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中国核建

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)

CONTINUING CONNECTED TRANSACTIONS

THE MOYU PHASE II CONSTRUCTION AGREEMENTS

On 13 November 2015 (after trading hours on the Stock Exchange), CNI Energy, an indirect non-wholly-owned subsidiary of the Company, entered into the Moyu Phase II Construction Agreements with Xinhua Shengshu, pursuant to which Xinhua Shengshu has agreed to engage CNI Energy as its contractor for the provision of procurement, construction, installation and related services in respect of the Moyu Phase II Solar Project. The aggregate contract value of the Moyu Phase II Construction Agreements is approximately RMB91,091,000 (equivalent to approximately HK\$111,131,000).

As at the date of this announcement, CNI Energy is an indirect non-wholly-owned subsidiary of the Company. The Company is owned as to approximately 35.3% by China He Investment. ZOC holds 100% interests in China He Investment and ZOC is 100% owned by CNEGC. The ultimate beneficial owner of China He Investment is CNEGC. CNEGC holds 55% shareholding interest of Xinhua Hydropower which holds 98.11% of Xinhua Water and Electricity which wholly-owns Xinhua Shengshu. Therefore, Xinhua Shengshu is a connected person of the Company within the meaning of the Listing Rules and the entering into of the Moyu Phase II Construction Agreements constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

THE QIQIHAR EPC AGREEMENT

On 13 November 2015 (after trading hours on the Stock Exchange), CNI Energy, an indirect non-wholly-owned subsidiary of the Company, entered into the Qiqihar EPC Agreement with Qiqihar JV, pursuant to which Qiqihar JV has agreed to engage CNI Energy as its contractor for the provision of engineering, procurement, construction, installation and related services in respect of the Qiqihar Solar Project. The total contract value of the Qiqihar EPC Agreement is approximately RMB27,903,000 (equivalent to approximately HK\$34,042,000).

Qiqihar JV is an indirect non-wholly-owned subsidiary of ZOC, which is the holding company of China He Investment. China He Investment has approximately 35.3% interest in the Company and is a substantial shareholder of the Company. As a result, Qiqihar JV is a connected person of the Company by virtue of it being an associate of the substantial shareholder of the Company. Therefore, the entering into of the Qiqihar EPC Agreement constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

LISTING RULES IMPLICATIONS

As all applicable percentage ratios in respect of the Moyu Proposed Caps (having been aggregated with the approved annual cap in respect of the Moyu Phase I CCT, details of which are set out in the circular of the Company dated 2 April 2015) are more than 25%, the transactions contemplated under the Moyu Phase II Construction Agreements and the Moyu Proposed Caps are subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As all applicable percentage ratios in respect of the Qiqihar Proposed Caps are more than 5% and less than 25% but the aggregated annual amounts receivable by the Company for performing the work pursuant to the Qiqihar EPC Agreement for the two financial years ending 31 December 2016 is more than HK\$10,000,000, the transactions contemplated under the Qiqihar EPC Agreement and the Qiqihar Proposed Caps are subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The annual cap in respect of the Moyu Phase I CCT has been approved by the Shareholders.

A circular containing information in relation to (i) the Moyu Phase II Construction Agreements, Qiqihar EPC Agreement and the transactions contemplated thereunder; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Moyu Phase II CCT and the Qiqihar CCT; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Moyu Phase II CCT and the Qiqihar CCT; and (iv) a notice of the SGM will be despatched to the Shareholders on or before 4 December 2015.

THE MOYU SOLAR PROJECTS

On 13 November 2015 (after trading hours on the Stock Exchange), CNI Energy, an indirect non-wholly-owned subsidiary of the Company, entered into the First Moyu Phase II Construction Agreement and the Second Moyu Phase II Construction Agreement with Xinhua Shengshu in relation to the engagement of CNI Energy as its contractor for the provision of procurement, construction, installation and related services in respect of the Moyu Phase II Solar Project.

The principal terms of the First Moyu Phase II Construction Agreement and the Second Moyu Phase II Construction Agreement were arrived at after arm's length negotiations between CNI Energy and Xinhua Shengshu. The considerations of First Moyu Phase II Construction Agreement and the Second Moyu Phase II Construction Agreement are approximately RMB34,970,000 and RMB56,120,000 respectively and other principal terms of the First Moyu Phase II Construction Agreement are substantially the same as the principal terms of and the Second Moyu Phase II Construction Agreement.

Details of the principal terms of the Moyu Phase II Construction Agreements are set out below:

Principal terms of the Moyu Phase II Construction Agreements

Date

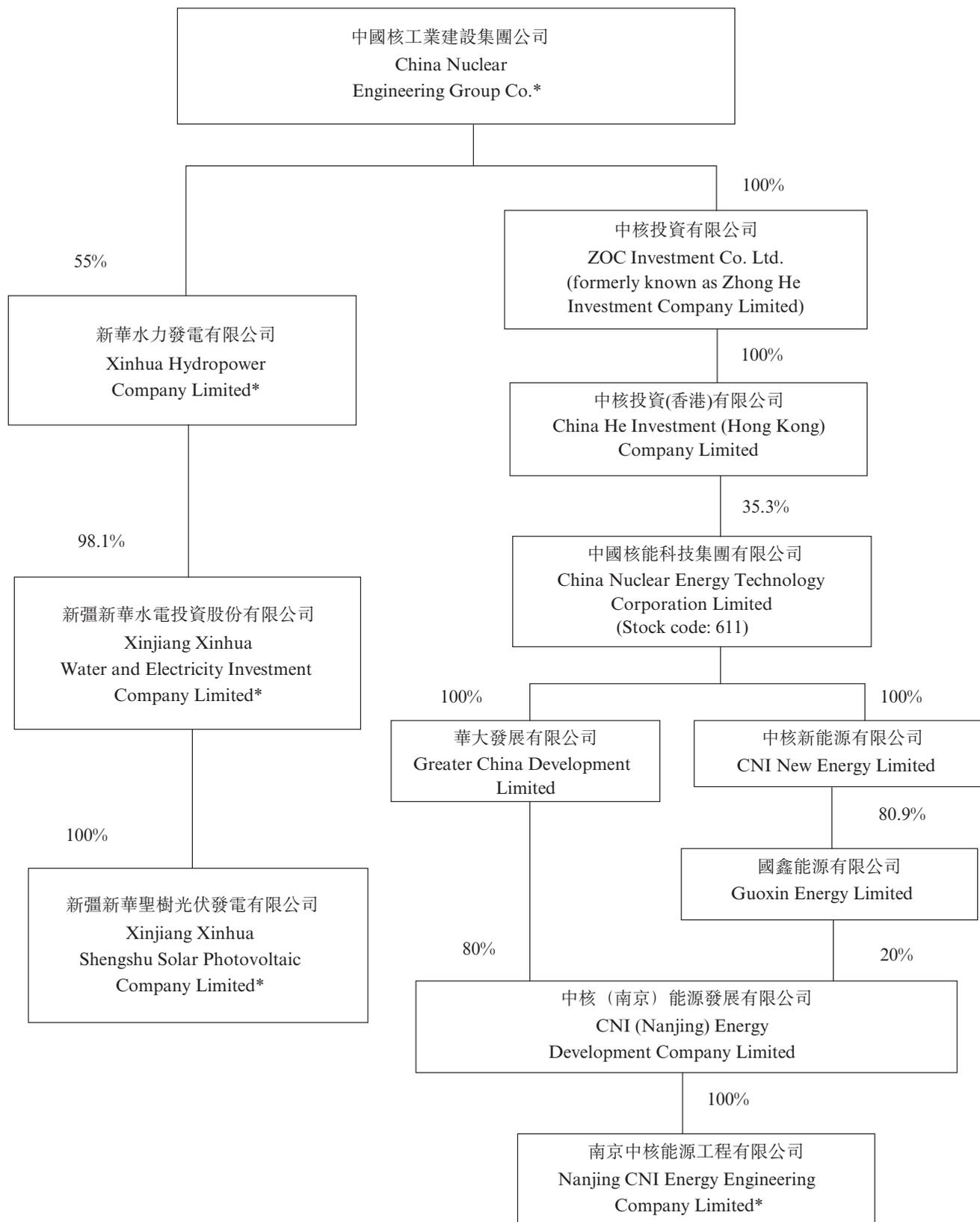
13 November 2015

Parties

- (1) CNI Energy; and
- (2) Xinhua Shengshu

As at the date of this announcement, CNI Energy is an indirect non-wholly-owned subsidiary of the Company. The Company is owned as to approximately 35.3% by China He Investment. ZOC holds 100% interests in China He Investment and ZOC is 100% owned by CNEGC. The ultimate beneficial owner of China He Investment is CNEGC. CNEGC holds 55% shareholding interest of Xinhua Hydropower which holds 98.11% shareholding interest of Xinhua Water and Electricity which in turn wholly-owns Xinhua Shengshu. Therefore, Xinhua Shengshu is a connected person of the Company within the meaning of the Listing Rules.

Set out below is a simplified corporate chart of the Group and Xinhua Shengshu showing the relationship between CNI Energy and Xinhua Shengshu:



Term

The Moyu Phase II Construction Agreements shall take effect upon obtaining of the Independent Shareholders' approval at the SGM to the Moyu Phase II Construction Agreements and the transactions contemplated thereunder and the Moyu Proposed Caps until completion of the obligations under the Moyu Phase II Construction Agreements by both

parties other than the obligation of CNI Energy in relation to the construction services which shall end within three months from the date of connection of the solar power plant to the electricity grid in the PRC. In addition, the quality assurance period shall be one year from the date of completion of the Moyu Phase II Solar Project as set out in the transfer certificate.

As at the date of this announcement, the tender of CNI Energy for the Moyu Phase II Solar Project has already been granted to and accepted by Xinhua Shengshu, the tenderer.

Nature of Transactions

Pursuant to the Moyu Phase II Construction Agreements, CNI Energy shall be responsible for (i) installation work relating to solar cell component frames; (ii) construction work such as cable, tower, electrical equipment, underground facilities, roads, fence, earthwork, greening illumination, video surveillance, prevention of fire, flood, security, operation control system, communications, building construction and decoration; (iii) provision of services such as testing of equipment, third party system compatibility testing and modification; and (iv) the installation and operation of equipment in relation to environmental and water protection. CNI Energy shall not be responsible for the construction of system connecting part.

Consideration

The aggregate contract value of the Moyu Phase II Construction Agreements is approximately RMB91,091,000 (equivalent to approximately HK\$111,131,000) which shall be payable by Xinhua Shengshu to CNI Energy in the following manners:

- (i) 10% of the total contract value as prepayment to be settled within 28 days after CNI Energy has provided to Xinhua Shengshu the relevant prepayment guarantee and acceptance of the same by Xinhua Shengshu;
- (ii) 85% of the total contract value as progress payment which will be made monthly with reference to the completion status on the 25th day of each month; and
- (iii) 5% of the total contract value will be retained as retention money to be settled within 30 days after the expiry of the quality assurance period (being one year from the date of completion of the Moyu Phase II Solar Project as set out in the transfer certificate and acceptance of the same by and transfer of the same for operation to Xinhua Shengshu).

As set out in the circular of the Company dated 2 April 2015, CNI Energy entered into the Moyu Phase I Construction Agreement with Xinhua Shengshu to engage CNI Energy as its contractor for the provision of procurement, construction, installation and related services in respect of the Moyu Phase I Solar Project. The entering into of the Moyu Phase I Construction Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company, details of which are set out in the circular of the Company dated 2 April 2015. The annual cap for the financial year ending 31 December 2015 in the amount of HK\$127,547,000 in respect of the Moyu Phase I CCT has been approved by the Shareholders. As at the date of this announcement, the work under the Moyu Phase I Construction Agreement had been completed.

THE MOYU PROPOSED CAPS

The following table sets out the aggregate annual caps in respect of the continuing connected transactions under the Moyu Phase I Construction Agreement and the Moyu Phase II Construction Agreements for the two financial years ending 31 December 2016.

