中国核建

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 2017

FINANCIAL HIGHLIGHTS

– Revenue was approximately HK$371,722,000 for the six months ended 30 June 2017, representing a decrease of approximately 54.9% as compared to that of 2016.

– Profit for the period from continuing operations was approximately HK$26,824,000, representing an increase of approximately 255.7% as compared to that of 2016.

– Basic earnings per share from continuing operations amounted to approximately HK2.27 cents, representing an increase of approximately 305.4% as compared to that of 2016.

– Net assets as at 30 June 2017 increased 45.7% to HK$741,255,000, as compared to that as at 31 December 2016.

– The Board did not recommend payment of an interim dividend.

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 2017, together with the comparative figures for the six months ended 30 June 2016. 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 2017

		For the six months ended	
		30 June 2017	30 June 2016
		(Unaudited)	(Unaudited and re-presented)
	Notes	***HK$'000***	*HK$'000*
Continuing operations			
Revenue	*4*	**371,722**	825,126
Other revenue and gains		**589**	984
Cost of inventories used		**(253,671)**	(678,637)
Construction costs		**(46,414)**	(68,327)
Staff costs		**(11,779)**	(17,328)
Depreciation		**(6,617)**	(4,424)
Other operating expenses		**(21,246)**	(32,159)
Gain on deemed disposal of an associate		**–**	2,893
Finance costs	*5*	**(7,720)**	(18,676)
Share of results of associates, net		**5,701**	3,871
Profit before income tax expense	*6*	**30,565**	13,323
Income tax expense	*7*	**(3,741)**	(5,782)
Profit for the period from continuing operations		**26,824**	7,541
Discontinued operations			
Loss for the period from discontinued operations	*8*	**–**	(8,682)
Profit /(loss) for the period		**26,824**	(1,141)
Other comprehensive income for the period, net of tax			
Item that will not be reclassified to profit or loss:			
Loss on property revaluation		**–**	(6)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising during the period		**23,865**	(18,921)
Reclassification to profit or loss for deemed disposal of an associate		**–**	938
Share of other comprehensive income of associates		**2,704**	(94)
Total comprehensive income for the period		**53,393**	(19,224)

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

For the six months ended 30 June 2017

		For the six months ended	
		30 June 2017	30 June 2016
		(Unaudited)	(Unaudited and re-presented)
	Notes	***HK$'000***	*HK$'000*
Profit/(loss) for the period attributable to:			
Owners of the Company			
Profit for the period from continuing operations		**25,822**	6,400
Loss for the period from discontinued operations		**–**	(8,682)
Profit/(loss) for the period attributable to owners of the Company		**25,822**	(2,282)
Non-controlling interests			
Profit for the period from continuing operations		**1,002**	1,141
Loss for the period from discontinued operations		**–**	–
Profit for the period attributable to non-controlling interests		**1,002**	1,141
		26,824	(1,141)
Total comprehensive income attributable to:			
Owners of the Company		**51,792**	(19,993)
Non-controlling interests		**1,601**	769
		53,393	(19,224)
Earnings/(loss) per share from continuing and discontinued operations – basic and diluted *(HK cent per share)*	*9*	**2.27**	(0.20)
Earnings per share from continuing operations – basic and diluted *(HK cent per share)*	*9*	**2.27**	0.56

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	30 June 2017 (Unaudited) HK$'000	31 December 2016 (Audited) HK$'000
Non-current assets			
Property, plant and equipment	11	**299,862**	282,330
Prepaid land lease payments		**5,400**	2,261
Available-for-sale investment		**288**	–
Interest in associates	12	**87,836**	82,215
Finance lease receivables		**290,231**	101,749
Deposits		**27,781**	27,781
		711,398	496,336
Current assets			
Inventories		**–**	415
Trade and bills receivables	13	**1,331,868**	1,286,161
Loan receivable		**115,265**	111,125
Finance lease receivables		**26,025**	12,743
Prepayments, deposits and other receivables		**177,620**	112,677
Amounts due from customers for contract work		**71,129**	104,804
Pledged bank deposits	14	**40,343**	–
Cash and cash equivalents		**524,938**	472,711
		2,287,188	2,100,636
Less: Current liabilities			
Trade and bills payables	15	**1,127,681**	1,317,043
Other payables and accruals	16	**95,844**	66,934
Bank borrowings	17	**712,605**	280,207
Obligations under finance leases		**12,532**	–
Tax payable		**3,651**	10,466
Amounts due to customers for contract work		**7,446**	11,016
		1,959,759	1,685,666

