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CHINA NUCLEAR ENERGY TECHNOLOGY CORPORATION LIMITED
中國核能科技集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 611)

**SUBSCRIPTION OF NEW SHARES
UNDER SPECIFIC MANDATE**

Financial Adviser to the Company



THE SUBSCRIPTION

On 14 November 2021, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue, on the date of the Subscription Completion, 538,942,750 Subscription Shares at the Subscription Price of HK\$0.882 per Subscription Share. The Subscription is subject to the fulfillment of the conditions precedent set out in the Subscription Agreement.

The Subscription Shares represent (i) approximately 41.04% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 29.10% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there will be no change in the issued share capital of the Company between the date of this announcement and the date of the Subscription Completion, save for the allotment and issue of the Subscription Shares).

The Subscription Shares will be allotted and issued under the Specific Mandate to be sought from the Shareholders at the SGM.

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

General

The SGM will be convened and held for the purposes of considering and, if thought fit, approving, among other things, (i) the Subscription Agreement and the transactions contemplated thereunder; and (ii) the granting of the Specific Mandate for the allotment and issue of the Subscription Shares. To the best knowledge, information and belief of the Directors, no Shareholder has a material interest in the Subscription and is required to abstain from voting on the aforesaid resolutions of the Company at the SGM.

A circular containing, among other matters, further information on (i) the Subscription Agreement and the transactions contemplated thereunder (including the Specific Mandate); and (ii) a notice of the SGM is expected to be despatched to the Shareholders on or before 10 December 2021.

Shareholders and potential investors of the Company should note that the Subscription Completion is subject to the satisfaction of the conditions precedent set out in the Subscription Agreement and may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the securities of the Company.

(1) THE SUBSCRIPTION

On 14 November 2021, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue, on the date of the Subscription Completion, 538,942,750 Subscription Shares at the Subscription Price of HK\$0.882 per Subscription Share, at an aggregate consideration of HK\$475,347,506.

THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are as follows:

Date

14 November 2021

Parties

- (a) the Company, as issuer; and
- (b) the Subscriber, as subscriber.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subscription Shares

The Subscription Shares represent:

- (a) approximately 41.04% of the existing issued share capital of the Company as at the date of this announcement; and
- (b) approximately 29.10% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there will be no change in the issued share capital of the Company between the date of this announcement and the date of the Subscription Completion, save for the allotment and issue of the Subscription Shares).

The aggregate nominal value of the Subscription Shares will be HK\$53,894,275.

The Subscription Shares, when allotted and issued, will rank pari passu in all respects among themselves free from all liens, charges, guarantee, adverse interests and adverse claims, and with the Shares in issue as at the date of allotment and issue of the Subscription Shares, including the right to receive all future dividends and distributions which may be declared, made or paid by the Company on or after the date of allotment and issue of the Subscription Shares.

Subscription Price

The Subscription Price of HK\$0.882 per Subscription Share represents:

- (a) a discount of approximately 6.17% to the closing price of HK\$0.94 per Share as quoted on the Stock Exchange on 12 November 2021, being the Last Trading Day;
- (b) a premium of approximately 0.92% over the average closing price of HK\$0.874 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 0.45% to the average closing price of HK\$0.886 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (d) a premium of approximately 2.56% over the audited consolidated net asset value attributable to each Share of approximately HK\$0.86 per Share as at 31 December 2020, calculated based on the Group's audited consolidated net asset value of HK\$1,126,825,000 as at 31 December 2020 as disclosed in the audited consolidated financial statements of the Company for the year ended 31 December 2020 and 1,313,094,192 Shares in issue as at 31 December 2020.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to (a) the recent market prices of the Shares on the Stock Exchange; (b) the current market condition; and (c) the relevant requirements under the Measures for the Supervision and Administration of State-owned Equities of Listed Companies (《上市公司國有股權監督管理辦法》) of the PRC.

Conditions precedent of the Subscription

Completion of the Subscription is conditional upon the satisfaction (if applicable, waiver) of the following conditions:

- (a) the Subscriber having obtained all necessary consents and approvals from its internal decision-making body as well as all relevant governmental and regulatory authorities in the PRC in respect of the Subscription Agreement and the transactions contemplated thereunder;
- (b) the Company having obtained all necessary consents and approvals from its internal decision-making body;
- (c) the Company having obtained all necessary consents, approvals, authorisations and/or filings required by the relevant governmental and regulatory authorities in the PRC in respect of the Subscription Agreement and the transactions contemplated thereunder in accordance with the relevant laws and regulations of the PRC, which includes without limitation, the approval of the SASAC;
- (d) the Shareholders having passed the necessary resolution(s) at the SGM to approve the Subscription Agreement and the transactions contemplated thereunder (including the granting of the Specific Mandate for the allotment and issue of the Subscription Shares);
- (e) the Executive having granted a positive ruling for (i) the rebuttal of the presumption that the Subscriber is acting in concert with China He (HK); and that (ii) the Subscription Completion will not result in the Subscriber having the obligation to make a mandatory general offer pursuant to Rule 26.1 of the Takeovers Code;
- (f) the Listing Committee having granted the approval for the listing of, and permission to deal in, the Subscription Shares, and such approval remaining valid as at the date of the Subscription Completion;
- (g) the Shares continuing to be listed and traded on the Stock Exchange and no requests having been received from the SFC and/or the Stock Exchange that the listing status of the Shares on the Stock Exchange will be revoked or cancelled as a result of the completion of the Subscription Agreement or any terms thereunder or other matters;

