

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)**

**DISCLOSEABLE AND CONNECTED TRANSACTION  
IN RELATION TO DISPOSAL OF  
INTERESTS IN SUBSIDIARIES**

**THE S&P AGREEMENT**

On 1 November 2016 (after the trading hours), the Company (as vendor) entered into the S&P Agreement with the Purchaser for the sale and purchase of the entire issued share capital of each of Hurray Enterprises Limited, Tack Hsin (BVI) Holdings Limited and Tack Hsin International Limited and the shareholder's loan owed by the Target Group to the Company.

Pursuant to the S&P Agreement, the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares and the shareholder's loan owed by the Target Group to the Company from the Company at the Consideration of HK\$110 million, which is determined with reference to the aggregate of the unaudited net assets value of the Target Group, after adjusting for the independent property valuation, of approximately HK\$19,298,000 as at 31 August 2016 and taking into consideration of the intended assignment of shareholders' loans owed by the Target Group to the Company of HK\$71,455,393 as at 1 November 2016, being the date of the S&P Agreement. The Consideration shall be satisfied by the Purchaser in cash. The aggregate consideration for the Sale Shares and the shareholder's loan owed by the Target Group to the Company was arrived at after arm's length negotiations between the Company and the Purchaser.

## **IMPLICATIONS UNDER THE LISTING RULES**

As certain applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Disposal is expected to be more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Besides, as Mr. Chan is an executive Director and a substantial Shareholder interested in approximately 10.08% of the issued share capital of the Company as at the date of this announcement, he is a connected person of the Company. Accordingly, the Disposal also constitutes a connected transaction of the Company and is subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Chan and his associates are regarded as having material interest in the Disposal and therefore they are required to abstain from voting on the resolution to be proposed at the SGM for approving the Disposal.

### **GENERAL**

The Circular containing, among other things, (i) further information on the Disposal; (ii) a letter of recommendations from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the SGM, is expected to be despatched to the Shareholders on or before 25 November 2016.

## **THE S&P AGREEMENT**

Date : 1 November 2016 (after trading hours)

### **Parties**

Purchaser: Mr. Chan Shu Kit

Vendor: the Company

### **Assets to be disposed of**

- (i) Sale Shares: collectively, the Hurray Enterprises Shares, the Tack Hsin Holdings Shares and the Tack Hsin International Shares
- (ii) the shareholder's loan owed by the Target Group to the Company as at the date of the S&P Agreement

## **The consideration for the Disposal**

The aggregate consideration for the Sale Shares and the shareholder's loan owed by the Target Group to the Company shall be HK\$110 million. Under the S&P Agreement, the consideration for the Sale Shares shall be HK\$38,544,607, and the consideration for the shareholder's loan owed by the the Target Group to the Company shall be HK\$71,455,393. The outstanding balance of the shareholder's loan owed by the Target Group to the Company as at the date of the S&P Agreement was HK\$71,455,393.

The Consideration of HK\$110 million was arrived at after arm's length negotiations between the Group and the Purchaser with reference to the aggregate of the unaudited net assets value of the Target Group as at 31 August 2016 of approximately HK\$19,298,000 and taking into consideration of the intended assignment of shareholders' loans owed by the Target Group to Company of approximately HK\$71,455,393 as at the date of the S&P Agreement. The Consideration shall be satisfied by the Purchaser in cash and payable in the following manner:

- (a) HK\$10 million shall be paid on the date of the S&P Agreement;
- (b) HK\$50 million shall be paid upon Completion; and
- (c) the remaining balance of HK\$50 million (the "**Remaining Consideration**") shall be payable in three instalments as follows:
  - (i) HK\$10 million shall be paid on or before 28 April 2017;
  - (ii) HK\$20 million shall be paid on or before 31 May 2017; and
  - (iii) HK\$20 million shall be paid on or before 30 June 2017.

