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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)

**DISCLOSEABLE TRANSACTION
IN RELATION TO
THE NEW TAIZHOU FINANCE LEASE AGREEMENT**

THE NEW TAIZHOU FINANCE LEASE AGREEMENT

Reference is made to the announcement of the Company dated 14 December 2016 in relation to the Previous Taizhou Finance Lease Agreement. On 1 June 2017, Taizhou New Energy entered into a termination agreement with the Finance Lease Company, an indirect wholly-owned subsidiary of the Company, to terminate the Previous Taizhou Finance Lease Agreement. Upon termination of the Previous Taizhou Finance Lease Agreement, the obligations of Taizhou New Energy under the Previous Taizhou Finance Lease Agreement which included (a) pledge of the Taizhou Leased Assets; (b) pledge of the right to income generated by the 20MW Agricultural Photovoltaics Power Station II; (c) pledge of the equity interest in Taizhou New Energy by CNE Development (formerly named Greater China Development Limited); and (d) the corporate guarantee from CNI Energy have been released. In addition, Taizhou New Energy was required to repay the consideration paid by the Finance Lease Company for the purchase of the Taizhou Leased Assets under the Previous Taizhou Finance Lease Agreement of RMB105,000,000 (equivalent to approximately HK\$120,150,000).

On the same date, Taizhou New Energy entered into the New Taizhou Finance Lease Agreement with CMB Financial Leasing, pursuant to which, CMB Financial Leasing had agreed to purchase the Taizhou Leased Assets from Taizhou New Energy and lease the Taizhou Leased Assets back to Taizhou New Energy for a term of eight years at an aggregate lease consideration of approximately RMB131,341,000 (equivalent to approximately HK\$150,291,000). The period of lease will commence from the date of settlement of the consideration under the New Taizhou Finance Lease Agreement by CMB Financial Leasing.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the New Taizhou Finance Lease Agreement exceed 5% but less than 25%, the New Taizhou Finance Lease Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

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The value of the Taizhou Leased Assets was estimated to be approximately RMB111,941,000 (equivalent to approximately HK\$128,092,000) under the New Taizhou Finance Lease Agreement.

Date: 1 June 2017

Vendor and lessee: Taizhou New Energy

Purchaser and lessor: CMB Financial Leasing

CMB Financial Leasing is a company established in the PRC and is principally engaged in the provision of finance leasing, investment business in fixed-income securities, sales and handling of leased assets and other relevant lending business. To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, CMB Financial Leasing and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Lease period

Eight years, commencing from the date of settlement of the consideration under the New Taizhou Finance Lease Agreement by CMB Financial Leasing, which shall be settled within five business days upon the fulfillment of the conditions precedent under the New Taizhou Finance Lease Agreement.

Consideration for the purchase of the Taizhou Leased Assets

The consideration payable by CMB Financial Leasing for the purchase of the Taizhou Leased Assets under the New Taizhou Finance Lease Agreement is approximately RMB111,941,000 (equivalent to approximately HK\$128,092,000), which shall be settled within five business days upon the fulfillment of the conditions precedent under the New Taizhou Finance Lease Agreement.

Consideration for the lease of the Taizhou Leased Assets

The lease consideration of the Taizhou Leased Assets payable by Taizhou New Energy to CMB Financial Leasing under the New Taizhou Finance Lease Agreement is approximately RMB131,341,000 (equivalent to approximately HK\$150,291,000), which represents the principal financing amount for the lease of the Taizhou Leased Assets of approximately RMB105,000,000 (equivalent to approximately HK\$120,150,000), the aggregate sum of interest payments and value added tax of approximately RMB24,136,000 (equivalent to approximately HK\$27,618,000) for the full lease period which shall be paid in 32 instalments on a quarterly basis during the lease period and a non-refundable handling fee in the sum of approximately RMB2,205,000 (equivalent to approximately HK\$2,523,000), which shall be paid in two instalments during the lease period. The first installment of the handling fee of approximately RMB1,102,500 shall be paid on the commencement date of the New Taizhou Finance Lease Agreement. The second installment of the handling fee of approximately RMB1,102,500 shall be paid on the fourth installment of the lease. The interest payment to be paid by Taizhou New Energy is calculated at a floating rate, representing 105% of the benchmark lending rate for loan tenor over five years promulgated by PBC (currently at 5.145% per annum). The interest rate may be adjusted according to the prevailing lending interest rate to be promulgated by PBC from time to time.

Taizhou New Energy shall pay CMB Financial Leasing a refundable security deposit of RMB3,150,000 (equivalent to approximately HK\$3,604,000) prior to the commencement of the New Taizhou Finance Lease Agreement. If Taizhou New Energy commits any breach causing penalty or damages, CMB Financial Leasing shall have the right to deduct such penalty and damages from the security deposit. In the event of such deduction, Taizhou New Energy shall make up for the deduction and restore the amount of the security deposit to RMB3,150,000 upon notice from CMB Financial Leasing. CMB Financial Leasing shall refund the security deposit to Taizhou New Energy without interest upon expiry of the lease period.

The consideration for the purchase of the Taizhou Leased Assets and the aggregate consideration under the New Taizhou Finance Lease Agreement (including the principal financing amount for the lease of the Taizhou Leased Assets) was determined after arm's length negotiations between CMB Financial Leasing and Taizhou New Energy with reference to (i) the prevailing market price and rate for finance leases of comparable equipment and assets for construction and operation of photovoltaic power station; and (ii) similar finance lease services. The consideration payable by CMB Financial Leasing for the purchase of the Taizhou Leased Assets will be settled in an one-off payment.

