, regulations and circulations.

(III) Basis of Valuation Standards

1. *Basic Standards for Asset Appraisal* (《資產評估基本準則》)* (Cai Zi [2017] No. 43);

2. *Code of Ethics for Asset Appraisal* (《資產評估職業道德準則》*) (Zhong Ping Xie [2017] No. 30);

3. *Practice Standards for Asset Appraisal — Asset Appraisal Report* (《資產評估執業準則 — 資產評估報告》)* (Zhong Ping Xie [2018] No. 35);

4. *Practice Standards for Asset Appraisal — Asset Appraisal Procedure* (《資產評估執業準則 — 資產評估程序》)* (Zhong Ping Xie [2018] No. 36);

5. *Practice Standards for Asset Appraisal — Valuation Engagement Contract* (《資產評估執業準則 — 資產評估委託合同》)* (Zhong Ping Xie [2017] No. 33);

6. *Practice Standards for Asset Appraisal — The Use of Expert Work and Related Reports* (《資產評估執業準則 — 利用專家工作及相關報告》)* (Zhong Ping Xie [2017] No. 35);

7. *Practice Standards for Asset Appraisal — Asset Appraisal Archives* (《資產評估執業準則 — 資產評估檔案》)* (Zhong Ping Xie [2018] No. 37);

8. *Practice Standards for Asset Appraisal — Enterprise Value* (《資產評估執業準則 — 企業價值》)* (Zhong Ping Xie [2018] No. 38);

9. *Practice Standards for Asset Appraisal — Machinery and Equipment* (《資產評估執業準則 — 機器設備》)* (Zhong Ping Xie [2017] No. 39);

10. *Guidelines for Appraisal Report of State-owned Assets of Enterprises* (《企業國有資產評估報告指南》)* (Zhong Ping Xie [2017] No. 42);

11. *Guidelines for Business Quality Control of Asset Appraisal Institutions* (《資產評估機構業務質量控制指南》)* (Zhong Ping Xie [2017] No. 46);

12. *Guiding Opinions on Types of Value in Asset Appraisal* (《資產評估價值類型指導意見》)* (Zhong Ping Xie [2017] No. 47);

13. *Guiding Opinions on the Legal Ownership of the Subject of Asset Valuation* (《資產評估對象法律權屬指導意見》)* (Zhong Ping Xie [2017] No. 48);

14. *Practice Standards for Asset Appraisal — Asset Appraisal Methods* (《資產評估執業準則 — 資產評估方法》)* (Zhong Ping Xie [2019] No. 35);

15. *Guidelines for Asset Appraisal Experts No. 8 — Checking and Verification in Asset Appraisal* (《資產評估專家指引第8號 — 資產評估中的核查驗證》)* (Zhong Ping Xie [2019] No. 39);

16. *Glossary for Asset Appraisal Standards (2020)* (《資產評估準則術語2020》)* (Zhong Ping Xie [2020] No. 31).

(IV) Basis of Ownership

1. Property Right Registration Certificate of State-owned Assets;

2. Asset-related contracts and certificates;

3. Other relevant ownership certificates.

(V) Pricing Basis

1. Loan prime rate (LPR) and foreign exchange rate on the valuation benchmark date;

2. Financial statements and audit reports of previous years provided by the enterprise;

3. On-site survey records by valuation personnel and other relevant valuation information collected;

4. Wind Information;

5. Bloomberg Financial Information Services Terminal;

6. Other information related to the asset valuation.

(VI) Other Reference Basis

1. Asset lists and valuation declaration form provided by the appraised entity;

2. Audit report from PKF Hong Kong Limited;

3. Data base of China Enterprise Appraisals Co., Ltd.* (北京中企華資產評估有限責任公司).

VII. VALUATION APPROACHES

(I) The valuation approach adopted in this valuation is the asset-based approach.

The income approach is a general term for various valuation approaches that capitalise or discount the expected income of the valuation subject to determine its value. In this valuation, among the income approach category, the discounted cash flow approach has been used to appraise the overall value of the enterprise to indirectly obtain the value of the entire equity of shareholders.

The market approach is a general term for valuation approaches that determine the value of the valuation subject based on the market price of one or more comparable reference subject(s) by comparing the valuation subject with the comparable reference subject(s). In this valuation, among the market approach category, the listed company comparison approach has been used. The listed company comparison approach refers to the valuation approach that obtains and analyses the operating and financial data of listed comparable, calculates the value ratio, and determines the value of the appraised enterprise based on the comparison and analysis with the same.