Pursuant to the S&P Agreement, the Purchaser has agreed that he will execute the Share Charge in favour of the Company and will deposit the relevant title documents in respect of the Sale Shares to the Company on the date of Completion to secure the due and punctual performance of his payment obligations in respect of the Remaining Consideration under the S&P Agreement.

## **Conditions**

Completion of the S&P Agreement shall be conditional upon satisfaction of the following Conditions before the Long Stop Date (or being waived pursuant to the S&P Agreement):

- (a) approval by the Independent Shareholders in respect of the S&P Agreement and the transactions contemplated thereunder having been obtained by the Company under the Listing Rules;
- (b) the warranties, representations and undertaking given by the Company under the S&P Agreement remaining true and accurate in all respects and not misleading; and
- (c) all necessary agreements, consents and approvals required by the S&P Agreement and the transactions contemplated thereunder having been obtained and not having been revoked or withdrawn at any time up to Completion.

The Purchaser has absolute discretion to waive all or any of the Conditions (except the Conditions in paragraphs (a) and (c) above) by written notice to the Vendor. The Vendor has no rights to waive any of the Conditions. Each of the Vendor and the Purchaser shall use their respective best endeavours to procure the fulfillment of and assist each other to procure the fulfillment of the Conditions as soon as possible (in any event no later than the Long Stop Date). If any of the Conditions have not been fulfilled or waived on or before the Long Stop Date, the S&P Agreement shall lapse and have no further effect while each party's rights and obligations already accrued under the S&P Agreement will not be affected.

## **Completion**

Completion of the Disposal shall take place on the fifth business day following the date on which the above Conditions have been fulfilled (or waived, if applicable) at the Vendor's head office in Hong Kong (or such date or location as the parties to the S&P Agreement may agree in writing).

Upon Completion, the Target Group will cease to be a subsidiary of the Company, and the Group will not consolidate the financial statements of each of the companies within the Target Group thereafter.

## INFORMATION ON THE TARGET GROUP

### Hurray Enterprises

Hurray Enterprises is a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company. It is principally engaged in the investment holding operation as at the date of this announcement.

Set out below is the unaudited financial information of Hurray Enterprises for each of the two years ended 31 December 2015 and for the eight months ended 31 August 2016:

	<b>For the eight months ended 31 August 2016</b>	<b>For the year ended 31 December 2015</b>	<b>For the year ended 31 December 2014</b>
	Unaudited <i>HK\$'000</i>	Unaudited <i>HK\$'000</i>	Unaudited <i>HK\$'000</i>
Revenue	–	–	–
Profit/(Loss) before taxation	–	(1)	(20)
Net Profit/(Net loss) after taxation	–	(1)	(20)
	<b>As at 31 August 2016</b>	<b>As at 31 December 2015</b>	<b>As at 31 December 2014</b>
	Unaudited <i>HK\$'000</i>	Unaudited <i>HK\$'000</i>	Unaudited <i>HK\$'000</i>
Net asset value attributable to the owner of the Company	500	500	500

## Tack Hsin Holdings

Tack Hsin Holdings is a company incorporated under the laws of the British Virgin Islands and wholly-owned subsidiary of the Company. Tack Hsin Holdings and its subsidiaries are principally engaged in the restaurants and hotels operation, property investments and investment holding operation as at the date of this announcement.

Set out below is the unaudited consolidated financial information of Tack Hsin Holdings and its subsidiaries for each of the two years ended 31 December 2015 and for the eight months ended 31 August 2016:

	<b>For the eight months ended 31 August 2016</b>	<b>For the year ended 31 December 2015</b>	<b>For the year ended 31 December 2014</b>
	Unaudited <i>HK\$'000</i>	Unaudited <i>HK\$'000</i>	Unaudited <i>HK\$'000</i>
Revenue	114,406	172,588	236,023
Profit/(Loss) before taxation	(12,768)	(17,648)	(10,038)
Net Profit/(Net loss) after taxation	(12,768)	(17,534)	(10,982)
	<b>As at 31 August 2016</b>	<b>As at 31 December 2015</b>	<b>As at 31 December 2014</b>
	Unaudited <i>HK\$'000</i>	Unaudited <i>HK\$'000</i>	Unaudited <i>HK\$'000</i>
Net asset value attributable to the owner of the Company	18,798	31,581	49,192

## Tack Hsin International

Tack Hsin International is a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company. Tack Hsin International and its subsidiary are principally engaged in the investment holding operation as at the date of this announcement.

