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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)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

SUMMARY

- During the six months ended 30 June 2016, the Group's consolidated revenue amounted to HK\$912,159,000, representing an increase of HK\$706,551,000.
- Net loss for the period amounted to HK\$1,141,000, including gain on deemed disposal of an associate of HK\$2,893,000 and imputed interest on convertible bonds of HK\$17,008,000.

The board of directors (the “**Board**”) of China Nuclear Energy Technology Corporation Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2016, together with the comparative figures for the six months ended 30 June 2015. These condensed consolidated interim financial statements have not been audited, but have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

		For the six months ended	
		30 June 2016	30 June 2015
		(Unaudited)	(Unaudited)
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	912,159	205,608
Other revenue and gains		3,032	2,460
Cost of inventories used		(704,250)	(46,257)
Construction costs		(68,327)	(67,790)
Staff costs		(44,779)	(40,562)
Rental expenses		(25,567)	(22,167)
Utility expenses		(6,083)	(6,160)
Depreciation		(6,100)	(3,424)
Other operating expenses		(43,532)	(23,382)
Gain on deemed disposal of an associate		2,893	2,712
Finance costs	5	(18,676)	(3,509)
Share of results of associates, net		3,871	3,901
		<hr/>	<hr/>
Profit before taxation	6	4,641	1,430
Income tax expense	7	(5,782)	(704)
		<hr/>	<hr/>
(Loss)/Profit for the period		(1,141)	726
Other comprehensive income/(loss) for the period, net of tax			
<i>Item that will not be reclassified to profit or loss:</i>			
Loss on property revaluation		(6)	(24)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising during the period		(18,921)	(501)
Reclassification to profit or loss for deemed disposal of an associate		938	645
Share of other comprehensive loss of associates		(94)	(70)
		<hr/>	<hr/>
Total comprehensive (loss)/income for the period		(19,224)	776
		<hr/>	<hr/>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (CONTINUED)**

For the six months ended 30 June 2016

		For the six months ended	
		30 June 2016	30 June 2015
		(Unaudited)	(Unaudited)
	<i>Note</i>	HK\$'000	HK\$'000
(Loss)/Profit for the period attributable to:			
Owners of the Company		(2,282)	(4,047)
Non-controlling interests		1,141	4,773
		<u>(1,141)</u>	<u>726</u>
Total comprehensive income/(loss) attributable to:			
Owners of the Company		(19,993)	(3,751)
Non-controlling interests		769	4,527
		<u>(19,224)</u>	<u>776</u>
Loss per share attributable to owners of the Company			
Basic and diluted (HK cents per share)	8	<u>(0.20)</u>	<u>(0.37)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

		30 June 2016 (Unaudited) <i>HK\$'000</i>	31 December 2015 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	<i>10</i>	179,989	87,900
Investment property		38,000	38,000
Prepaid land lease payments		7,759	7,887
Available-for-sale investment		500	500
Interest in associates	<i>11</i>	81,886	82,192
Deferred tax assets, net		4,516	4,516
		312,650	220,995
Current assets			
Inventories		200,445	52,383
Trade and bills receivables	<i>12</i>	1,489,319	1,085,109
Prepayments, deposits and other receivables		126,606	172,246
Amounts due from customers for contract work		54,392	262,476
Tax prepayment		1,293	996
Cash and cash equivalents		218,376	310,851
		2,090,431	1,884,061
Less: Current liabilities			
Trade payables	<i>13</i>	1,516,016	1,146,594
Other payables and accruals	<i>14</i>	126,235	191,775
Provision for long service payments		3,360	3,484
Convertible bonds	<i>15</i>	–	286,842
		1,645,611	1,628,695
Net current assets		444,820	255,366
Total assets less current liabilities		757,470	476,361