The asset-based approach refers to the valuation approach that appraises the value of each identifiable on-and-off-balance sheet asset and liability based on the balance sheet of the appraised entity or business entity as of the valuation benchmark date to determine the value of the valuation subject.

(II) Reasons for selecting the valuation approaches are as follows:

Due to the lack of prevailing comparable in the Hong Kong capital market that are relatively similar or comparable to the appraised entity; and the lack of, or the difficulty in identifying, cases of equity transactions by similar enterprises in the equity transactions market, hence the market approach is not appropriate for this valuation.

CNNC International (HK) is an investment holding company with no business operations, its future income is difficult to predict or measure reliably in terms of amount, and therefore it cannot be appraised using the income approach.

According to the organisational structure of CNNC International (HK), its major assets are long-term equity investments comprising equity interests in its subsidiary, CNNC International Limited (中核國際有限公司). Therefore, this valuation to CNNC International (HK) was conducted using the asset-based approach, wherein the long-term equity investments fall within the scope of valuation were appraised as a whole using both the income approach and the market approach. The reasonable appraisal results were selected, following analysis by the valuers, to be the appraised value of the long-term equity investments.

(III) Asset-based Approach

1. Current assets

The current assets within the scope of valuation primarily comprise monetary funds.

For monetary funds (which included bank deposits), the valuers determined the appraised values based on their verified carrying amount after the verification of bank statements.

2. Long-term equity investments

For non-controlling long-term equity investments without actual control, the market approach and income approach — dividend discount model were used to evaluate the equity investment in CNNC Financial Leasing Limited held by CNNC International (HK) Limited based on the information available, and the appropriate valuation method of those was selected to determine the value.

3. Machinery and equipment

The machinery and equipment within the scope of valuation comprise electronic equipment. Based on the characteristics of the equipment, the type of appraised value, the information collected and other relevant conditions, the valuation was mainly conducted using the cost approach and partially using the market approach.

(1) Replacement Cost Approach

① Determination of the replacement cost

For electronic equipment that generally has a relatively short purchasing cycle and does not require installation, or for the small number of equipment that requires installation, the replacement cost (including transportation and miscellaneous costs) is generally determined based on the market price as the seller has already included the relevant costs in the contract price of the equipment.

Replacement cost = purchase price of electronic equipment – deductible Value-added tax

② Determination of the residue ratio

The residue ratio of electronic equipment is determined based on the economic life of the equipment with reference to its working environment and operating conditions. The formula is as follows:

Residue ratio = (economic life – years in use)/economic life × 100%

③ Determination of the appraised value

Appraised value = Replacement cost × Residue ratio

(2) Market Approach

For certain electronic equipment that has been in use for a long period of time, the valuation was conducted using the market approach based on market price in secondary sales at the valuation benchmark date.

4. Intangible assets

Based on the characteristics, the appraised value type, data collection and other relevant conditions of other intangible assets, the purchased software that was available for sale on the market as at the valuation benchmark date is valued by adopting the market approach and the market price at the valuation benchmark date shall be used as the appraised value.

5. Liabilities

Liabilities include other payables and long-term borrowings. The valuers verified the carrying amount based on the various items' statements and relevant financial information provided by the enterprise and determined the appraised value based on the verified carrying amount.

VIII. PROCESS AND DETAILS OF IMPLEMENTATION OF VALUATION PROCEDURES

The valuers conducted valuation on the assets in relation to the valuation subject from 6 August 2024 to 20 September 2024. The process and details of implementation of the major valuation procedures are as follows:

(I) Acceptance of engagement

On 6 August 2024, our firm reached an agreement with the client on the basics of the valuation engagement such as the purpose of valuation, valuation subject, scope of valuation and valuation benchmark date as well as the rights and obligations of each party, and formulated corresponding valuation plan with the client upon negotiation.

(II) Preparation

Upon the acceptance of engagement, the project team formulated a specific valuation work plan and established a valuation team based on the purpose of valuation, the characteristics of the valuation subject and the time schedule. At the same time, they compiled a list of information and declaration form necessary for the valuation based on the actual requirements of the project.

(III) On-site inspection

The valuers conducted necessary thorough checking on the assets and liabilities in relation to the valuation subject, and conducted necessary inspection on the operational management of the appraised entity.