Continuing connected transactions	Proposed annual cap for the year ending 31 December 2015 <i>(HK\$'000)</i>	Proposed annual cap for the year ending 31 December 2016 <i>(HK\$'000)</i>
<i>Pursuant to the Moyu Phase I Construction Agreement</i>		
— provision of procurement, construction, installation and related services	127,547 <i>(equivalent to approximately RMB101,209,000)</i>	Not applicable
<i>Pursuant to the Moyu Phase II Construction Agreements</i>		
— provision of procurement, construction, installation and related services	24,425 <i>(equivalent to approximately RMB20,020,000)</i>	97,819 <i>(equivalent to approximately RMB80,179,000)</i>
<i>Total:</i>	151,972 <i>(equivalent to approximately RMB121,229,000)</i>	97,819 <i>(equivalent to approximately RMB80,179,000)</i>

Set out below is a summary of the major category of services provided under the Moyu Phase II Construction Agreements:

Major category of transactions	Major types of products and services	Corresponding contract amount <i>(RMB'000)</i>
Procurement service	Electrical equipment and transformer facilities (e.g. electricity cables, transformer, Communication system facilities and others (e.g. optical transmission facilities)	29,750
Construction and installation services	Equipment rental price (e.g. trucks, crane, digging machine, electricity generator, etc.) and material price (e.g. concrete, cement, stones, steel) and salary of construction worker	61,341

Total contract value in respect of the Moyu Phase II Construction Agreements (<i>RMB'000</i>)	91,091
Total contract value in respect of the Moyu Phase II Construction Agreements (<i>HK\$'000</i>)	111,131
Add: buffer (<i>HK\$'000</i>)	<u>11,113</u>
Aggregate of the annual caps in respect of the Moyu Phase II CCT for the two financial years ending 31 December 2016 (<i>HK\$'000</i>)	122,244 <i>(approximately RMB100,200,000)</i>
2015 Moyu Proposed Cap attributable to the Moyu Phase II CCT (<i>HK\$'000</i>)	24,425 <i>(approximately RMB20,020,000)</i>
2016 Moyu Proposed Cap attributable to the Moyu Phase II CCT (<i>HK\$'000</i>)	97,819 <i>(approximately RMB80,179,000)</i>

Taking into consideration (i) the internal control procedures of CNI Energy that are in place for setting the price quotation; (ii) the use of the regularly updated government guidance price; and (iii) the tender under the Moyu Solar Projects went through a selection process assessed by an independent assessor appointed by Xinhua Shengshu, the Board considers that the pricing methods and procedures as mentioned above can ensure that the prices under the Moyu Phase II Construction Agreements will be no less favourable to the Company than those available to or from independent third parties.

Basis in determining the Moyu Proposed Caps

In determining the Moyu Proposed Caps, the Board has based their estimates on the contract value of (i) the Moyu Phase I Construction Agreement for the year ending 31 December 2015 and (ii) the Moyu Phase II Construction Agreements for the two financial years ending 31 December 2016. Important and objective assumptions and factors, though not exhaustive but were arrived at after due and careful consideration of data currently in hand, are set out as below:

- (i) the quantity of construction equipment and materials to be procured by CNI Energy in relation to the Moyu Solar Projects;
- (ii) the extent of the construction, installation and related services required to be provided by CNI Energy in relation to the Moyu Solar Projects;
- (iii) the expected unit prices of the relevant construction equipment to be rented, the construction equipment and materials to be procured and the construction, installation and related services to be provided; and
- (iv) the expected time required for the completion of different stages of the Moyu Solar Projects as set out in the contemplated construction schedule of the Moyu Solar Projects for the determination of the amount of the 2015 Moyu Proposed Cap and the 2016 Moyu Proposed Cap.

The Company has estimated the quantity of equipment and materials to be procured based on the number of each category of the equipment and materials necessary to complete the Moyu Solar Projects in accordance with the required scope of work under the Moyu Phase II Construction Agreements and the Moyu Phase I Construction Agreement respectively. Regarding the extent of construction, installation and related services, the Company has estimated such extent based on (i) the number of man-hour of relevant worker and technical staff; and (ii) the type and number of construction equipment to be rented for performing the work under the Moyu Solar Projects as specified in the Moyu Phase II Construction Agreements and the Moyu Phase I Construction Agreement respectively and the relevant tender. Besides, the Company has estimated the expected unit price of the construction equipment to be rented, the construction equipment and materials to be procured and the service fees by making references to, amongst other things, third party supplier/service provider quotations, guidance prices and general salary level of construction work published regularly by local authorities.

Details of the Moyu Phase I Construction Agreement and the basis in determining the annual cap in respect of the Moyu Phase I CCT are set out in the circular of the Company dated 2 April 2015. The annual cap in respect of the Moyu Phase I CCT has been approved by the Shareholders.

For determination of the Moyu Proposed Caps in respect of the continuing connected transactions contemplated under the Moyu Phase II Construction Agreements, a buffer has been made to cater for the change in quantity/extent of the construction equipment and materials, as the Moyu Phase II Construction Agreements have provided terms which permit the contract value to be adjusted if there is any change in the requirements or conditions of the Moyu Phase II Solar Project. The buffer will also cater for any foreign exchange rate difference in accounts reporting due to the fluctuation in translation rate from RMB to HK\$.

The basis of determination of the buffer is by making reference to 10% of the total contract value of the Moyu Phase II Construction Agreements based on the past experience of the management of the Company which could cater for any possible additional work that are required to be performed by CNI Energy for the counterparty to the Moyu Phase II Construction Agreements estimated by CNI Energy. In addition, since the reporting currency of the Company and the Moyu Proposed Caps are in HK\$ while the contract value of the Moyu Phase II Construction Agreements is denominated in RMB, the Company has taken into consideration the recent fluctuations of the translation rate from RMB to HK\$ in determining the buffer in order to cater for any increase in the transacted amount when converting such amount from RMB to HK\$ if RMB appreciates against HK\$.

The reasons for applying a buffer are that due to the nature of the construction industry, there may be change in quantity or extent of the construction equipment and materials to be provided by CNI Energy for the relevant transactions contemplated under the Moyu Phase II Construction Agreements. There may also be additional work required to be performed by CNI Energy before completion of the projects or change in the requirements by the counterparty to the Moyu Phase II Construction Agreements during the actual construction or installation process. As such, in determining the Moyu Proposed Caps, the Company has to take into account of such factors and the foreign exchange rate difference due to the time involved for such projects. CNI Energy has considered such factors to the extent possible when determining the contract value of the Moyu Phase II Construction Agreements but the Company considers that if the aforesaid unforeseen circumstances shall arise, a buffer would

enable CNI Energy to continue carrying on the projects without causing any delay to or interruption on the work progress of the counterparty of the Moyu Phase II Construction Agreements provided that such buffer would fall within the ambit of the Moyu Proposed Caps.