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

As at 30 June 2016

		30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
	<i>Notes</i>		
Less: Non-current liabilities			
Bank loan	<i>16</i>	300,000	–
Receipt in advance		1,070	1,070
Deferred tax liabilities, net		–	350
		<u>301,070</u>	<u>1,420</u>
Net assets		<u>456,400</u>	<u>474,941</u>
Capital and reserves			
Share capital		113,309	113,309
Reserves		341,063	361,056
		<u>454,372</u>	<u>474,365</u>
Equity attributable to owners of the Company		<u>454,372</u>	<u>474,365</u>
Non-controlling interests		<u>2,028</u>	<u>576</u>
Total equity		<u>456,400</u>	<u>474,941</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. CORPORATE INFORMATION

China Nuclear Energy Technology Corporation Limited (the “**Company**”) is incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The principal place of business of the Company is located at Room 2801, 28th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

During the period from 1 January 2016 to 30 June 2016, the Company and its subsidiaries (collectively referred to as the “**Group**”) were engaged in the following principal activities:

- restaurant operations
- property investments
- hotel operations
- financing operations
- solar power generation operations
- engineering, procurement and construction (“**EPC**”) operations and design and consulting services

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2016 have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2016 have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA and the same accounting policies adopted in the 2015 annual financial statements except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. Details of any changes in accounting policies are set out as follows.

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

HKFRSs (Amendments)	Annual Improvements 2012–2014 Cycle
Amendments to HKAS1	Disclosure Initiative

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Annual Improvements to HKFRSs 2012-2014 Cycle

This cycle of annual improvements contains amendments to four standards. Among them, HKAS 34, Interim Financial Reporting, has been amended to clarify that if an entity discloses the information required by the standard outside the interim financial statements by a cross-reference to the information in another statement of the interim financial report, then users of the interim financial statements should have access to the information incorporated by the cross-reference on the same terms and at the same time. The amendments do not have an impact on the Group's interim financial report as the Group does not present the relevant required disclosures outside the interim financial statements.

Amendments to HKAS 1, Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2015 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

3. FINANCIAL INSTRUMENTS

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs; and
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

There were no transfers between levels during the periods ended 30 June 2016 and 2015.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated financial statements approximate to their fair value.

4. SEGMENT REPORTING

Operating segments and the amounts of each segment item reported in the condensed consolidated financial statements are identified from the financial information provided regularly to the Group's top management for the purposes of allocating resources to and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of business activities.

The Group has seven (period ended 30 June 2015: five) reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies.

For the period ended 30 June 2015, the Group has classified EPC and consultancy under "New Energy" segment.

Solar power generation segment and the financing segment are identified separately for the period ended 30 June 2016 to reflect the business development of these segments, which is consistent to the presentation for year ended 31 December 2015.

	Restaurant (Unaudited) HK\$'000	Property (Unaudited) HK\$'000	Hotel (Unaudited) HK\$'000	Financing (Unaudited) HK\$'000	Solar Power Generation (Unaudited) HK\$'000	EPC and Consultancy (Unaudited) HK\$'000	All other Segments (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Six months ended 30 Jun 2016								
Segment revenue:								
Sales to external customers	78,147	142	8,744	-	11,069	814,057	-	912,159
Intersegment sales	5,137	9,384	-	4,039	-	488,049	3,467	510,076
Other revenue and gains	1,046	-	938	-	-	77	326	2,387
Intersegment other revenue and gains	-	-	-	-	-	-	-	-
Reportable segment revenue	84,330	9,526	9,682	4,039	11,069	1,302,183	3,793	1,424,622
Reconciliation:								
Elimination of intersegment sales								(510,076)
Elimination of intersegment other revenue and gains								-
Consolidated revenue								<u>914,546</u>
Segment results	(5,292)	(582)	(1,243)	(2,645)	6,871	30,833	(12,034)	15,908
Reconciliation:								
Gain on deemed disposal of an associate								2,893
Interest income								645
Finance costs								(18,676)
Share of results of associates, net								3,871
Profit before taxation								4,641
Income tax expense								(5,782)
Loss for the period								<u>(1,141)</u>