Set out below is the unaudited consolidated financial information of Tack Hsin International and its subsidiary for each of the two years ended 31 December 2015 and for the eight months ended 31 August 2016:

	<b>For the eight months ended 31 August 2016</b>	<b>For the year ended 31 December 2015</b>	<b>For the year ended 31 December 2014</b>
	Unaudited <i>HK\$'000</i>	Unaudited <i>HK\$'000</i>	Unaudited <i>HK\$'000</i>
Revenue	–	–	–
Profit/(Loss) before taxation	(11)	(18)	(19)
Net Profit/(Net loss) after taxation	(11)	(18)	(19)
	<b>As at 31 August 2016</b>	<b>As at 31 December 2015</b>	<b>As at 31 December 2014</b>
	Unaudited <i>HK\$'000</i>	Unaudited <i>HK\$'000</i>	Unaudited <i>HK\$'000</i>
Net asset value attributable to the owner of the Company	–	–	–

## REASONS FOR THE DISPOSAL AND USE OF PROCEEDS

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.

Upon Completion, the Company will focus on its new energy operations (such as provision of EPC services for solar energy plant developers) in the PRC. Besides, the Consideration will be settled in cash which would enrich the internal resources of the Company for further development of its remaining business and/or financing the Group's future investment projects once suitable targets are identified.

Therefore, the Directors (excluding Mr. Chan who had abstained from voting on the Board resolutions and the independent non-executive Directors whose views will be given after taking into account the advice from the independent financial adviser to be engaged) consider that the Disposal represents an opportunity for the Company to realise its loss-making businesses and re-direct its resources to other businesses with growth potential, the terms of the Disposal and the Share Charge are fair and reasonable and the entering into of the S&P Agreement and the transactions contemplated thereunder are in the interest of the Company and the Independent Shareholders as a whole.

## **FINANCIAL EFFECTS OF THE DISPOSAL**

Upon Completion, the Group will not have any interest in the Target Group (other than the security interest under the Share Charge which will be released after fulfillment of all payment obligations of the Purchaser under the S&P Agreement). Each of the companies within the Target Group shall cease to be a subsidiary of the Company since then. Therefore, the profit and loss and assets and liabilities of the Target Group will no longer be consolidated to the accounts of the Group.

The Group expects to recognise a one-off gain of approximately HK\$19.2 million which represents the difference between the Consideration of HK\$110 million, the unaudited net asset value of the Target Group of approximately HK\$19,298,000 as at 31 August 2016 and the shareholder's loan owed by the Target Group to the Company of approximately HK\$71,455,393 as at the date of the S&P Agreement.

It is intended that the net proceeds from the Disposal will be used by the Group for general working capital purposes and to fund the Group's future project investments once suitable targets are identified.

## **IMPLICATIONS UNDER THE LISTING RULES**

As certain applicable percentage ratios for the Disposal is expected to be more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Besides, as Mr. Chan is an executive Director and a substantial Shareholder interested in approximately 10.08% of the issued share capital of the Company as at the date of this announcement, he is a connected person of the Company. Accordingly, the Disposal also constitutes a connected transaction of the Company and is subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Chan and his associates are regarded as having material interest in the Disposal and therefore they are required to abstain from voting on the resolution to be proposed at the SGM for approving the Disposal. Mr. Chan had abstained from voting on the Board resolutions in respect of the S&P Agreement, the Share Charge and the Disposal.