1. Verification of assets

(1) Guiding the appraised entity on filling in forms and preparing information to be provided to the valuation agency

The valuers guided the financial and asset management personnel of the appraised entity to carefully and accurately declare the assets within the scope of valuation according to the Valuation Schedules provided by the valuation agency and its filling requirements, list of information, etc. on the basis of voluntary asset inspection. At the same time, they collect and prepare the property rights certification documents of assets as well as documents that reflect the performance, status, economic and technical indicators, etc.

(2) Preliminary review and improvement of the Valuation Schedules filled in by the appraised entity

The valuers understood the detailed status of the specific assets within the scope of valuation by reviewing the relevant information, and then carefully reviewed various Valuation Schedules and checked for any items that are incomplete or filled in incorrectly, any unclear asset items, as well as any omissions based on their experience and information obtained. At the same time, they gave feedback to the appraised entity on the improvement of the Valuation Schedules.

(3) On-site inspection

Based on the types, quantities and distribution of assets within the scope of valuation, the valuers conducted on-site inspection of various assets based on the relevant requirements of valuation standards with the cooperation of relevant personnel of the appraised entity, and adopted different inspection methods according to different nature and characteristics of assets.

(4) Supplement, modification and improvement of the Valuation Schedules

The valuers further improved the Valuation Schedules based on the results of on-site inspection and extensive communication with relevant personnel of the appraised entity, so as to ensure consistency among the accounting books, the financial statements and the actual circumstances.

(5) Verification of ownership certificates and documents

The valuers verified the ownership certificates documents of the assets within the scope of valuation including, *inter alia*, electronic equipment, intangible assets.

2. Due diligence

In order to fully understand the operational management and the risk exposure of the appraised entity, the valuers conducted necessary due diligence, the major contents of which are as follows:

(1) History, substantial shareholders and shareholding, necessary property rights and operational management structure of the appraised entity;

(2) Management of assets, finance and operation of the appraised entity;

(3) Other relevant information.

(IV) Collection of information

The valuers collected information for the valuation based on the specific circumstances of the valuation project, including information directly and independently obtained from channels such as the market, information obtained from relevant parties such as the client, and information obtained from government departments, various professional bodies and other relevant authorities, and conducted necessary analysis, conclusion and compilation for the valuation information collected, serving as basis for valuation estimation.

(V) Valuation estimation

The valuers adopted the corresponding formula and parameters for analysis, calculation and determination based on the specific circumstances of each type of assets and the selected valuation approach to arrive at preliminary valuation conclusion. The project manager summed up the preliminary valuation conclusion of each type of assets, and prepared and compiled a valuation report.

(VI) Internal audit

According to our administrative measures for the procedures of valuation engagement, the project manager shall submit the preliminary valuation report for internal audit upon completing the same. Upon completion of internal audit, the project manager shall, without prejudicing the independent judgment of the valuation conclusion, communicate with the client or other relevant parties agreed by the client on the contents of the valuation report. Upon completion of the said valuation procedures, a formal valuation report shall be issued and submitted.

IX. ASSUMPTIONS OF VALUATION

The assumptions adopted for the analysis and estimation in this valuation report are as follows:

(I) It is assumed that all valuation subjects are in the transaction process, and our valuers will conduct the valuation with reference to a simulated market based on the transaction conditions of the assets being appraised;

(II) It is assumed that both parties to the assets transaction or the proposed assets transaction in the market have equal position and have the opportunity and time to access sufficient market information, and the transaction activities will be conducted on a voluntary and rational basis, so as to make a rational judgment on the assets in terms of their function, purpose and transaction price;

(III) It is assumed that there will be no material changes in the laws, regulations and policies currently in force and the macro-economic situation at the location of the appraised entity, and there will be no material changes in the political, economic and social environment of the region where the parties to the transaction are located;

(IV) It is assumed that the enterprise will continue to operate as a going concern based on the actual circumstances of the assets as of the valuation benchmark date;

(V) It is assumed that, after the valuation benchmark date, there will be no material changes to the interest rates, exchange rates, tax bases, tax rates and policy-based levies in relation to the appraised entity;

(VI) It is assumed that, after the valuation benchmark date, the management of the appraised entity is responsible and stable, and is capable of performing its duties;

(VII) Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations;

(VIII) It is assumed that, after the valuation benchmark date, there will be no force majeure and unforeseen circumstances that will have a material and adverse impact on the appraised entity;

(IX) It is assumed that, after the valuation benchmark date, the accounting policies adopted by the appraised entity will remain the same as those adopted in the preparation of this valuation report in material aspects;

(X) It is assumed that, after the valuation benchmark date, the scope and methods of operation of the appraised entity will remain the same as those existing, based on the existing management approaches and management standards;

(XI) It is assumed that, after the valuation benchmark date, the cash inflow and cash outflow of the appraised entity are average inflow and average outflow, respectively;

The valuation conclusion of this valuation report is valid as of the valuation benchmark date under the above assumptions. In case of any material change to the above assumptions, the signing valuers and our firm shall not be responsible for the different valuation conclusion due to the change of assumptions.