- (h) all warranties given by the Company under the Subscription Agreement being true, accurate and not misleading as at the date of the Subscription Agreement and the date of the Subscription Completion;
- (i) all warranties given by the Subscriber under the Subscription Agreement being true, accurate and not misleading as at the date of the Subscription Agreement and the date of the Subscription Completion;
- (j) the parties to the Subscription Agreement having complied with the obligations as set out in the Subscription Agreement in all material respects;
- (k) there having been no events or circumstances which have a material adverse effect on the business and financial conditions of the Group since the date of the Subscription Agreement; and
- (l) each of the Company and the Subscriber having obtained all necessary approvals, consents or waivers required to complete the Subscription under any agreements to which any members of the Group is a party, including without limitation, all necessary approvals, consents or waivers from the relevant banks in relation to the finance documents set out in the Subscription Agreement.

The conditions precedent stated in paragraphs (c) to (g) above cannot be waived by any party to the Subscription Agreement.

In the event that any of the conditions precedent of the Subscription is not fulfilled or waived on or before the Long Stop Date, the Subscription Agreement shall lapse and all obligations of the parties to the Subscription Agreement shall cease and determine and none of the parties to the Subscription Agreement shall have any claim against the other in respect of any matter arising out of or in connection with the Subscription Agreement except for any antecedent breach of any obligation and any liabilities under the Subscription Agreement.

The Company has received a letter from the SFC in which the Executive rules that (a) the presumed concert party relationship between the Subscriber and China He (HK) pursuant to class (1) of the definition of “acting in concert” under the Takeovers Code is rebutted; and (b) no general offer obligation will arise on the part of the Subscriber as a result of the Subscription Completion. Please refer to the section headed “Information of the Group and the Subscriber” for more information.

As at the date of this announcement, save for the condition precedent stated in paragraph (e) above, none of the above conditions precedent has been fulfilled or waived.

Subscription Completion

If all the conditions precedent of the Subscription have been fulfilled or waived (as the case may be) on or before the Long Stop Date, the Subscription Completion shall take place within 15 business days following the fulfillment or waiver (as the case may be) of the conditions precedent of the Subscription by the parties to the Subscription Agreement or such other date as the parties to the Subscription Agreement may agree in writing.

Nomination of Directors

Subject to compliance with applicable laws, regulations, the Bye-laws and the Listing Rules, for so long as the Subscriber remains as the single largest Shareholder or beneficially holds at least 29.1% of the total number of issued Shares after the Subscription Completion, the Subscriber shall have the right to nominate three candidates to be put forward for the appointment to the Board as Directors (other than independent non-executive Directors), provided that:

- (a) such candidates shall fulfill the qualification and experience requirements of a director under the applicable laws, regulations, the Listing Rules and the Bye-laws;
- (b) the appointment of such candidates shall be subject to the normal procedures for appointment of Directors in accordance with the relevant provisions of the Bye-laws and the approval of the nomination committee of the Company which shall exercise its duties in accordance with its terms of reference; and
- (c) any Directors so appointed by the Board will be subject to the retirement, re-election and Shareholders' approval requirements under the Bye-laws.

The Directors consider that the nomination right of the Subscriber provided in the Subscription Agreement is in line with the nomination right of the other existing registered Shareholders provided under the Bye-laws, forms part of its rights as a duly registered Shareholder upon the Subscription Completion in accordance with the Bye-laws, and is subject to the requirements related to the Board under the Bye-laws and the Listing Rules.

Specific Mandate

The Subscription Shares will be allotted and issued under the Specific Mandate to be sought from the Shareholders at the SGM.

Application for listing

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Directors consider that the Subscription offers a good opportunity for the Company to raise additional funds for business development purposes and to reduce the debt-to-asset ratio and the corresponding finance expenses on the Company. Having regard to the business of Nanshan Holdings, the beneficial owner of the Subscriber, the Company considers that there is potential synergy between the business of Nanshan Holdings with certain of the business segments of the Group requiring logistical support and warehousing services, such as the manufacturing and trading of solar power related products and the engineering, procurement and construction business of the Group.