Ownership

During the term of lease, the ownership of the Taizhou Leased Assets lies with CMB Financial Leasing; subject to Taizhou New Energy having duly and satisfactorily performed all its obligations under, and upon the expiry of the New Taizhou Finance Lease Agreement, Taizhou New Energy has an option to purchase the Taizhou Leased Assets from CMB Financial Leasing at the nominal purchase price of RMB1.00.

Pledges and Guarantees

The obligations of Taizhou New Energy under the New Taizhou Finance Lease Agreement will be secured by (i) pledge of the right to income generated by the Taizhou New Energy under 20MW Agricultural Photovoltaics Power Station II; (ii) pledge of 100% equity interest in Taizhou New Energy by CNE Development; and (iii) irrevocable joint liability guaranteed by the Finance Lease Company.

Information on the Company, Taizhou New Energy, CNE Development and the Finance Lease Company

The Company is an investment holding company. Taizhou New Energy is a company established in the PRC and an indirect wholly-owned subsidiary of the Company. It is principally engaged in development and construction of solar power stations. CNI Energy is a company established in the PRC and an indirectly non-wholly owned subsidiary of the Company. As at the date of this announcement, CNE Development is an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong as an investment holding company, which in turn owns 80% equity interest of CNI Energy and wholly owns Taizhou New Energy. The Finance Lease Company is an indirect wholly-owned subsidiary of the Company established in the PRC with limited liability. It is principally engaged in the financial leasing business, which specialises in organising and providing direct financial leasing services and sale-and-leaseback services to customers in the PRC, the customers of which are mainly companies in the new energy industry.

Reasons for and benefits of entering into the New Taizhou Finance Lease Agreements

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. 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) subcontracting of overseas engineering and construction projects via its subsidiaries and associated companies. The development of the 20MW Agricultural Photovoltaics Power Station II was launched on 14 December 2016 and had been completed and connected to the power grid for power generation as at the date of this announcement.

Upon considering the relatively higher interest cost incurred by the Finance Lease Company under the Previous Taizhou Finance Lease Agreement, the Company considers that by entering into of the New Taizhou Finance Lease Agreement, the aggregate lease consideration under the finance lease arrangement for the 20MW Agricultural Photovoltaics Power Station II will be reduced. At the same time, the Company considers that the transactions contemplated under the New Taizhou Finance Lease Agreement to be beneficial to the Group as the Group could obtain additional working capital on reasonable terms to support its business and operational activities, which the Company considers will strengthen the cash flow of the Group.

The terms of the New Taizhou Finance Lease Agreement, including the lease payment, the interest rate and the handling fee, were arrived at after arm's length negotiation between the parties with reference to (i) the prevailing market price and rate for finance leases of comparable equipment and assets for construction and operation of photovoltaic power station; and (ii) similar finance lease services. The Directors consider that the terms of the New Taizhou Finance Lease Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the New Taizhou Finance Lease Agreement exceed 5% but less than 25%, the New Taizhou Finance Lease Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

“20MW Agricultural Photovoltaics Power Station II”	a solar power station developed in Taizhou City, Jiangsu Province of the PRC with an aggregate solar electricity generation capacity of approximately 20MW
“Board”	board of Directors
“business day(s)”	a day (other than Saturdays, Sundays and statutory public holidays in the PRC)
“CNE Development”	China Nuclear Energy Development Limited* (中核能源發展有限公司) (formerly named Greater China Development Limited* (華大發展有限公司)), an indirect wholly-owned subsidiary of the Company established in the PRC
“CNI Energy”	Nanjing CNI Energy Engineering Company Limited* (南京中核能源工程有限公司), an indirect non-wholly owned subsidiary of the Company established in the PRC
“CMB Financial Leasing”	CMB Financial Leasing Co., LTD. (招銀金融租賃有限公司), a company established in the PRC with limited liability
“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 (Stock code: 611)
“Director(s)”	director(s) of the Company
“Finance Lease Company”	CNEC Financial Leasing (Shenzhen) Co., Ltd.* (核建融資租賃(深圳)有限公司), an indirect wholly-owned subsidiary of the Company established in the PRC
“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

“Independent Third Party(ies)”	Party(ies) who is/are independent of the Company and its connected person(s) (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Taizhou Finance Lease Agreement”	the finance lease agreement (lease back) dated 1 June 2017 and entered into between CMB Financial Leasing (as lessor) and Taizhou New Energy (as lessee)
“PBC”	People’s Bank of China (中國人民銀行)
“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
“Previous Taizhou Finance Lease Agreement”	the finance lease agreement (direct lease) dated 14 December 2016 and entered into between the Financial Lease Company (as lessor) and Taizhou New Energy (as lessee)
“RMB”	Renminbi, the lawful currency in the PRC
“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
“Taizhou Leased Assets”	the equipment and assets for construction and operation of the 20MW Agricultural Photovoltaics Power Station II to be used by Taizhou New Energy pursuant to the New Taizhou Finance Lease Agreement
“Taizhou New Energy”	Taizhou Herun New Energy Ltd. (泰州核潤新能源有限公司), an indirect wholly-owned subsidiary of the Company established in the PRC
“%”	per cent.

* For identification purposes only

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 June 2017

For the purposes of illustration only, any amount denominated in RMB in this announcement and translated into HK\$ at the rate of RMB0.87391 = HK\$1. Such translation 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; Ms. Jian Qing, Mr. Chung Chi Shing, Mr. Li Jinying, Mr. Li Feng, Mr. Bai Xuefei, who is a co-chief executive officer and an executive Director and Mr. Wu Yuanchen, 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.