	Restaurant (Unaudited) HK\$'000	Property (Unaudited) HK\$'000	Hotel (Unaudited) HK\$'000	Financing (Unaudited) HK\$'000	Solar Power Generation (Unaudited) HK\$'000	EPC and Consultancy (Unaudited) HK\$'000	All other Segments (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 30 June 2016								
Segment assets	29,905	53,811	5,773	59,611	229,738	1,886,717	51,124	2,316,679
<i>Reconciliation:</i>								
Unallocated assets								<u>86,402</u>
Total assets								<u>2,403,081</u>
Segment liabilities	13,019	79	3,580	34,336	20,327	1,572,827	1,828	1,645,996
<i>Reconciliation:</i>								
Unallocated liabilities								<u>300,685</u>
Total liabilities								<u>1,946,681</u>
		Restaurant (Unaudited) HK\$'000	Property (Unaudited) HK\$'000	Hotel (Unaudited) HK\$'000	New energy (Unaudited) HK\$'000	All other segments (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	
Six months ended 30 June 2015								
Segment revenue:								
Sales to external customers		79,965	–	9,723	115,920	–	205,608	
Intersegment sales		4,351	7,884	–	–	3,387	15,622	
Other revenue and gains		115	–	750	508	10	1,383	
Intersegment other revenue and gains		–	–	–	–	–	–	
		<u>84,431</u>	<u>7,884</u>	<u>10,473</u>	<u>116,428</u>	<u>3,397</u>	<u>222,613</u>	
<i>Reconciliation:</i>								
Elimination of intersegment sales							<u>(15,622)</u>	
Total							<u>206,991</u>	
Segment results		(6,085)	(254)	495	11,394	(8,301)	(2,751)	
<i>Reconciliation:</i>								
Interest income and unallocated gains							1,077	
Finance costs							(3,509)	
Gain on deemed disposal of an associate							2,712	
Share of result of an associate, net							<u>3,901</u>	
Profit before taxation							1,430	
Income tax expense							<u>(704)</u>	
Profit for the period							<u>726</u>	

	Restaurant <i>HK\$'000</i>	Property <i>HK\$'000</i>	Hotel <i>HK\$'000</i>	Financing <i>HK\$'000</i>	Solar Power Generation <i>HK\$'000</i>	EPC and Consultancy <i>HK\$'000</i>	All other Segments <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2015								
Segment assets	36,454	53,999	5,808	71,646	93,823	1,626,408	130,210	2,018,348
<i>Reconciliation:</i>								
Unallocated assets								<u>86,708</u>
Total assets								<u>2,105,056</u>
Segment liabilities	14,305	79	3,765	67	63	1,322,055	2,589	1,342,923
<i>Reconciliation:</i>								
Unallocated liabilities								<u>287,192</u>
Total liabilities								<u>1,630,115</u>

5. FINANCE COSTS

	For the six months ended	
	30 June 2016	30 June 2015
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Imputed interest on convertible bonds (<i>note 15</i>)	17,008	3,509
Interest on other borrowings	983	–
Bank loan interest	685	–
	<u>18,676</u>	<u>3,509</u>

6. PROFIT BEFORE TAXATION

The Group's profit before taxation is arrived at after charging/(crediting):

	For the six months ended	
	30 June 2016	30 June 2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Minimum lease payments under operating leases:		
Land and buildings	25,567	22,167
Office equipment*	487	144
	26,054	22,311
Staff costs (including directors' and chief executive's remuneration):		
Wages, salaries and bonuses	43,608	39,388
Provision for long service payments, net	247	(71)
Pension scheme contributions	924	1,245
Total staff costs	44,779	40,562
Recognition of prepaid land lease payments*	51	51

* *Items included in other operating expenses*

7. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (six months ended 30 June 2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. PRC subsidiaries are subject to Corporate Income Tax at 25% (six months ended 30 June 2015: 25%).