Taking into account the lower costs and shorter time involved in the Subscription when compared with other means of equity fund raising exercises such as rights issue or open offer, the Directors believe that the Subscription is the most appropriate method. Moreover, the Directors expect that the Subscription will broaden the Shareholders' base of the Company, thereby enhancing the capital base of the Company to facilitate future development and to increase the liquidity of the Shares. Accordingly, the Directors are of the view that the terms of the Subscription Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

USE OF PROCEEDS

The gross proceeds of the Subscription is HK\$475,347,506. The net aggregate proceeds from the Share Subscription, after deduction of the relevant expenses (including but not limited to the legal expenses and disbursements), are estimated to be approximately HK\$470,347,000, representing a net issue price of approximately HK\$0.873 per Subscription Share. The Directors intend to apply the net proceeds of the Subscription in the following manner:

- (a) approximately HK\$120,000,000 for general working capital of the Group; and
- (b) approximately HK\$350,347,000 for the development and operation of new energy power stations.

INFORMATION OF THE GROUP AND THE SUBSCRIBER

The Group

The Group is principally engaged in new energy operations, including (a) the engineering, procurement and construction (“EPC”) and consultancy segment which comprises the Group’s EPC and consulting services operations relating to construction of photovoltaic power plant and other general construction and engineering services; (b) the power generation segment which comprises the Group’s power generation operations; (c) the financing segment which comprises the Group’s financing operations; (d) the manufacturing and trading business segment which comprises the Group’s manufacturing and trading of solar power related products; and (e) the other segments which comprise the Group’s corporate management, investment and treasury services. In addition, the Group has been participating in other businesses such as inspection, maintenance, repair, construction, installation and provision of expertise in such works for nuclear power plants via its associated companies.

The Subscriber

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber is a company incorporated in Hong Kong. It is principally engaged in investment holding and is a direct wholly-owned subsidiary of Nanshan Holdings, a company incorporated in the PRC with limited liability and is listed in the Shenzhen Stock Exchange (stock code: 002314) and headquartered in Shekou, Shenzhen. Nanshan Holdings is principally engaged in the businesses of, among others, modern warehousing and logistics services, property development and integrated development of industrial cities. Nanshan Holdings is held as to approximately 68.43% by its largest shareholder 中國南山開發(集團)股份有限公司 (transliterated as China Nanshan Development Group Co. Limited*) ("**Nanshan Development**"), a company incorporated in the PRC with limited liability, which is principally engaged in the provision of modern integrated logistics services, integrated development of industrial cities, and the provision of financial services, asset management services. The largest shareholder of Nanshan Development is 招商局(南山)控股有限公司 (transliterated as China Merchants (Nanshan) Holdings Co., Ltd.*) ("**China Merchants (Nanshan)**"), holding approximately 36.52% of Nanshan Development, while the rest of the shareholding is held by other shareholders. The parent company of China Merchants (Nanshan) is China Merchants Port Holdings Company Limited ("**China Merchants Port**"), a company incorporated in Hong Kong with limited liability and listed on the Stock Exchange (stock code: 144), which is ultimately controlled by the SASAC. China Merchants Port is principally engaged in ports operation, bonded logistics operation and property investment.

China He (HK), the controlling shareholder of the Company as at the date of this announcement, is indirectly wholly-owned by CNNC, which is ultimately controlled by the SASAC. Accordingly, China He (HK) and the Subscriber are deemed to be acting in concert pursuant to class (1) of the definition of "acting in concert" under the Takeovers Code.

In addition, as the Subscriber and China He (HK) will each be interested in more than 20% of the issued shares of the Company upon the Subscription Completion, the Subscriber and China He (HK) will be deemed to be associated companies of each other for the purposes of the Takeovers Code, and therefore be presumed to be parties acting in concert under the Takeovers Code upon the Subscription Completion. Unless the presumption is rebutted, the Subscription will trigger the obligation on the part of the Subscriber to make a mandatory unconditional general offer for the Shares pursuant to Rule 26.1 of the Takeovers Code.

As at the date of this announcement, the Company has received a letter from the SFC in which the Executive rules that (a) the presumed concert party relationship between the Subscriber and China He (HK) pursuant to class (1) of the definition of “acting in concert” under the Takeovers Code is rebutted; and (b) no general offer obligation will arise on the part of the Subscriber as a result of the Subscription Completion.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company did not conduct any other equity fund raising activities in the past twelve months before the date of this announcement.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 1,313,094,192 Shares in issue. The Company does not have any other outstanding convertible securities, options, warrants or other derivatives in issue which are convertible or exchangeable into Shares.