The pricing policy for the continuing connected transactions under the Moyu Phase II Construction Agreements has been determined based on normal commercial terms and in the ordinary and usual course of business of the Group and based upon the fair market price which are in principle no less favourable than the terms which can be obtained by CNI Energy from independent third parties for the provision of procurement, construction, installation and related services. Pricing has been agreed upon between the parties for the services provided by CNI Energy by reference to the aforementioned pricing policy through arm's length negotiations.

Since the Company has determined the abovementioned pricing for the Moyu Solar Projects with reference to the market price or third party quotations, the Company considered that such pricing should be comparable with that obtained from independent third parties.

PRINCIPAL BUSINESS OF XINHUA SHENGSHU

The principal business of Xinhua Shengshu is the investment, development, construction and operation of new energy projects.

MATERIAL INTEREST OF DIRECTORS IN THE MOYU PHASE II CCT

As at the date of this announcement, Mr. Ai Yilun, who is the chairman and an executive Director, Mr. Gao Yongping, Mr. Fu Zhigang and Mr. Tang Chuanqing who are executive Directors, are materially interested in the Moyu Phase II CCT as each of Mr. Ai Yilun, Mr. Gao Yongping, Mr. Fu Zhigang and Mr. Tang Chuanqing holds senior management position in ZOC which is 100% owned by CNEGC and ZOC holds 100% interests in China He Investment. Furthermore, Mr. Ai Yilun is a director of ZOC. China He Investment holds 400,000,000 Shares, representing approximately 35.3% equity interest of the Company and therefore is the controlling shareholder (as defined in the Listing Rules) of the Company. As such, Mr. Ai Yilun, Mr. Gao Yongping, Mr. Fu Zhigang and Mr. Tang Chuanqing have abstained from voting on the relevant board resolutions in respect of the Moyu Phase II CCT and the Moyu Proposed Caps.

THE QIQIHAR SOLAR PROJECT

On 13 November 2015 (after trading hours on the Stock Exchange), CNI Energy, an indirect non-wholly-owned subsidiary of the Company, entered into the Qiqihar EPC Agreement with Qiqihar JV, pursuant to which Qiqihar JV has agreed to engage CNI Energy as its contractor for the provision of engineering, procurement, construction, installation and related services in respect of the Qiqihar Solar Project. The total contract value of the Qiqihar EPC Agreement is approximately RMB27,903,000 (equivalent to approximately HK\$34,042,000).

Details of the principal terms of the Qiqihar EPC Agreement are set out below:

Principal terms of the Qiqihar EPC Agreement

Date

13 November 2015

Parties

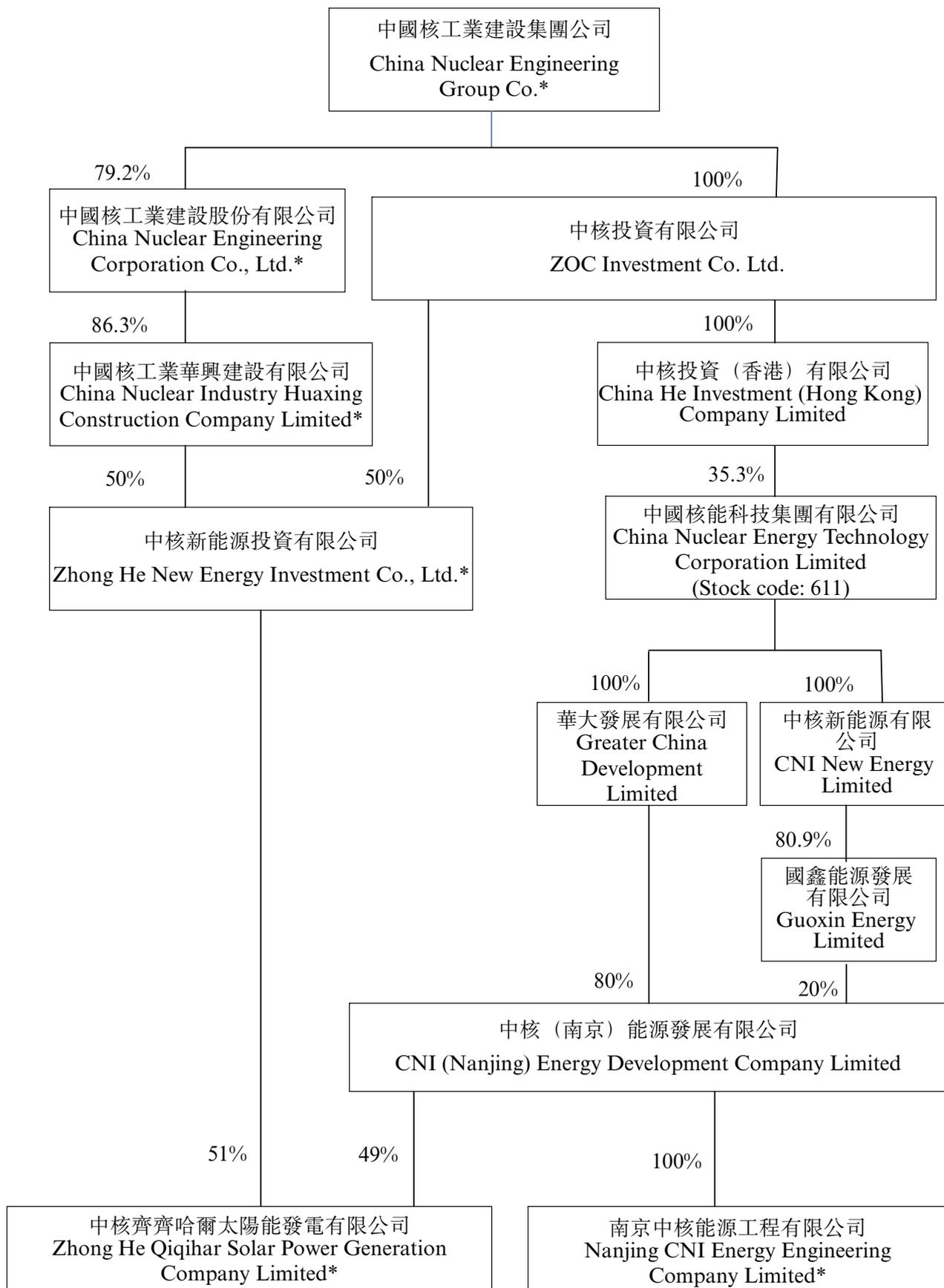
(1) CNI Energy; and

(2) Qiqihar JV

As at the date of this announcement, CNI Energy is an indirect non-wholly-owned subsidiary of the Company.

