

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 TRANSACTION IN RELATION TO LIANSHUI FINANCE LEASE AGREEMENT

THE LIANSHUI FINANCE LEASE AGREEMENT

On 30 June 2017, the Finance Lease Company entered into the Lianshui Finance Lease Agreement with Lianshui Xinyuan, pursuant to which, the Finance Lease Company had agreed to purchase the Lianshui Leased Asset from Xian Datang and lease the Lianshui Leased Asset to Lianshui Xinyuan for a term of eight years at an aggregate lease consideration of approximately RMB106,161,198 (equivalent to approximately HK\$122,316,802). The period of lease will commence from the date of settlement of the consideration under the Lianshui Purchase Agreement by the Finance Lease Company.

LISTING RULES IMPLICATIONS

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

Furthermore, as the ultimate beneficial owner of Lianshui Xinyuan is the same as the ultimate beneficial owner of the lessee under the Previous Finance Lease Agreements completed within a 12 month period, the entering into of the Lianshui Finance Lease Agreement is required to aggregate with the Previous Finance Lease Agreements and be treated as if they were one transaction pursuant to Rule 14.22 of the Listing Rules. Nonetheless, given the applicable percentage ratios (as defined under the Listing Rules) in respect of the Lianshui Finance Lease Agreement and the Previous Finance Lease Agreements in aggregate exceed 5% but less than 25%, the Lianshui Finance Lease Agreement, in aggregate with the Previous Finance Lease Agreements, still constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Company would not be required to re-classify the transactions under the Lianshui Finance Lease Agreement by aggregating it with the transactions under the Previous Finance Lease Agreements.

THE LIANSHUI FINANCE LEASE AGREEMENT

On 30 June 2017, the Finance Lease Company entered into the Lianshui Finance Lease Agreement with Lianshui Xinyuan, pursuant to which, the Finance Lease Company had agreed to purchase the Lianshui Leased Asset from Xian Datang and lease the Lianshui Leased Asset to Lianshui Xinyuan for a term of eight years at an aggregate lease consideration of approximately RMB106,161,198 (equivalent to approximately HK\$122,316,802). The period of lease will commence from the date of settlement of the consideration under the Lianshui Purchase Agreement by the Finance Lease Company.

The value of the Lianshui Leased Asset was estimated to be approximately RMB84,000,000 (equivalent to approximately HK\$96,783,114) under the Lianshui Finance Lease Agreement.

Date: 30 June 2017

Lessee: Lianshui Xinyuan, a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of GCL New Energy. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Lianshui Xinyuan is a company principally engaged in the development of photovoltaic power plants projects, Lianshui Xinyuan and its ultimate beneficial owner are Independent Third Parties.

Lessor: Finance Lease Company.

Lease period

Eight years, commencing from the date of settlement of the consideration under the Lianshui Purchase Agreement by the Finance Lease Company, which shall be settled within five business days after fulfilment of certain conditions precedent. During the lease period, either party shall have the right to terminate the Lianshui Finance Lease Agreement by giving 60 days' prior written notice to the other party. In the event the Lianshui Finance Lease Agreement is terminated before the maturity date, Lianshui Xinyuan shall pay to the Finance Lease Company all the due and unpaid rental fees and other charges together with all outstanding amount of the principal rent. Lianshui Xinyuan shall also pay to the Finance Lease Company a handling fee for prepayment equivalent to 2% of the outstanding amount of the principal rent.

Consideration for the purchase of the Lianshui Leased Asset

The carrying value of the Lianshui Leased Asset was estimated to be RMB84,000,000 (equivalent to approximately HK\$96,783,114) under the Lianshui Finance Lease Agreement.

The consideration payable by the Finance Lease Company to Xian Datang for the purchase of the Lianshui Leased Asset under the Lianshui Purchase Agreement is RMB84,000,000 (equivalent to approximately HK\$96,783,114), which shall be settled within five business days after the following conditions are satisfied:

- (1) Lianshui Xinyuan has paid the first instalment of the handling fee and other payables under the Lianshui Finance Lease Agreement to the Finance Lease Company;
- (2) Lianshui Xinyuan has obtained all approvals for the transaction;
- (3) the Finance Lease Company has received all signed security documents and other transaction documents contemplated under the Lianshui Finance Lease Agreement and such documents are in effect;
- (4) all security documents requiring registration have been registered;
- (5) Lianshui Xinyuan has purchased insurance for the Lianshui Leased Asset as required under the Finance Lease Agreement; and
- (6) other payment conditions recognized by the Finance Lease Company have been fulfilled.