南京中核能源工程有限公司 (transliterated as Nanjing CNI Energy Engineering Company Limited), a subsidiary of the Company was granted the preferential corporate income tax rate of 15% by the local tax authority from 31 October 2014 to 31 October 2017 due to its status as an "advanced technology enterprise".

	For the six months ended	
	30 June 2016	30 June 2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax for the period		
Hong Kong	–	–
Other than Hong Kong	5,782	704
Deferred tax	–	–
Tax charge for the period	5,782	704

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic and diluted loss per share is based on the unaudited loss for the six months ended 30 June 2016 attributable to owners of the Company of approximately HK\$2,282,000 (six months ended 30 June 2015: loss of HK\$4,047,000), and the weighted average number of ordinary shares of 1,133,094,150 (six months ended 30 June 2015: 1,102,660,095) in issue during the six months ended 30 June 2016.

	For the six months ended	
	30 June 2016	30 June 2015
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss		
Unaudited loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share calculation	(2,282)	(4,047)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share calculation	<u>1,133,094,150</u>	<u>1,102,660,095</u>

The Company's convertible bonds were not included in the calculation of diluted loss per share for the six months ended 30 June 2016 and 2015 because the effects of the convertible bonds were anti-dilutive.

9. DIVIDEND

No dividend has been declared or proposed by the directors of the Company in respect of the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

10. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired items of property, plant and equipment with a cost approximately HK\$99,443,000 (six months ended 30 June 2015: HK\$4,185,000).

11. INTEREST IN ASSOCIATES

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Share of net assets	81,886	82,192

- (a) On 15 April 2016, shareholders of 中核檢修有限公司 (transliterated as China Nuclear Industry Maintenance Co., Ltd.) (“**CNI Maintenance Co.**”), an associate of the Company, entered into a capital injection agreement with one of its existing shareholders. Upon completion of the share subscription, the Group’s equity interest in CNI Maintenance Co. has been diluted from 18.55% to 14.43% accordingly.

Although the Group’s ownership interest in CNI Maintenance Co. is less than 20%, the Group has significant influence over CNI Maintenance Co. through its power to participate in CNI Maintenance Co.’s financial and operating decisions by appointing directors representing the Company in the board of directors’ meetings of CNI Maintenance Co.

- (b) Details of the material associates as at 30 June 2016 are as follows:

Name	Place of incorporation, operation and principal activity	Percentage of equity attributable to the Group
中核檢修有限公司 (transliterated as China Nuclear Industry Maintenance Co., Ltd.)	The PRC, construction work for various types of nuclear reactors, nuclear power plants, radioactive chemical engineering projects in PRC; and businesses of maintenance of nuclear power plants and electrical equipments, technology consultancy and technical services.	14.43%
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)	The PRC, solar energy generation and sale, solar power technology consulting services, photovoltaic technology development, solar photovoltaic system construction in the PRC	47.13%

12. TRADE AND BILLS RECEIVABLES

The Group normally allows a credit period of 30-180 days with its customers for EPC and consultancy services depending on the customers' creditworthiness and the length of business relationship with the customers. Customers in restaurant and hotel operations are mainly settled by cash and credit cards, except for certain well-established customers where the credit terms are negotiated on customer by customer basis. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management of the Company.

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Trade receivables	1,485,350	1,083,299
Bills receivables	<u>3,969</u>	<u>1,810</u>
	<u>1,489,319</u>	<u>1,085,109</u>

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
0-90 days	869,860	1,067,535
91-180 days	328,875	360
181-365 days	280,224	17,214
Over 1 year	<u>10,360</u>	<u>-</u>
	<u>1,489,319</u>	<u>1,085,109</u>

Trade receivables are non-interest bearing. The Group does not hold any collateral or other credit enhancements over these balances. Bills receivables are due within six months from date of billing.

Included in trade and bills receivables was an amount of approximately HK\$72,897,000 (31 December 2015: HK\$193,137,000) which represents amounts due from related parties of the Group arising from EPC and consultancy operations.

13. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
0-90 days	586,844	936,241
91-180 days	148,036	210,353
181-365 days	776,323	-
Over 1 year	4,813	-
	<u>1,516,016</u>	<u>1,146,594</u>

The trade payables are non-interest bearing and are normally settled on 30 days term.

14. OTHER PAYABLES AND ACCRUALS

Included in other payables of (i) RMB9,550,000 (approximately HK\$11,089,000) (31 December 2015: RMB9,550,000 (approximately HK\$11,507,000)) which represents the non-interest bearing shareholders' loan from a non-controlling interest shareholder of Guoxin Energy Limited, a non-wholly owned subsidiary of the Company and (ii) RMB15,000,000 (approximately HK\$17,418,000) (31 December 2015: RMB50,000,000 (approximately HK\$60,245,000)) represents an unsecured interest bearing loan from a fellow subsidiary of the Company. The interest rate of the loan is at Renminbi fixed basic rate plus 10% per annum.

15. CONVERTIBLE BONDS

Redemption of convertible bonds

	Convertible Bonds (Unaudited) HK\$'000
Liability component	
At 1 January 2016	286,842
Imputed interest expenses	17,008
Redemption of convertible bonds	<u>(303,850)</u>
At 30 June 2016	<u>-</u>
Equity component	
At 1 January 2016	27,267
Transfer to retained earnings upon redemption	<u>(27,267)</u>
At 30 June 2016	<u>-</u>

On 26 May 2015, the Company issued an aggregated principal amount of HK\$350 million 3% convertible bonds (the “**2015 Convertible Bonds**”), which are due on 25 May 2016. The 2015 Convertible Bonds are convertible at the option of the bondholders into the Company’s ordinary shares at a conversion price of HK\$1.75 per share any time up to maturity.

On the basis that the conversion option of the 2015 Convertible Bonds to be settled by exchange of a fixed amount or fixed number of equity instruments, the 2015 Convertible Bonds were accounted for as compound instruments under HKAS 32 “Financial Instruments — Presentation” and the proceeds were split between a liability component and an equity component as set out below.

The fair value of the liability component was calculated using a market interest rate for a bond with the similar tenure but with no conversion features. The residual amount, representing the value of the equity component, was credited to conversion reserves under equity attributable to owners of the Company.

The imputed interest expenses on the bonds are calculated using the effective interest method.

Since the date of issuance and up to 25 May 2016, HK\$55,000,000 of the 2015 Convertible Bonds were converted into shares of the Company by the bondholders.

On 25 May 2016, the Company redeemed the outstanding convertible bonds at the total principal amount of HK\$295,000,000.

16. BANK LOAN

In May 2016, the Group has drawn down a three-year bank loan of HK\$300,000,000 bearing interest rate at three-month Hong Kong Inter-Bank Offered Rate (“**HIBOR**”) plus 1.8% per annum payable quarterly and repayable in full upon final maturity.

The bank loan is guaranteed by the Company’s ultimate holding company, 中國核工業建設集團公司 (transliterated as “China Nuclear Engineering Group Co.”).

The bank loan bears floating interest rates at effective interest rates ranging from 2.31% to 2.37% per annum. The directors of the Company consider the carrying amount of the bank loan approximates its fair value as at 30 June 2016.

17. CONTINGENT LIABILITIES

The Company and the Group had no contingent liabilities as at 30 June 2016 (31 December 2015: Nil).

18. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

	For the six months ended	
	30 June 2016 (Unaudited) HK\$'000	30 June 2015 (Unaudited) HK\$'000
Transactions with a director:		
Rental expenses paid (<i>note (i)</i>)	<u>60</u>	<u>60</u>
Continuing connected transactions as defined in Chapter 14A of Listing Rules which are subject to annual cap (<i>note (ii)</i>)		
– Construction contract revenue incurred	35,580	–
– Sales of goods	<u>27,080</u>	<u>–</u>
Transaction with a fellow subsidiary		
– Loan interest expense (<i>note (iii)</i>)	<u>953</u>	<u>–</u>
Transaction with a Shareholder of the Company		
– Loan interest income (<i>note (iv)</i>)	<u>326</u>	<u>–</u>

Notes:

- i. The Group paid rental expenses to a director of the Company. The rentals were determined with reference to open market rentals.
- ii. The Group generated revenue of RMB49,341,000 (approximately HK\$58,489,000) from 新疆新華聖樹光伏發電有限公司 (transliterated as Xinjiang Xinhua Shengshu Solar Photovoltaic Company Limited). The revenue generated from sales of goods and construction contract.

The Group generated revenue of RMB3,519,000 (approximately HK\$4,171,000) from Zhong He Qiqihar Solar Power Generation Company Limited. The revenue generated from sales of goods and construction contract.

- iii. In 2015, the Group borrowed from 中核新能源投资有限公司 (transliterated as Zhong He New Energy Investment Company Limited) (“**Zhong He New Energy**”), a fellow subsidiary of the Company with the sum of RMB50,000,000 which bearing interest rate of Renminbi fixed basic rate plus 10% per annum. During the period, the Company repaid RMB35,000,000 to Zhong He New Energy. The loan interest was charged at normal market interest rate with reference to the loan agreement.
- iv. On 13 November 2015, the Group as lender entered into the Loan Agreement with China He Investment (Hong Kong) Company Limited (“**China He Investment**”), pursuant to which the Group agreed to grant the Facility in the principal amount of HK\$15,600,000 for a term of six months which bearing interest rate of 3.3% per annum. As the term of the Facility expired on 17 May 2016, the Group 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. The loan interest was charged at normal market interest rate with reference to the loan agreement.

(b) Compensation of key management personnel of the Group:

	For the six months ended	
	30 June 2016 (Unaudited) <i>HK\$'000</i>	30 June 2015 (Unaudited) <i>HK\$'000</i>
Short term employee benefits	4,382	3,666
Pension scheme contributions	<u>68</u>	<u>54</u>
Total compensation paid to key management personnel	<u>4,450</u>	<u>3,720</u>

RESULTS

The Group's consolidated revenue for the six months ended 30 June 2016 was HK\$912,159,000, representing an increase of HK\$706,551,000, compared to the consolidated revenue of HK\$205,608,000 recorded for the six months ended 30 June 2015. Consolidated loss attributable to owners of the Company was HK\$2,282,000 (2015: consolidated loss of HK\$4,047,000). Basic loss per share was HK0.20 cents (2015: basic loss per share HK0.37 cents).

The interim results of the Group for the six months ended 30 June 2016 recorded a net loss as compared to the net profit for the six months ended 30 June 2015, among other things, the net loss is mainly due to the combined effect of the following: (i) In compliance with the existing applicable accounting standards adopted by the Group, the liability component of the 2015 Convertible Bonds are required to be carried at amortised cost using the effective interest method, until extinguished on conversion or maturity. The imputed interest expenses on the 2015 Convertible Bonds are calculated and recognised in profit or loss, and such interest expenses increased significantly as compared to the interest expenses for the six months ended 30 June 2015; and (ii) the Engineering, Procurement and Construction (“EPC”) and consultancy segment of the Group brings in positive impact to the Group, mainly due to the contribution from projects revenue, which was benefited from extensive market development and new business growth plan in the relevant business. Therefore, the relevant business of the Group recorded a net profit for the six months ended 30 June 2016. Net loss for the period amounted to HK\$1,141,000, excluding the gain on deemed disposal of an associate of HK\$2,893,000 and the imputed interest on convertible bonds of HK\$17,008,000, the Group would have recorded a profit of HK\$12,974,000 for the six months ended 30 June 2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Review of Operations

The new energy operations of the Group has shown encouraging growth and won the top three ranking of EPC Brand Value in 2015 China PV Brand Ranking in April 2016. While the EPC business gained substantial growth in revenue, the Jiangsu Taizhou 20MW photovoltaic power station also put into operation and achieved favorable operational efficiency, becoming a new profit generator of the Group.