X. VALUATION CONCLUSION

As of the valuation benchmark date, the book value of the total assets of CNNC International (HK) Limited (中核國際(香港)有限公司) was HK$467,496,000; the book value of the total liabilities was HK$342,344,700; and the book value of the net assets was HK$125,151,300. Upon valuation under the asset-based approach, the value of the entire equity of shareholders was HK$167,352,600, representing an appreciation of HK$42,201,300 or an appreciation rate of 33.72%. The details of the valuation results under the asset-based approach are set out in the table below:

Summary table of valuation results under the asset-based approach

Valuation Benchmark Date: 30 June 2024 Unit: HK$'0,000

Item		Book value	Appraised value	Appreciation/ Depreciation in value	Appreciation rate (%)
		A	B	C = B–A	D = C/A × 100%
Current assets	1	3,689.02	3,689.02	0.00	0.00
Non-current assets	2	43,060.58	47,280.71	4,220.13	9.80
Of which: Long-term equity investment	3	43,059.14	47,279.08	4,219.94	9.80
Investment properties	4	0.00	0.00	0.00	
Fixed assets	5	0.91	1.05	0.14	16.48
Construction in progress	6	0.00	0.00	0.00	
Oil and gas assets	7	0.00	0.00	0.00	
Intangible assets	8	0.53	0.58	0.05	9.43
Of which: Land use rights	9	0.00	0.00	0.00	
Other non-current assets	10	0.00	0.00	0.00	
Total assets	11	46,749.60	50,969.73	4,220.13	9.03
Current liabilities	12	16,034.47	16,034.47	0.00	0.00
Non-current liabilities	13	18,200.00	18,200.00	0.00	0.00
Total liabilities	14	34,234.47	34,234.47	0.00	0.00
Net assets	15	12,515.13	16,735.26	4,220.13	33.72

Based on the average exchange rate of Hong Kong dollars against RMB announced by the People's Bank of China as at the valuation benchmark date, being 1:0.9127, the valuation result of the entire equity of shareholders was RMB152,742,600.

Due to the limitations of objective conditions, this valuation report does not consider the impact of the premium that may arise from having control rights on the value of the valuation subject.

XI. NOTES ON SPECIAL MATTERS

Below are the relevant matters identified during the valuation process that may affect the valuation conclusion but could not be assessed or estimated by the valuers with their practice standards and professional capacities:

(I) In this valuation report, any end difference between the total amount and the sum of items concerned in any description of amount in HK$'0,000 in the tables or texts is caused by rounding.

(II) According to the *Asset Appraisal Law** (《資產評估法》) and *Guiding Opinions on the Legal Ownership of the Subject of Asset Valuation** (《資產評估對象法律權屬指導意見》), the client and the relevant parties who are engaged in valuation business shall ensure the authenticity, completeness and legitimacy of the legal ownership certificates, financial information and other materials provided by them. The purpose of engaging in valuation business is to estimate the value of the valuation subject and issue professional opinions thereon. It is beyond the scope of practice of the valuers to acknowledge the legal ownership of the valuation subject or issue opinions thereon. The valuers do not provide guarantee for the legal ownership of the valuation subject.

(III) The audit report issued by PKF Hong Kong Limited has been used in this valuation. According to Article 12 of the *Practice Standards for Asset Appraisal — Enterprise Value** (《資產評估執業準則 — 企業價值》): The valuers shall analyze and make judgements on the financial statements according to the requirements on the use of financial statements under the valuation approaches adopted. However, it is not the valuers' responsibility to give professional opinions on whether the relevant financial statements have fairly reflected the financial position as of the valuation benchmark date and the operating results or cash flow for the period.

(IV) This valuation report does not consider the impact of the premium that may arise from having control rights on the value of the valuation subject.

(V) There are no outstanding legal or economic issues in respect of the appraised entity as at the valuation benchmark date.

(VI) There are no mortgages or guarantees in respect of the appraised entity as at the valuation benchmark date.

Users of the valuation report should pay attention to the impact of the above special matters on the valuation conclusion.