The Independent Board Committee, comprising all the independent non-executive Directors, namely, Mr. Chan Ka Ling, Edmond, Mr. Wang Jimin, Mr. Tian Aiping and Mr. Li Dakuan, has been formed to give recommendation to the Independent Shareholders in respect of the Disposal. An independent financial adviser will also be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

## **GENERAL**

The Circular containing, among other things, (i) further information on the Disposal; (ii) a letter of recommendations from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the SGM is expected to be despatched to the Shareholders on or before 25 November 2016.

## **DEFINITIONS**

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	board of Directors
“Circular”	the circular to be despatched by the Company in relation to the Disposal
“Company” or “Vendor”	China Nuclear Energy Technology Corporation Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 611)

“Completion”	completion of the Disposal
“Condition(s)”	the condition(s) set out under the S&P Agreement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the consideration payable by the Purchaser to the Company for the Disposal, being the sum of HK\$110 million
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares, representing the entire issued share capital of each of Hurray Enterprises, Tack Hsin Holdings and Tack Hsin International, and the shareholder’s loan owed by the Target Group to the Company by the Company to the Purchaser pursuant to the S&P Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hurray Enterprises”	Hurray Enterprises Limited, a company incorporated under the laws of the British Virgin Islands
“Hurray Enterprises Share(s)”	1 share of US\$1.00 each in the share capital of Hurray Enterprises, representing the entire issued share capital of Hurray Enterprises
“Independent Board Committee”	an independent board committee of the Company comprising all independent non-executive Directors, namely, Mr. Chan Ka Ling, Edmond, Mr. Wang Jimin, Mr. Tian Aiping and Mr. Li Dakuan, formed to advise the Independent Shareholders on the Disposal
“Independent Shareholders”	Shareholders other than Mr. Chan and his associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Long Stop Date”	30 June 2017 or such later date as agreed by the Purchaser and the Company
“Mr. Chan” or “Purchaser”	Mr. Chan Shu Kit, a substantial Shareholder and an executive Director of the Company
“PRC”	the People’s Republic of China, excluding Hong Kong, Taiwan and Macau Special Administrative Region of the PRC
“RMB”	Renminbi, the lawful currency in the PRC
“Sale Shares”	collectively, the Hurray Enterprises Shares, the Tack Hsin Holdings Shares and the Tack Hsin International Shares
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Charge”	the deed of share charge in respect of the Sale Shares which will be executed by the Purchaser (as chargor) in favour of the Company (as chargee) upon Completion
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SGM”	a special general meeting to be convened by the Company to consider and, if thought fit, to approve, among other things, the S&P Agreement and the transactions contemplated thereunder
“S&P Agreement”	the conditional sale and purchase agreement dated 1 November 2016 entered into among the Company and the Purchaser in relation to the sale and purchase of the Sale Shares and the shareholder’s loan owed by the Target Group to the Company
“Tack Hsin Holdings”	Tack Hsin (BVI) Holdings Limited, a company incorporated under the laws of the British Virgin Islands

“Tack Hsin Holdings Share(s)”	177,632,020 shares of HK\$0.10 each in the share capital of Tack Hsin Holdings, representing the entire issued share capital of Tack Hsin Holdings
“Tack Hsin International”	Tack Hsin International Limited, a company incorporated under the laws of the British Virgin Islands
“Tack Hsin International Share(s)”	1 share of US\$1.00 each in the share capital of Tack Hsin International, representing the entire issued share capital of Tack Hsin International
“Target Group”	Hurray Enterprises, Tack Hsin Holdings, Tack Hsin International and their respective subsidiaries
“US\$”	the United States dollars, the lawful currency of the United States of America
“%”	per cent.

*In this announcement, the English names of certain PRC entities are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*

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

Hong Kong, 1 November 2016

*As at the date of this announcement, the Directors are: Mr. Ai Yilun (chairman), Mr. Chan Shu Kit (vice-chairman), Ms. Jian Qing, Mr. Chung Chi Shing, Mr. Li Jinying, Ms. Liang Rong, Mr. Li Feng and Mr. Bai Xuefei (co-chief executive officer), 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.*