China Nuclear Industry Maintenance Co., Ltd. where the Group held interests continued to bring favorable returns to the Group.

The hotel and catering business still recorded a loss.

Liquidity and Financial Resources

As at 30 June 2016, the Group had cash and cash equivalents of approximately HK\$218,376,000 (31 December 2015: HK\$310,851,000), in total, most of which were unsecured bank deposits, with their original maturities within three months. In addition, the Group had a three years' term loan facility in the maximum amount of HK\$300,000,000 granted by Industrial and Commercial Bank of China (Asia) Limited (the “**Lender**”) to the Company on 23 May 2016 for the purpose of the general corporate funding requirement of the Group, guarantee has been provided by the Company's ultimate holding company, China Nuclear Engineering Group Co., in favour of the Lender to secure the repayment obligations of the Company under the loan facility letter (31 December 2015: Nil). The net assets were approximately HK\$456,400,000 (31 December 2015: HK\$474,941,000). The ratio of debt (including bank loan, convertible bonds and loans included in other payables and accruals) to total equity was 0.72 (31 December 2015: 0.76).

On 26 May 2015, the Company issued an aggregated principal amount of HK\$350,000,000 3% convertible bonds, which are due on 25 May 2016. The Company received net proceeds of HK\$346,114,000 after deducting the commissions and expenses of the offering. Since the date of issuance and up to 25 May 2016, HK\$55,000,000 of the convertible bonds were converted into shares of the Company by the bondholders. The remained convertible bonds were redeemed by the Company on the maturity date.

As at 30 June 2016, included in other payables of (i) RMB9,550,000 (approximately HK\$11,089,000) represent the non-interest bearing shareholders' loan from a non-controlling interest shareholder of Guoxin Energy Limited, a non-wholly owned subsidiary of the Company; and (ii) RMB15,000,000 (approximately HK\$17,418,000) represent an unsecured interest bearing loan from a fellow subsidiary of the Company and the interest rate of the loan is at Renminbi fixed basic rate plus 10% per annum.

The Group's bank balances and cash are mainly denominated in Hong Kong dollars and Renminbi, and hence it is not exposed to significant exchange risk. The Group has not used any financial instruments for hedging purpose.

Contingent Liabilities

At the end of the reporting period, the Group had no significant contingent liabilities.

Number of Employees and Remuneration Policy

As at 30 June 2016, the Group had 447 employees, the remuneration packages of whom have been reviewed annually with reference to the prevailing market condition.

During the six months ended 30 June 2016, the Group had no share option scheme for its employees.

Outlook

The Group will endeavor to enhance its market competitiveness through precise management so as to maintain its leading position in the photovoltaic EPC industry. In addition, the Group will proactively explore the investment opportunities in the overseas new energy field to expand the economies of scale.

Purchase, Redemption or Sale of Listed Securities of the Company

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2016.

Corporate Governance Code

The Board is of the view that throughout the period ended 30 June 2016, the Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Model Code for Securities Transactions

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (the "**Code of Conduct**") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry on all directors of the Company, they confirmed that they have complied with the Code of Conduct and the Model Code throughout the accounting period covered by the interim report.

Audit Committee

The Company has an audit committee (the "**Audit Committee**") which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises four members, namely, Mr. Chan Ka Ling, Edmond, Mr. Wang Jimin, Mr. Tian Aiping and Mr. Li Dakuan, all are Independent Non-executive Directors of the Company. The unaudited interim report for the six months ended 30 June 2016 has been reviewed by the Audit Committee.

On behalf of the Board

China Nuclear Energy Technology Corporation Limited

AI Yilun

Chairman

Hong Kong, 8 August 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.