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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)

**CONNECTED TRANSACTION
EXTENSION OF LOAN AGREEMENT**

Reference is made to the announcement of the Company dated 13 November 2015 in relation to the provision of the Facility in the principal amount of HK\$15,600,000 by CNE Holdings (a direct wholly-owned subsidiary of the Company) to China He Investment for a term of six months pursuant to the Loan Agreement.

As the term of the Facility will expire on 17 May 2016, CNE Holdings and China He Investment entered into the Supplemental Agreement on 17 May 2016 to extend the term of the Facility for six months to 16 November 2016.

As at the date of this announcement, as China He Investment has approximately 35.3% interest in the Company and is a substantial shareholder of the Company, China He Investment is a connected person of the Company. Therefore, the Extension constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable ratios in respect of the Extension are more than 0.1% but less than 5%, the Extension is subject to the reporting and announcement requirements but exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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THE SUPPLEMENTAL AGREEMENT

The Board hereby announces that on 17 May 2016 CNE Holdings (a direct wholly-owned subsidiary of the Company) as lender entered into the Supplemental Agreement with China He Investment as borrower, pursuant to which the term of the Loan Agreement has been extended for a term of six months to 16 November 2016.

Principal terms of the Supplemental Agreement are as follows:

- Term : Six months from the date of the Supplemental Agreement.
- Repayment : China He Investment shall repay the loan in full together with any interest accrued thereon and all other outstanding amounts relating to the loan (i) on the date falling six months from the date of the Supplemental Agreement or (ii) within fifteen days after the date on which CNE Holdings has issued a request for repayment (such request may only be issued after the expiry of three months from the date of the Supplemental Agreement).

REASONS AND BENEFITS OF THE EXTENSION

The terms of the Supplemental Agreement, including the continual applicable interest rate of 3.3% per annum, were agreed by the parties after arm's length negotiations having taken into account the prevailing market interest rates and practices. The Directors consider that the Extension would be beneficial to the Group in terms of return as the corresponding interest income at 3.3% will be much more than the interest income that will be generated from banks. Further, should CNE Holdings require the use of such cash prior to the expiry of the extended term of the Facility, CNE Holdings could seek bank borrowings at interest rates that are lower than the interest rate applicable to the Facility and hence earn interest income from the Facility. Alternatively, CNE Holdings has the right to request for early repayment of the loan at any time after the expiry of three months from the date of the Supplemental Agreement under the Facility.

In light of the above, the Directors (including independent non-executive Directors) consider that the terms of the Supplemental Agreement are on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, as China He Investment has approximately 35.3% interest in the Company and is a substantial shareholder of the Company, China He Investment is a connected person of the Company. Therefore, the Extension constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable ratios in respect of the Extension are more than 0.1% but less than 5%, the Extension is subject to the reporting and announcement requirements but exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, Mr. Ai Yilun, who is the chairman and an executive Director, Mr. Fu Zhigang, Mr. Tang Chuanqing, Ms. Ding Shuying and Mr. Li Jinying who are executive Directors, are materially interested in the transaction contemplated under the Supplemental Agreement as (i) each of Mr. Ai Yilun, Mr. Fu Zhigang and Mr. Tang Chuanqing holds senior management position in ZOC Investment Co., Ltd which holds 100% interests in China He Investment; (ii) Ms. Ding Shuying holds senior position at China Nuclear Engineering Corporation Limited* (中國核工業股份有限公司), which is 79.2% held by China Nuclear Engineering Group Co.* (中國核工業建設集團公司) ("CNEGC"), which holds 100% interests in ZOC Investment Co., Ltd.; and (iii) Mr. Li Jinying holds senior management position at CNEGC. As such, Mr. Ai Yilun, Mr. Fu Zhigang Mr. Tang Chuanqing, Ms. Ding Shuying and Mr. Li Jinying have abstained from voting on the relevant board resolutions in respect of the Supplemental Agreement.

INFORMATION OF THE PARTIES

The Group is principally engaged in new energy operations (such as provision of development, operation, engineering and construction and procurement services for solar energy plants) and finance leasing services 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 nuclear power technological applications for nuclear power plants).

China He Investment is principally engaged in project investment, investment management and information consulting.

DEFINITIONS

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

“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
“CNE Holdings”	CNE Holdings Company Limited (中國核能控股有限公司), a company incorporated in the British Virgin Islands with limited liability and a direct 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”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Extension”	the extension of the term of the Facility pursuant to the Supplemental Agreement
“Facility”	a loan facility in a principal amount of HK\$15,600,000 granted by CNE Holdings to China He Investment pursuant to the Loan Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Loan Agreement”	the loan agreement dated 13 November 2015 entered into between CNE Holdings, as lender, and China He Investment, as borrower, in relation to the Facility
“PRC”	The People’s Republic of China, which for the sole purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the loan extension agreement dated 17 May 2016 entered into between CNE Holdings and China He Investment to extend the term of the Facility for a term of six months to 16 November 2016
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent

* *for identification purposes only*

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

Hong Kong, 17 May 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. Fu Zhigang, Mr. Tang Chuanqing, Ms. Ding Shuying and Mr. Li Jinying, all of whom are executive Directors; and Mr. Chan Ka Ling, Edmond, Mr. Wang Jimin, Mr. Tian Aiping and Mr. Li Dakuan, all of whom are independent non-executive Directors.