The shareholding structure of the Company (a) as at the date of this announcement; and (b) immediately after the Subscription Completion (assuming there will be no change in the issued share capital of the Company between the date of this announcement and the date of the Subscription Completion, save for the allotment and issue of the Subscription Shares) are as follows:

Name of Shareholders	As at the date of this announcement		Immediately after the Subscription Completion	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
China He (HK) (<i>Note 1</i>)	400,000,000	30.46	400,000,000	21.60
Mr. Fu Zhigang (<i>Note 2</i>)	100,000	0.01	100,000	0.01
Mr. Liu Genyu (<i>Note 3</i>)	24,998,000	1.90	24,998,000	1.35
The Subscriber	–	–	538,942,750	29.10
Public Shareholders	<u>887,996,192</u>	<u>67.63</u>	<u>887,996,192</u>	<u>47.95</u>
Total	<u>1,313,094,192</u>	<u>100.00</u>	<u>1,852,036,942</u>	<u>100.00</u>

Notes:

1. China He (HK) is a wholly-owned subsidiary of 中核投資有限公司 (transliterated as China Nuclear Investment Company Limited*) (“CNICL”), which in turn is wholly-owned by CNNC. As at date of this announcement, China He (HK) held 400,000,000 shares of the Company and accordingly, both CNICL and CNNC were deemed to be interested in the same block of shares of the Company which was registered under China He (HK) by virtue of the SFO.
2. Mr. Fu Zhigang is an executive Director and the Chief Executive Officer of the Company.
3. Mr. Liu Genyu is an executive Director and the vice chairman of the Board.

GENERAL

The SGM will be convened and held for the purposes of considering and, if thought fit, approving, among other things, (i) the Subscription Agreement and the transactions contemplated thereunder; and (ii) the granting of the Specific Mandate for the allotment and issue of the Subscription Shares. To the best knowledge, information and belief of the Directors, no Shareholder has a material interest in the Subscription and is required to abstain from voting on the aforesaid resolutions of the Company at the SGM.

A circular containing, among other matters, further information on (i) the Subscription Agreement and the transactions contemplated thereunder (including the Specific Mandate); and (ii) a notice of the SGM is expected to be despatched to the Shareholders on or before 10 December 2021.

Shareholders and potential investors of the Company should note that the Subscription Completion is subject to the satisfaction of the conditions precedent set out in the Subscription Agreement and may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expression shall have the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“China He (HK)”	China He Investment (Hong Kong) Company Limited (中核投資(香港)有限公司), a company incorporated in Hong Kong with limited liability, the controlling shareholder of the Company as at the date of this announcement
“CNNC”	China National Nuclear Corporation (中國核工業集團有限公司), an enterprise established in the PRC directly owned by the SASAC
“Company”	China Nuclear Energy Technology Corporation Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 611)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of such Executive Director

“Financial adviser”	Huatai Financial Holdings (Hong Kong) Limited, licensed corporation to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	12 November 2021, being the last trading day prior to the signing of the Subscription Agreement
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 January 2022 or such other date as may be agreed in writing by the parties to the Subscription Agreement
“Nanshan Holdings”	深圳市新南山控股(集團)股份有限公司 (transliterated as Shenzhen New Nanshan Holdings Group Co. Ltd*), a company established in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002314)
“PRC”	the People’s Republic of China, which for the purposes of this announcement, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan

“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened and held for the purposes of, among other matters, considering and, if thought fit, approving (i) the Subscription Agreement and the transactions contemplated thereunder; and (ii) the granting of the Specific Mandate
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board at the SGM for the allotment and issue of the Subscription Shares pursuant to the Subscription Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Yahgee International (Hong Kong) Co., Limited (雅致國際(香港)有限公司), a company incorporated in Hong Kong with limited liability
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement under Specific Mandate
“Subscription Agreement”	the subscription agreement dated 14 November 2021 entered into between the Company and the Subscriber in relation to the Subscription

“Subscription Completion”	the completion of the Subscription pursuant to the terms and conditions of the Subscription Agreement
“Subscription Price”	the subscription price of HK\$0.882 per Subscription Share
“Subscription Shares”	538,942,750 Shares to be allotted and issued by the Company to the Subscriber pursuant to the Subscription Agreement
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs

By order of the Board
China Nuclear Energy Technology Corporation Limited
Zhao Yixin
Chairman

Hong Kong, 14 November 2021

As at the date of this announcement, the executive Directors of the Company are Mr. Zhao Yixin (Chairman), Mr. Liu Genyu (Vice Chairman), Mr. Chung Chi Shing, Mr. Fu Zhigang (Chief Executive Officer), Ms. Jian Qing, Mr. Li Jinying, Mr. Tang Jianhua (Chief Operation Officer), Mr. Wu Yuanchen; and the independent non-executive Directors of the Company are Mr. Chan Ka Ling Edmond, Mr. Kang Xinquan, Mr. Tian Aiping and Mr. Wang Jimin.

* *For identification purpose only*