Qiqihar JV is an indirect non-wholly-owned subsidiary of ZOC, which is the holding company of China He Investment. China He Investment has approximately 35.3% interest in the Company and is a substantial shareholder of the Company. As a result, Qiqihar JV is a connected person of the Company by virtue of it being an associate of the substantial shareholder of the Company.

Set out below is a simplified corporate chart of the Group and Qiqihar JV showing the relationship between CNI Energy and Qiqihar JV:



Term

The Qiqihar EPC Agreement shall take effect upon obtaining of the Independent Shareholders' approval at the SGM to the Qiqihar EPC Agreement and the transactions contemplated thereunder and the Qiqihar Proposed Caps until completion of the obligations under the Qiqihar EPC Agreement by both parties other than the obligation of CNI Energy in relation to the construction services which shall end on 28 February 2016. In addition, the quality assurance period shall be being one year from the completion of the Qiqihar Solar Project.

As at the date of this announcement, the tender of CNI Energy for the Qiqihar Solar Project has already been granted to and accepted by Qiqihar JV, as tenderer.

Nature of Transactions

Pursuant to the Qiqihar EPC Agreement, CNI Energy shall be responsible for (i) installation work relating to solar cell component frames; (ii) construction work such as cable, tower, electrical equipment, underground facilities, roads, fence, earthwork, greening illumination, video surveillance, prevention of fire, flood, security, operation control system, communications, building construction and decoration; (iii) provision of services such as testing of equipment, third party system compatibility testing and modification; and (iv) the installation and operation of equipment in relation to environmental and water protection. CNI Energy shall not be responsible for the construction of system connecting part.

Consideration

The contract value of the Qiqihar EPC Agreement is approximately RMB27,903,000 (equivalent to approximately HK\$34,042,000) which shall be payable by Qiqihar JV to CNI Energy in the following manners:

- (i) 30% of the total contract value as prepayment to be settled within 5 days after CNI Energy has provided to Qiqihar JV the relevant prepayment guarantee and acceptance of the same by Qiqihar JV;
- (ii) (a) 65% of the contract value of the engineering work as progress payment which will be payable by Qiqihar JV to CNI Energy within 10 days from acceptance of the connection work to the power grid; (b) 30% of the contract value of the procurement of equipment will be payable by Qiqihar JV to CNI Energy within 10 days from acceptance of the equipment and another 30% of the contract value of the procurement part will be payable by Qiqihar JV to CNI Energy within 10 days from acceptance of the connection work to the power grid; (c) 60% of the contract value of the construction work as progress payment which will be payable by Qiqihar JV to CNI Energy within 10 days from acceptance of the connection work to the power grid; and
- (iii) (a) 5% of the aggregate contract value of the engineering work and construction work and (b) 10% of the contract value of the procurement of equipment, will be retained as retention money to be settled within 28 days after the expiry of the quality assurance period (being one year from the completion of the Qiqihar Solar Project and acceptance of the same by and transfer of the same for operation to Qiqihar JV).

QIQIHAR PROPOSED CAPS

The following table sets out the aggregate annual caps in respect of the continuing connected transactions under the Qiqihar EPC Agreement for the two financial years ending 31 December 2016.

Continuing connected transactions	Proposed annual cap for the year ending 31 December 2015 (HK\$'000)	Proposed annual cap for the year ending 31 December 2016 (HK\$'000)
<i>Pursuant to the Qiqihar EPC Agreement</i>		
— provision of procurement, construction, installation and related services	26,413 <i>(equivalent to approximately RMB21,650,000)</i>	11,033 <i>(equivalent to approximately RMB9,043,000)</i>

Set out below is a summary of the major category of services provided under the Qiqihar EPC Agreement:

Major category of transactions	Major types of products and services	Corresponding contract amount (RMB'000)
Engineering service	Design and engineering of the construction and installation work	500
Procurement service	Electrical equipment and transformer facilities (e.g. electricity cables, transformer, Communication system facilities and others (e.g. optical transmission facilities)	19,765
Construction and installation services	Equipment rental price (e.g. trucks, crane, digging machine, electricity generator, etc.) and material price (e.g. concrete, cement, stones, steel) and salary of construction worker	7,638

Total contract value (<i>RMB'000</i>)	27,903
Total contract value (<i>HK\$'000</i>)	34,042
Add: buffer (<i>HK\$'000</i>)	<u>3,404</u>
Aggregate of 2015 Qiqihar Proposed Cap and 2016 Qiqihar Proposed Cap (<i>HK\$'000</i>)	37,446 <i>(approximately</i> <u><u>RMB30,693,000</u></u>)
2015 Qiqihar Proposed Cap (<i>HK\$'000</i>)	26,413 <i>(approximately</i> <u><u>RMB21,650,000</u></u>)
2016 Qiqihar Proposed Cap (<i>HK\$'000</i>)	11,033 <i>(approximately</i> <u><u>RMB9,043,000</u></u>)

Taking into consideration (i) the internal control procedures of CNI Energy that are in place for setting the price quotation; (ii) the use of the regularly updated government guidance price; and (iii) the tender under the Qiqihar Solar Project went through a selection process assessed by an independent assessor appointed by Qiqihar JV, the Board considers that the pricing methods and procedures as mentioned above can ensure that the prices under the Qiqihar EPC Agreement will be no less favourable to the Company than those available to or from independent third parties.