XII. NOTES ON THE LIMITATIONS OF USE OF THE VALUATION REPORT

(I) Scope of use of the valuation report

1. Users of the valuation report are: the client, and users of the valuation report pursuant to PRC laws and administrative regulations.

2. The valuation conclusion of the valuation report shall only be valid for the economic behaviour corresponding to this engagement.

3. The valuation conclusion of the valuation report shall be valid for one year from the valuation benchmark date. The client or other users of the valuation report shall use the valuation report within the specified validity period of the valuation conclusion.

4. Without the written permission of the client, our firm and our valuers shall not provide or disclose the contents of the valuation report to any third party, unless otherwise provided by laws and administrative regulations.

5. Without the consent of our firm, the contents of the valuation report shall not be excerpted, quoted or disclosed to any public media, unless otherwise provided by laws, administrative regulations and relevant parties.

(II) If the client or other users of the valuation report are in breach of the laws, administrative regulations and the scope of application set out in the valuation report, our firm and our valuers shall not bear the responsibilities.

(III) Except for the client, other users of the valuation report specified in the valuation engagement contract, and users of the valuation report pursuant to the laws and administrative regulations, no other institution or individual may become a user of the valuation report.

(IV) Users of the valuation report should properly understand and use the valuation conclusion, and the valuation conclusion are not equivalent to and should not be treated as a guarantee for the realizable value of the valuation subject.

(V) The valuation report is a professional report prepared by an asset appraisal institution and its appraisal professionals in accordance with legal, administrative regulations, and appraisal standards, after performing necessary appraisal procedures upon the instructions of the client. The report provides the value of the appraisal object for a specific purpose on the appraisal reference date. This report can only be officially used after it is sealed with the seal of the appraisal institution.

XIII. VALUATION REPORTING DATE

The date of this valuation report is 29 September 2024.

China Enterprise Appraisals Co., Ltd.*
(北京中企華資產評估有限責任公司)
29 September 2024

The engagement team consisted of three members, namely Yu Ning, Li Xueqi and Liu Yu, all of whom have obtained Professional Qualification Certificate for Asset Appraisers* (資產評估師職業資格證書) issued by the China Appraisal Society (中國資產評估協會) (with certificate numbers of 11001118, 11230150 and 11180114, respectively).

* *For identification purposes only*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company or any associated corporations

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Interests of substantial Shareholders

Name	Capacity/Nature of Interest	Number of Shares	Approximate percentage of the issued share capital of the Company *(Note 2)*
CNOL *(Note 1)*	Beneficial owner	326,372,273	66.72%
CNUC *(Note 1)*	Interest of a controlled corporation	326,372,273	66.72%
CNNC *(Note 1)*	Interest of a controlled corporation	326,372,273	66.72%

Notes:

(1) CNOL is the immediate holding company of the Company, which is directly wholly owned by CNUC, whereas CNUC is indirectly owned by CNNC.

(2) Based on 489,168,308 Shares in issue as at the Latest Practicable Date.

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, no other persons (other than the Directors, the chief executive and substantial Shareholders disclosed above) had any interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of the Part XV of the SFO or was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group.

As at the Latest Practicable Date, Mr. Wang Cheng, Mr. Zhang Yi, Mr. Sun Ruofan and Mr. Wu Ge, all being Directors, held positions in the CNNC Group or its associates. Save for the aforesaid, as at the Latest Practicable Date, no Director or proposed Director is a director or employee of a company which has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date,

(i) none of the Directors had any direct or indirect interest in any assets which have been acquired, disposed of by or leased to any member of the Group since 31st December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up) or were proposed to be acquired, disposed of by or leased to any member of the Group; and

(ii) none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract with any member of the Group which would not determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. COMPETING INTERESTS

As at the Latest Practicable Date, Mr. Wang Cheng, Mr. Zhang Yi, Mr. Sun Ruofan and Mr. Wu Ge, all being Directors, also held positions in the CNUC Group or its associates. The CNUC Group is principally engaged in, among other things, uranium resources exploration, development, mining operations and management, and is the supplier of natural uranium products to the downstream nuclear power plants of the CNNC Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective close associates (as defined under the Listing Rules) had any interests in any business which competed or might compete with the business of the Group.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance and no litigation or claims of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. EXPERTS AND CONSENTS

The following is the qualification of the experts who have given opinion or advice which are contained or referred to in this circular:

Name	Qualification
Red Sun Capital	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
China Enterprise Appraisals Co., Ltd.* (北京中企華資產評估有限責任公司)	An independent qualified asset appraisal firm in the PRC

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with inclusion herein of its letter or report and/or reference to its name, in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the above experts has any interest in the share capital of any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the above experts has any interest, direct or indirect, in any assets which have been, since 31st December, 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to or were proposed to be acquired or disposed of or leased to any member of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and which are, or may be, material to the Group:

(a) the Sale and Purchase Agreement.

