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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)

**BUSINESS UPDATE
AND
MEMORANDUMS OF UNDERSTANDING**

Reference is made to the announcement (the “**Announcement**”) of China Nuclear Energy Technology Corporation Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 23 September 2015 in relation to the update on the latest business development of the Group. This announcement is made by the Company pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong). Unless otherwise defined, capitalized terms used in this announcement will have the same meanings ascribed to them in the Announcement.

The Group is principally engaged in new energy operations and other businesses including but not limited to inspection, maintenance, repair, construction, installation and provision of expertise in such works for clean energy operations. As the Company intends to focus on investment opportunities in nuclear power plants and related assets, after discussions with its controlling shareholders (as defined in the Listing Rules), the Company has identified three companies in which its controlling shareholders has shareholding interest, namely Sanmen Nuclear Power Co., Ltd.* (三門核電有限公司) (“**Sanmen Nuclear**”), Huaneng Shandong Shidao Bay Nuclear Power Co., Ltd.* (華能山東石島灣核電有限公司) (“**Huaneng Shandong**”) and Nuclear High-Temperature Reactor Holding Limited* (核建高溫堆控股有

限公司) (“**Nuclear Holding**”), as potential investment targets. The Company intends to acquire from its controlling shareholders certain equity interest in the aforementioned companies.

THE MEMORANDUM OF UNDERSTANDING WITH CHINA NUCLEAR ENGINEERING GROUP CO.

On 14 March 2016, the Company entered into a memorandum of understanding (the “**CNEGC MOU**”) with China Nuclear Engineering Group Co.* (中國核工業建設集團公司) (“**CNEGC**”), pursuant to which the Company or its wholly-owned subsidiary intends to acquire and CNEGC intends to sell no more than 50% equity interest in Nuclear Holding by way of subscription of an additional registered capital of Nuclear Holding (as the consideration), subject to the fulfillment of certain conditions stated below (the “**Proposed Transaction 1**”).

Pursuant to the terms of the CNEGC MOU, CNEGC shall undertake certain onshore reorganisation steps to transfer all its equity interest in Huaneng Shandong to Nuclear Holding.

Consideration

The actual consideration of the Proposed Transaction 1 will be set out in the definitive sale and purchase agreement to be entered into by the parties (if entered into).

Conditions

The Proposed Transaction 1 is conditional upon fulfillment of the following conditions:

- (i) the passing of resolutions by the independent shareholders of the Company approving the Proposed Transaction 1;
- (ii) the parties having obtained all necessary approvals, authorizations, consents from and completed all necessary registrations and filings (if applicable) with the governmental authorities or regulatory bodies (including but not limited to the governmental authorities or regulatory bodies in the PRC);
- (iii) the Company having completed and being satisfied with the results of the due diligence review on Nuclear Holding and its subsidiaries and Huaneng Shandong; and
- (iv) the other conditions set out in the definitive sale and purchase agreement of the Proposed Transaction 1 (if entered into) having been fulfilled.

Exclusivity

It is agreed that during the period of six months commencing from the date of the CNEGC MOU or such longer period as agreed by the parties, without the Company's consent, CNEGC shall not discuss or negotiate with any other third party in connection with the sale and purchase of the equity interest in Nuclear Holding.

THE MEMORANDUM OF UNDERSTANDING WITH ZOC INVESTMENT CO., LTD.

On 14 March 2016, the Company entered into a memorandum of understanding (the “**ZOC MOU**”) with ZOC Investment Co., Ltd.* (中核投資有限公司) (“**ZOC**”), pursuant to which the Company or its wholly-owned subsidiary intends to acquire and ZOC intends to sell 5% equity interest in Sanmen Nuclear, subject to the fulfilment of certain conditions stated below (the “**Proposed Transaction 2**”, together with Proposed Transaction 1, the “**Proposed Transactions**”).

Consideration

The actual consideration of the Proposed Transaction 2 will be set out in the definitive sale and purchase agreement to be entered into by the parties (if entered into).

Conditions

The Proposed Transaction 2 is conditional upon fulfilment of the following conditions:

- (i) the passing of resolutions by the independent shareholders of the Company approving the Proposed Transaction 2;
- (ii) the parties having obtained all necessary approvals, authorizations, consents from and completed all necessary registrations and filings (if applicable) with the governmental authorities or regulatory bodies (including but not limited to the governmental authorities or regulatory bodies in the PRC);
- (iii) the Company having completed and being satisfied with the results of the due diligence review on Sanmen Nuclear and its subsidiaries; and
- (iv) the other conditions set out in the definitive sale and purchase agreement of the Proposed Transaction 2 (if entered into) having been fulfilled.

Exclusivity

It is agreed that during the period of six months commencing from the date of the ZOC MOU or such longer period as the parties may agree in writing, without the Company's consent, ZOC shall not discuss or negotiate with any other third party in connection with the sale and purchase of the equity interest in Sanmen Nuclear.

Information on Sanmen Nuclear, Huaneng Shandong and Nuclear Holding

Sanmen Nuclear, Huaneng Shandong and Nuclear Holding are companies with limited liability established under the laws of the PRC. Sanmen Nuclear is located at Zhejiang Province and is principally engaged in the development of nuclear technology and the construction of nuclear plants. Huaneng Shandong is located at Shandong Province and is principally engaged in the construction, operation and management of nuclear power plants with high temperature gas-cooled reactor (高溫氣冷堆). Nuclear Holding is located at Beijing and is principally engaged in the investment and operation of high temperature gas-cooled reactor (高溫氣冷堆) and integrated nuclear heating reactor (一體化殼式核供熱堆).

Information on CNEGC and ZOC

CNEGC is a company with limited liability established under the laws of the PRC and is principally engaged in the investment, operation and management of state-owned assets, construction and general contracting for nuclear power plants and other projects. CNEGC is under the direct supervision of the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會).

ZOC is a company with limited liability established under the laws of the PRC and is principally engaged in project investment, investment management and advisory. ZOC is a wholly-owned subsidiary of CNEGC.

CNEGC and ZOC are holding companies of China He Investment (Hong Kong) Company Limited, a controlling shareholder of the Company as at the date of this announcement, and hence both CNEGC and ZOC are connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, each of the Proposed Transactions will, if the definitive agreements are entered into, constitute connected transaction of the Company under Chapter 14A of the Listing Rules.

As the parties have not entered into the final definitive agreements in relation to the Proposed Transactions contemplated under the CNEGC MOU and ZOC MOU, and the final structure and terms of the Proposed Transactions are still subject to due diligence and further negotiation among the parties, the Proposed Transactions may or may not materialize and the final structure and terms may deviate from those set out in the CNEGC MOU and the ZOC MOU. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the shares or other securities of the Company.

The Proposed Transactions, if materialized, will constitute notifiable transactions under Chapter 14 and connected transactions under Chapter 14A of the Listing Rules. The Company will comply with relevant disclosure and shareholders' approval requirements under the Listing Rules as and when appropriate.

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

Hong Kong, 14 March 2016

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, and 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.

** For identification purpose only*