Basis in determining the Qiqihar Proposed Caps

In determining the Qiqihar Proposed Caps for the Qiqihar CCT involving the provision of engineering, procurement, construction, installation and related services by CNI Energy to Qiqihar JV, the Board has based their estimates on the contract value of the Qiqihar EPC Agreement for the two financial years ending 31 December 2016. Important and objective assumptions and factors, though not exhaustive but were arrived at after due and careful consideration of data currently in hand, are set out as below:

- (i) the extent of the engineering design services (such as construction plan and relevant design and drawings) provided or required to be provided by CNI Energy in relation to the Qiqihar Solar Project;
- (ii) the expected unit prices of relevant engineering design services;
- (iii) the quantity of construction equipment and materials to be procured by CNI Energy in relation to the Qiqihar Solar Project;
- (iv) the extent of the construction, installation and related services required to be provided by CNI Energy in relation to the Qiqihar Solar Project;
- (v) the expected unit prices of the relevant construction equipment to be rented, the construction equipment and materials to be procured and the construction, installation and related services to be provided; and

- (vi) the expected time required for the completion of different stages of the Qiqihar Solar Project as set out in the contemplated construction schedule of the Qiqihar Solar Project for the determination of the amount of the 2015 Qiqihar Proposed Cap and the 2016 Qiqihar Proposed Cap.

In respect of the engineering services, the Company has estimated the extent of engineering design services based on (i) the number of man-hour of engineering staff; and (ii) the travelling frequency of engineering staff necessary to perform the work for the Qiqihar Solar Project as specified in the Qiqihar EPC Agreement and the tender. The Company has enquired a consultancy service company for the general salary level of relevant staff to provide similar services in the solar energy industry to determine the unit engineering staff cost. The services fee was then determined based on such unit staff cost level plus, among other things, the expected related expenses, such as staff travelling cost.

In respect of the procurement, construction, installation and related services, the Company has estimated the quantity of equipment and materials to be procured based on the number of each category of the equipment and materials necessary to complete the Qiqihar Solar Project in accordance with the required scope of work under the Qiqihar EPC Agreement. Regarding the extent of construction, installation and related services, the Company has estimated such extent based on (i) the number of man-hour of relevant worker and technical staff; and (ii) the type and number of construction equipment to be rented for performing the work under the Qiqihar Solar Project as specified in the Qiqihar EPC Agreement and the relevant tender. Besides, the Company has estimated the expected unit price of the construction equipment to be rented, the construction equipment and materials to be procured and the service fees by making references to, amongst other things, third party supplier/service provider quotations, guidance prices and general salary level of construction work published regularly by local authorities.

For determination of the Qiqihar Proposed Caps in respect of the continuing connected transactions contemplated under the Qiqihar EPC Agreement, a buffer has been made to cater for the change in quantity/extent of the construction equipment and materials, as the Qiqihar EPC Agreement have provided terms which permit the contract value to be adjusted if there is any change in the requirements or conditions of the Qiqihar Solar Project. The buffer will also cater for any foreign exchange rate difference in accounts reporting due to the fluctuation in translation rate from RMB to HK\$.

The basis of determination of the buffer is by making reference to 10% of the total contract value of the Qiqihar EPC Agreement based on the past experience of the management of the Company which could cater for any possible additional work that are required to be performed by CNI Energy for the counterparty to the Qiqihar EPC Agreement estimated by CNI Energy. In addition, since the reporting currency of the Company and the Qiqihar Proposed Caps are in HK\$ while the contract value of the Qiqihar EPC Agreement is denominated in RMB, the Company has taken into consideration the recent fluctuations of the translation rate from RMB to HK\$ in determining the buffer in order to cater for any increase in the transacted amount when converting such amount from RMB to HK\$ if RMB appreciates against HK\$.

The reasons for applying a buffer are that due to the nature of the construction industry, there may be change in quantity or extent of the construction equipment and materials to be provided by CNI Energy for the relevant transactions contemplated under the Qiqihar EPC Agreement. There may also be additional work required to be performed by CNI Energy before completion of the projects or change in the requirements by the counterparty to the

Qiqihar EPC Agreement during the actual construction or installation process. As such, in determining the Qiqihar Proposed Caps, the Company has to take into account of such factors and the foreign exchange rate difference due to the time involved for such projects. CNI Energy has considered such factors to the extent possible when determining the contract value of the Qiqihar EPC Agreement but the Company considers that if the aforesaid unforeseen circumstances shall arise, a buffer would enable CNI Energy to continue carrying on the projects without causing any delay to or interruption on the work progress of the counterparty of the Qiqihar EPC Agreement provided that such buffer would fall within the ambit of the Qiqihar Proposed Caps.

The pricing policy for the continuing connected transactions under the Qiqihar EPC Agreement has been determined based on normal commercial terms and in the ordinary and usual course of business of the Group and based upon the fair market price which are in principle no less favourable than the terms which can be obtained by CNI Energy from independent third parties for the provision of procurement, construction, installation and related services. Pricing has been agreed upon between the parties for the services provided by CNI Energy by reference to the aforementioned pricing policy through arm's length negotiations.

Since the Company has determined the abovementioned pricing for the Qiqihar Solar Project with reference to the market price or third party quotations, the Company considered that such pricing should be comparable with that obtained from independent third parties.

PRINCIPAL BUSINESS OF QIQIHAR JV

The scope of business of Qiqihar JV includes, among other things, solar power generation and sales, solar power energy generation technology consultancy services, development of photovoltaic energy technology, construction and engineering of solar power photovoltaic energy systems.

MATERIAL INTEREST OF DIRECTORS IN THE QIQIHAR CCT

As at the date of this announcement, Mr. Ai Yilun, who is the chairman and an executive Director, Mr. Gao Yongping, Mr. Fu Zhigang and Mr. Tang Chuanqing who are executive Directors, are materially interested in the Qiqihar CCT as each of Mr. Ai Yilun, Mr. Gao Yongping, Mr. Fu Zhigang and Mr. Tang Chuanqing holds senior management position in ZOC which is 100% owned by CNEGC and ZOC holds 100% interests in China He Investment. Furthermore, Mr. Ai Yilun is a director of ZOC. China He Investment holds 400,000,000 Shares, representing approximately 35.3% equity interest of the Company and therefore is the controlling shareholder (as defined in the Listing Rules) of the Company. As such, Mr. Ai Yilun, Mr. Gao Yongping, Mr. Fu Zhigang and Mr. Tang Chuanqing have abstained from voting on the relevant board resolutions in respect of the Qiqihar CCT and the Qiqihar Proposed Caps.