9. MISCELLANEOUS

(i) The secretary of the Company is Mr. Li Philip Sau Yan. Mr. Li is a fellow member of the Institute of Chartered Accountants in England and Wales and a fellow member of the Hong Kong Institute of Certified Public Accountants.

(ii) The registered office of the Company is situated at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

(iii) The head office and principal place of business of the Company is situated at Unit 2906, 29th Floor, China Resources Building, No. 26 Harbour Road, Wanchai, Hong Kong.

(iv) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(v) In the event of inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cnncintl.com) from the date of this circular up to and including the date of the EGM:

(a) the Sale and Purchase Agreement;

(b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 24 to 25 of this circular;

(c) the letter from Red Sun Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 26 to 50 of this circular;

(d) the Valuation Report, the English translation of which is set out in Appendix II to this circular; and

(e) the written consents referred to in the paragraph headed "7. Experts and Consents" in this appendix.

* *For identification purposes only*

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

CNNC INTERNATIONAL LIMITED
中 核 國 際 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2302)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of CNNC International Limited (the "**Company**") will be held at Boardroom 5, Mezzanine Floor, Renaissance Hong Kong Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong on Monday, 25th November, 2024 at 3:00 p.m., or any adjournment thereof, for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution.

ORDINARY RESOLUTION

To consider and, if thought fit, pass with or without modifications, the following resolution as an ordinary resolution of the Company:

"**THAT**:

(a) the conditional sale and purchase agreement dated 16th October, 2024 (the "**Agreement**", a copy of which has been produced to the EGM marked "**A**" and signed by the chairman of the EGM for the purposes of identification), entered into between CNNC International Limited (中核國際有限公司) (the "**Vendor**") and CNNC Treasury Management Co. Limited (中核財資管理有限公司) (the "**Purchaser**") in relation to a conditional disposal by the Vendor of entire issued share capital of CNNC International (HK) Limited (中核國際(香港)有限公司) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) any one director (the "**Director**") of the Company be and is hereby authorised, for and on behalf of the Company, to sign and execute such documents, including under seal where applicable, and do all such acts and things as he considers necessary, desirable or expedient in connection with the implementation of or giving effect to the Agreement and the transactions contemplated thereunder."

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

Hong Kong, 8th November, 2024

Notes:

1. Any member entitled to attend and vote at the meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member may appoint a proxy in respect of part only of his holding of shares in the Company. A proxy need not be a member of the Company.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.

3. The instrument appointing a proxy and (if required by the board of directors of the Company) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to Unit 2906, 29th Floor, China Resources Building, No. 26 Harbour Road, Wanchai, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of the meeting or adjourned meeting, not less than forty-eight (48) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.

4. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

5. Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

6. The register of members of the Company will be closed from Wednesday, 20th November, 2024 to Monday, 25th November, 2024 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for attending and voting at the extraordinary general meeting to be held on Monday, 25th November, 2024, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar and Transfer Office,

Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 19th November, 2024.

7. A form of proxy for the use at the EGM is enclosed herewith. Whether or not you intend to attend the EGM in person, all members are urged to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM or any adjourned meeting if they so wish, and in such event, the instrument appointing the proxy shall be deemed to be revoked.

8. Pursuant to Rule 13.39(4) of the Listing Rules, the resolution set out in this notice will be decided by poll at the EGM.

9. If Typhoon Signal No.8 or above is hoisted, or a "black" rainstorm warning is in force at or any time after 1:00 p.m. on the date of the EGM, the EGM will be postponed or adjourned. Members may visit the website of the Company for details of the postponement and alternative meeting arrangement.

10. The Chinese translation of this notice is for reference only, and in case of any inconsistency, the English Version shall prevail.

11. As at the date hereof, the board of directors of the Company comprises non-executive director and chairman of the board of directors, namely, Mr. Wang Cheng, executive director and chief executive officer of the Company, namely, Mr. Zhang Yi, non-executive directors, namely, Mr. Wu Ge and Mr. Sun Ruofan, and independent non-executive directors, namely, Mr. Cui Liguo, Mr. Zhang Lei, Mr. Chan Yee Hoi and Ms. Liu Yajie.