The Lianshui Purchase Agreement shall take effect upon (i) the execution and sealed by the authorised representatives or legal representatives of the parties; and (ii) the completion of the main contracting agreement in relation to the Lianshui Project entered into between Lianshui Xinyuan and Xian Datang and the Lianshui Project having completed the final acceptance and settlement.

The price for the purchase of the Lianshui Leased Assets payable by the Finance Lease Company was determined through arm's length negotiation among the Finance Lease Company, Lianshui Xinyuan and Xian Datang with reference to the average fair market price of similar photovoltaic power generation equipment and the amount of financing agreed to be provided by the Finance Lease Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Xian Datang is a company principally engaged in the provision of sub-contracting and services in relation to new energy projects such as procurement and sale of equipment and materials, installation and testing of equipment, design, construction and technical consultancy, Xian Datang and its ultimate beneficial owner are Independent Third Parties.

Consideration for the lease of the Lianshui Leased Asset

The lease consideration of the Lianshui Leased Asset payable by Lianshui Xinyuan to the Finance Lease Company under the Lianshui Finance Lease Agreement is approximately RMB106,161,198 (equivalent to approximately HK\$122,316,802), which represents the principal amount for purchase of the Lianshui Leased Asset and the interest payment for the full lease period and shall be paid in 32 instalments on a quarterly basis during the lease period. The first two instalments will only cover the lease interest, which is calculated based on the total unpaid principal amount multiplied by the annual lease interest rate and the actual number of days of that instalment divided by 360, and are RMB1,131,900 (equivalent to approximately HK\$1,304,152) each. The third instalments to the fifteenth will cover the principal lease cost plus the lease interest and range from RMB3,131,900 (equivalent to approximately HK\$3,608,512) to RMB2,808,500 (equivalent to approximately HK\$3,235,897). The remaining seventeen instalments will also cover the principal lease cost plus the lease interest and are RMB3,840,282.26 (equivalent to approximately HK\$4,424,696) each.

Lianshui Xinyuan shall also pay the Finance Lease Company a non-refundable handling fee in the sum of approximately RMB5,040,000 (equivalent to approximately HK\$5,806,987), which shall be paid in eight instalments during the lease period. The first installment of the handling fee of approximately RMB1,008,000 shall be paid prior to the commencement date of the lease period under the Lianshui Finance Lease Agreement. The second installment of the handling fee of approximately RMB1,008,000 shall be paid on the first installment of the lease and the remaining instalments of handling fee of RMB504,000 each shall be paid on the 8th, 12th, 16th, 20th, 24th and 28th instalment of the lease. The interest payment to be paid by Lianshui Xinyuan is calculated at a floating rate, representing 110% of the benchmark lending rate for loan tenor over five years promulgated by PBC (currently 5.39% per annum). The interest rate may be adjusted according to the prevailing lending interest rate to be promulgated by PBC from time to time.

Lianshui Xinyuan shall pay the Finance Lease Company a refundable security deposit of approximately RMB840,000 (equivalent to approximately HK\$967,831) prior to the commencement of the lease period under the Lianshui Finance Lease Agreement. If Lianshui Xinyuan commits any breach causing penalty or damages, the Finance Lease Company shall have the right to deduct such penalty and damages from the security deposit. In the event of such deduction, Lianshui Xinyuan shall make up for the deduction and restore the amount of the security deposit to RMB840,000 (equivalent to approximately HK\$967,831) upon notice from the Finance Lease Company. The Finance Lease Company shall also have the right to set off part or all of the last installment of the outstanding lease consideration against the security deposit and any balance thereof (if any) shall be refunded to Lianshui Xinyuan without interest upon expiry of the lease period.

The aggregate consideration under the Lianshui Finance Lease Agreement (including the consideration for the purchase of the Lianshui Leased Asset and the consideration for the lease of the Lianshui Leased Asset) was determined after arm's length negotiations between the Finance Lease Company, Lianshui Xinyuan and Xian Datang 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 the Finance Lease Company for the purchase of the Lianshui Leased Asset will be financed by the Company's internal financial resources.

Ownership

During the term of lease, the ownership of the Lianshui Leased Asset lies with the Finance Lease Company; subject to Lianshui Xinyuan having duly and satisfactorily performed all its obligations under, and upon the expiry of the Lianshui Finance Lease Agreement, Lianshui Xinyuan has an option to purchase the Lianshui Leased Asset from the Finance Lease Company at the nominal purchase price of RMB100.