REASONS FOR AND BENEFITS OF THE MOYU PHASE II CCT AND THE QIQIHAR CCT

The Group is principally engaged in new energy operations (such as provision of EPC services for solar energy plant developers) in the PRC, restaurants and hotels operation and property investments in Hong Kong. In addition, the Group has been participating in other businesses

such as (i) inspection, maintenance, repair, construction, installation and provision of expertise in such works for nuclear power plants; and (ii) sub-contracting of overseas engineering and construction projects via its subsidiaries and associated companies.

It is the corporate strategy of the Group to continue to identify investment opportunities with the aim to diversify its business to a section which is less susceptible to global financial markets while at the same time has a steady revenue stream.

CNI (Nanjing), an indirect non-wholly-owned subsidiary of the Company established on 1 February 2013, is principally engaged in the development and operation of new energy power plant projects; technical advisory and provision of technical services; wholesale of self developed software and electrical equipment; wholesale of solar power components; procurement, completion of full set and installation of machinery and equipment and commissioning services. CNI Energy is a wholly-owned subsidiary of CNI (Nanjing) established on 14 March 2013 which is principally engaged in the provision of sub-contracting services in relation to new energy projects such as procurement and sale of equipment and materials, installation and testing of equipment, design, construction and technical consultancy (import and export business). Through CNI (Nanjing) and CNI Energy, the Group has been participating in various construction projects for solar energy plants with different scales in term of MWp. Besides, CNI Energy also possesses the Certificate of Class-B Qualification for Engineering Design in relation to Electricity Industry (Generation of New Energy) (電力行業(新能源發電)專業乙級工程設計資質證書) which allows CNI Energy to participate in the provision of main contracting, project management and related technical and management services in the fields specified therein. During the financial years ended 31 December 2013 and 2014, CNI Energy entered into several agreements with connected persons of the Group in relation to the EPC projects in order to further expand its business scope and establish its market position in the new energy industry by utilizing the expertise, qualification and resources of CNI (Nanjing) and CNI Energy as well as to generate additional revenue stream.

The Board (except for Messrs. Mr. Ai Yilun, Mr. Gao Yongping, Mr. Fu Zhigang and Mr. Tang Chuanqing (together, the “**Excluded Directors**”) who had abstained from voting at the Board meeting approving, among others, the Moyu Proposed Caps, the Moyu Phase II Construction Agreements and the transactions contemplated thereunder, the Qiqihar Proposed Caps, the Qiqihar EPC Agreement and the transactions contemplated thereunder due to the reasons stated above and the Independent Non-executive Directors whose views will be contained in the circular to be issued by the Company after considering the advice from the independent financial adviser) considers that the Moyu Phase II CCT and the Qiqihar CCT were entered into in the ordinary course of business of the Group and on normal commercial terms, and the terms and conditions therein (including the Moyu Proposed Caps and the Qiqihar Proposed Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board (excluding the Excluded Directors and the Independent Non-executive Directors whose views will be contained in the circular to be issued by the Company after considering the advice from the independent financial adviser) considers that the Moyu Phase II CCT and the Qiqihar CCT will be carried out in the ordinary and usual course of business of CNI Energy and on normal commercial terms or better from the perspective of CNI Energy, and the terms of the transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Moyu Phase I CCT and the Moyu Phase II CCT

As at the date of this announcement, CNI Energy is an indirect non-wholly-owned subsidiary of the Company. The Company is owned as to approximately 35.3% by China He Investment. ZOC holds 100% interests in China He Investment and ZOC is 100% owned by CNEGC. The ultimate beneficial owner of China He Investment is CNEGC. CNEGC holds 55% shareholding interest of Xinhua Hydropower which holds 98.11% shareholding interest of Xinhua Water and Electricity which in turn wholly-owns Xinhua Shengshu. Therefore, Xinhua Shengshu is a connected person of the Company within the meaning of the Listing Rules and the entering into of the Moyu Phase II Construction Agreements constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As all applicable percentage ratios in respect of the Moyu Proposed Caps (having been aggregated with the approved annual cap in respect of the Moyu Phase I CCT, details of which are set out in the circular of the Company dated 2 April 2015) are more than 25%, the transactions contemplated under the Moyu Phase II Construction Agreements and the Moyu Proposed Caps are subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The annual cap in respect of the Moyu Phase I CCT has been approved by the Shareholders.

The Qiqihar CCT

Qiqihar JV is an indirect non-wholly-owned subsidiary of ZOC, which is the holding company of China He Investment. China He Investment has approximately 35.3% interest in the Company and is a substantial shareholder of the Company. As a result, Qiqihar JV is a connected person of the Company by virtue of it being an associate of the substantial shareholder of the Company. Therefore, the entering into of the Qiqihar EPC Agreement constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As all applicable percentage ratios in respect of the Qiqihar Proposed Caps are more than 5% and less than 25% but the aggregated annual amounts receivable by the Company for performing the work pursuant to the Qiqihar EPC Agreement for the two financial years ending 31 December 2016 is more than HK\$10,000,000, the transactions contemplated under the Qiqihar EPC Agreement and the Qiqihar Proposed Caps are subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

A circular containing information in relation to (i) the Moyu Phase II Construction Agreements, Qiqihar EPC Agreement and the transactions contemplated thereunder; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Moyu Phase II CCT and the Qiqihar CCT; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Moyu Phase II CCT and the Qiqihar CCT; and (iv) a notice of the SGM will be despatched to the Shareholders on or before 4 December 2015.

DEFINITIONS

In the announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“2015 Moyu Proposed Cap”	the annual cap for the continuing connected transactions contemplated under the Moyu Phase I Construction Agreement and the Moyu Phase II Construction Agreements for the financial year ending 31 December 2015;
“2015 Qiqihar Proposed Cap”	the annual cap for the continuing connected transactions contemplated under the Qiqihar EPC Agreement for the financial year ending 31 December 2015;
“2016 Moyu Proposed Cap”	the annual cap for the continuing connected transactions contemplated under the Moyu Phase II Construction Agreements for the financial year ending 31 December 2016;
“2016 Qiqihar Proposed Cap”	the annual cap for the continuing connected transactions contemplated under the Qiqihar EPC Agreement for the financial year ending 31 December 2016;
“associates”	has the meaning ascribed thereto in the Listing Rules;
“Board”	the board of Directors;
“China He Investment”	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;
“CNEGC”	中國核工業建設集團公司 (transliterated as China Nuclear Engineering Group Co.*), a state-owned enterprise established in the PRC and owns 55% of Xinhua Water and Electricity;
“CNI Energy”	南京中核能源工程有限公司 (transliterated as Nanjing CNI Energy Engineering Company Limited*), an indirect non wholly-owned subsidiary of the Company established in the PRC;
“CNI (Nanjing)”	中核(南京)能源發展有限公司 (CNI (Nanjing) Energy Development Company Limited), an indirect non-wholly-owned subsidiary of the Company which was established in the PRC;
“CNI New Energy”	CNI New Energy Limited (中核新能源有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company;
“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;
“connected person(s)”	has the same meaning ascribed thereto in the Listing Rules;
“Director(s)”	director(s) of the Company;

“EPC”	engineering, procurement and construction;
“First Moyu Phase II Construction Agreement”	the agreement dated 13 November 2015 entered into between CNI Energy and Xinhua Shengshu in relation to the provision of procurement, construction, installation and related services by CNI Energy to Xinhua Shengshu in respect of the first part of the Moyu Phase II Solar Project;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent committee of the Board, comprising all of the Independent Non-executive Directors, formed to advise the Independent Shareholders in respect of the Moyu Phase II CCT, the Moyu Proposed Caps, the Qiqihar CCT and the Qiqihar Proposed Caps;
“Independent Non-executive Directors”	the independent non-executive Directors of the Company;
“Independent Shareholder(s)”	Shareholder(s) other than China He Investment and its associates (if they are Shareholders as at the date of the SGM);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Moyu Phase I CCT”	the continuing connected transactions contemplated under the Moyu Phase I Construction Agreement for the year ending 31 December 2015, details of which were set out in the circular of the Company dated 2 April 2015;
“Moyu Phase I Construction Agreement”	the agreement dated 13 March 2015 entered into between CNI Energy and Xinhua Shengshu in relation to the provision of procurement, construction, installation and related services by CNI Energy to Xinhua Shengshu in respect of the Moyu Phase I Solar Project, details of the agreement and the transactions contemplated were set out in the circular of the Company dated 2 April 2015;
“Moyu Phase I Solar Project”	新疆新華墨玉50MWp光伏發電工程第一期 (transliterated as Xinjiang Xinhua Moyu 50MWp Solar Power Project Phase I*) pursuant to the Moyu Phase I Construction Agreement;
“Moyu Phase II CCT”	the continuing connected transactions contemplated under the Moyu Phase II Construction Agreements for the two years ending 31 December 2016;
“Moyu Phase II Construction Agreements”	the First Moyu Phase II Construction Agreement and the Second Moyu Phase II Construction Agreement;

“Moyu Phase II Solar Project”	新疆新華墨玉130MWp光伏發電工程第二期 (transliterated as Xinjiang Xinhua Moyu 130MWp Solar Power Project Phase II*) pursuant to the Moyu Phase II Construction Agreements;
“Moyu Proposed Caps”	the annual caps for the continuing connected transactions contemplated under (i) the Moyu Phase I Construction Agreement for the year ending 31 December 2015; and (ii) the Moyu Phase II Construction Agreements for the two financial years ending 31 December 2016;
“Moyu Solar Projects”	the Moyu Phase I Solar Project and the Moyu Phase II Solar Project;
“MWp”	Megawatt Peak;
“PRC”	The People’s Republic of China and for the sole purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“Qiqihar CCT”	the continuing connected transactions contemplated under the Qiqihar EPC Agreement for the two financial years ending 31 December 2016;
“Qiqihar EPC Agreement”	the agreement dated 13 November 2015 entered into between CNI Energy and Qiqihar JV in relation to the provision of engineering, procurement, construction, installation and related services by CNI Energy to Qiqihar JV in respect of the Qiqihar Solar Project;
“Qiqihar JV”	中核齊齊哈爾太陽能發電有限公司 (transliterated as Zhong He Qiqihar Solar Power Generation Company Limited*), a limited liability company established in the PRC;
“Qiqihar Proposed Caps”	the annual caps for the continuing connected transactions contemplated under the Qiqihar EPC Agreement for the two financial years ending 31 December 2016;
“Qiqihar Solar Project”	中核齊齊哈爾分佈式光伏發電項目 (transliterated as Zhong He Qiqihar Distributed Solar Power Generation Project*);
“RMB”	Renminbi, the lawful currency of the PRC;
“Second Moyu Phase II Construction Agreement”	the agreement dated 13 November 2015 entered into between CNI Energy and Xinhua Shengshu in relation to the provision of procurement, construction, installation and related services by CNI Energy to Xinhua Shengshu in respect of the second part of the Moyu Phase II Solar Project;
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Moyu Phase II CCT, the Moyu Proposed Caps, the Qiqihar CCT and the Qiqihar Proposed Caps;

“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“Xinhua Hydropower”	新華水力發電有限公司 (transliterated as Xinhua Hydropower Company Limited, a limited liability company established in the PRC, which is owned by 新華水利控股集團公司 as to 45% and CNEGCG as to 55%);
“Xinhua Shengshu”	新疆新華聖樹光伏發電有限公司 (transliterated as Xinjiang Xinhua Shengshu Solar Photovoltaic Company Limited*) a limited liability company established in the PRC, which is wholly-owned by Xinhua Water and Electricity;
“Xinhua Water and Electricity”	新疆新華水電投資股份有限公司 (transliterated as Xinjiang Xinhua Water and Electricity Investment Company Limited*), a limited liability company incorporated in PRC, which is owned by Xinhua Water Hydropower as to 98.11%, 新疆水利水電勘測設計研究院 as to 0.6% and 新疆布爾津縣水電公司 as to 1.29%;
“ZOC”	ZOC Investment Co., Ltd.* (中核投資有限公司), a limited liability company incorporated in the PRC, which is wholly-owned by CNEGCG; and
“%”	per cent.

* for identification purposes only

By order of the Board
China Nuclear Energy Technology Corporation Limited
AI Yilun
Chairman

Hong Kong, 13 November 2015

For the purposes of illustration only, any amount denominated in RMB in this announcement and translated into HK\$ at the rate of RMB1 = HK\$1.22. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.

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