Pledges and Guarantees

The obligations of Lianshui Xinyuan under the Lianshui Finance Lease Agreement are secured by (a) pledge of the Lianshui Leased Asset; (b) pledge of the right to income generated by the Lianshui Project; (c) pledge of the 100% equity interest in Lianshui Xinyuan by Suzhou GCL New Energy Investment Company Limited* (蘇州協鑫新能源投資有限公司), an indirect wholly-owned subsidiary of GCL New Energy; and (d) a corporate guarantee from Nanjing GCL New Energy Development Co., Ltd.* (南京協鑫新能源發展有限公司), an indirect wholly-owned subsidiary of GCL New Energy.

According to the Lianshui Finance Lease Agreement, the Finance Lease Company shall have the right to require additional guarantees in the circumstances where (i) the credibility of Lianshui Xinyuan has decreased; or (ii) the value of the pledged assets has decreased; or (iii) other circumstances arise rendering it reasonable for the Finance Lease Company to require additional protection.

Reasons for and benefits of entering into of the Lianshui Finance Lease Agreement

The Company is an investment holding company. 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 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.

The Directors consider that the Finance Lease Company can obtain stable revenue and cashflow stream from the interest to be received from the Lianshui Finance Lease Agreement, which is in the ordinary and usual course of business of the Group. The entering into of the Lianshui Finance Lease Agreement will enable the Finance Lease Company to earn an aggregate finance lease interest income of approximately RMB22,161,198 (equivalent to approximately HK\$25,533,687) (including value added tax) payable by Lianshui Xinyuan to the Finance Lease Company under the Lianshui Finance Lease Agreement. The Finance Lease Company will also earn handling fees and nominal buy-back price of the Lianshui Leased Asset under the Lianshui Finance Lease Agreement.

The Directors consider that the terms of the Lianshui Finance Lease Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the 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 Lianshui Finance Lease Agreement exceed 5% but less than 25%, the transactions under the Lianshui Finance Lease Agreement constitute a discloseable transaction for the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Furthermore, as the ultimate beneficial owner of Lianshui Xinyuan is the same as the ultimate beneficial owner of the lessee under the Previous Finance Lease Agreements completed within a 12 month period, the entering into of the Lianshui Finance Lease Agreement is required to aggregate with the Previous Finance Lease Agreements and be treated as if they were one transaction pursuant to Rule 14.22 of the Listing Rules. Nonetheless, given the applicable percentage ratios (as defined under the Listing Rules) in respect of the Lianshui Finance Lease Agreement and the Previous Finance Lease Agreements in aggregate exceed 5% but less than 25%, the Lianshui Finance Lease Agreement, in aggregate with the Previous Finance Lease Agreements, still constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Company would not be required to re-classify the transactions under the Lianshui Finance Lease Agreement by aggregating it with the transactions under the Previous Finance Lease Agreements.

DEFINITIONS

“Board”	board of Directors
“business day(s)”	a day (other than Saturdays, Sundays and statutory public holidays in the PRC)
“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
“GCL New Energy”	GCL New Energy Holdings Limited (協鑫新能源控股有限公司), a company incorporated in Bermuda with limited liability the shares of which are listed on the Main Board of the Stock Exchange (stock code: 451) and the ultimate beneficial owner of Lianshui Xinyuan
“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)
“Lianshui Finance Lease Agreement”	the finance lease agreement (direct lease) dated 30 June 2017 and entered into between the Finance Lease Company (as lessor) and Lianshui Xinyuan (as lessee)
“Lianshui Leased Asset”	the equipment and assets for construction and operation of the Lianshui Project to be used by Lianshui Xinyuan pursuant to the Lianshui Finance Lease Agreement
“Lianshui Project”	the 15MW solar power plant project owned by Lianshui Xinyuan located in Tangji Town, Lianshui County, Huaian City, Jiangsu Province, the PRC
“Lianshui Purchase Agreement”	the sale and purchase agreement dated 30 June 2017 entered into among the Finance Lease Company, Lianshui Xinyuan and Xian Datang in relation to the sale and purchase of the Lianshui Leased Asset under the Lianshui Finance Lease Agreement
“Lianshui Xinyuan”	Lianshui Xinyuan Photovoltaic Electricity Ltd.* (漣水鑫源光伏電力有限公司), a company incorporated in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	Megawatt(s), which equals 1,000,000 watts
“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 Finance Lease Agreements”	the finance lease agreements entered into between the Finance Lease Company and a fellow subsidiary of Lianshui Xinyuan as set out in the Company’s announcement dated 14 December 2016

“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
“Xian Datang”	Xian Datang Electricity Design Research Limited* (西安大唐電力設計研究院有限公司), a company established in the PRC with limited liability
“%”	per cent.

* for identification purpose 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, 30 June 2017

For the purposes of illustration only, any amount denominated in RMB in this announcement and translated into HK\$ at the rate of RMB0.86792 = 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; Mr. Liu Genyu, who is the vice 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. Tang Jianhua, 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.