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2017

	Notes	**30 June 2017 (Unaudited)** *HK$'000*	31 December 2016 (Audited) *HK$'000*
Net current assets		**327,429**	414,970
Total assets less current liabilities		**1,038,827**	911,306
Less: Non-current liabilities			
Bank borrowings	*17*	**189,076**	402,517
Obligations under finance leases due after one year		**108,496**	–
		297,572	402,517
Net assets		**741,255**	508,789
Capital and reserves			
Share capital	*18*	**131,309**	113,309
Reserves		**600,979**	388,114
Equity attributable to owners of the Company		**732,288**	501,423
Non-controlling interests		**8,967**	7,366
Total equity		**741,255**	508,789

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

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 2017 to 30 June 2017, the Company and its subsidiaries (collectively referred to as the "**Group**") were engaged in the following principal activities:

- engineering, procurement and construction ("**EPC**") operations and consulting services

- solar power generation operations

- financing operations

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2017 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 2017 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 2016 annual financial statements except for the accounting policy changes that are expected to be reflected in the 2017 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:

- Amendments to HKAS 7, Disclosure Initiative
- Amendments to HKAS 12, Recognition of Deferred Tax Assets for Unrealised Losses

The initial application of the above new or revised HKFRSs does not have a material effect on the Group's results and financial position.

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]

[1] Effective for annual periods beginning on or after 1 January 2018

[2] Effective for annual periods beginning on or after 1 January 2019

The Group has already commenced an assessment of the impact of adopting the above Standards and amendments to existing Standards to the Group. The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

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 2017 and 2016.

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 four (period ended 30 June 2016: seven) reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies.

	Continuing Operations				
	EPC and Consultancy *HK$'000*	**Solar Power Generation** *HK$'000*	**Financing** *HK$'000*	**All other Segments** *HK$'000*	**Total** *HK$'000*
Six months ended 30 June 2017 (Unaudited)					
Segment revenue:					
Sales to external customers	**341,015**	**21,225**	**9,482**	**–**	**371,722**
Intersegment sales	**–**	**–**	**4,473**	**–**	**4,473**
Other revenue and gains	**178**	**56**	**–**	**–**	**234**
Reportable segment revenue	**341,193**	**21,281**	**13,955**	**–**	**376,429**
Reconciliation:					
Elimination of intersegment sales					**(4,473)**
Consolidated revenue					**371,956**
Segment results	**32,620**	**12,709**	**(1,548)**	**(11,552)**	**32,229**
Reconciliation:					
Interest income					**355**
Finance costs					**(7,720)**
Share of results of associates, net					**5,701**
Profit before taxation					**30,565**
Income tax expense					**(3,741)**
Profit for the period					**26,824**

	Continuing Operations				
	EPC and Consultancy *HK$'000*	Solar Power Generation *HK$'000*	Financing *HK$'000*	All other Segments *HK$'000*	Total *HK$'000*
At 30 June 2017 (Unaudited)					
Segment assets	**1,719,228**	**457,805**	**481,883**	**251,546**	**2,910,462**
Reconciliation:					
Unallocated assets					**88,124**
Total assets					**2,998,586**
Segment liabilities	**1,348,406**	**164,583**	**376,829**	**367,513**	**2,257,331**
Reconciliation:					
Unallocated liabilities					**–**
Total liabilities					**2,257,331**

	Continuing Operations					Discontinued Operations				
	EPC and Consultancy *HK$'000*	Solar Power Generation *HK$'000*	Financing *HK$'000*	All other Segments *HK$'000*	Total *HK$'000*	Restaurant *HK$'000*	Property *HK$'000*	Hotel *HK$'000*	Total *HK$'000*	Total *HK$'000*
Six months ended 30 June 2016 (Unaudited and re-presented)										
Segment revenue:										
Sales to external customers	814,057	11,069	–	–	825,126	78,147	142	8,744	87,033	912,159
Intersegment sales	488,049	–	4,039	–	492,088	8,604	9,384	–	17,988	510,076
Other revenue and gains	339	–	–	–	339	1,110	–	938	2,048	2,387
Reportable segment revenue	1,302,445	11,069	4,039	–	1,317,553	87,861	9,526	9,682	107,069	1,424,622
Reconciliation:										
Elimination of intersegment sales					(492,088)				(17,988)	(510,076)
Consolidated revenue					825,465				89,081	914,546
Segment results	30,833	6,871	(2,645)	(10,469)	24,590	(7,668)	(241)	(773)	(8,682)	15,908
Reconciliation:										
Gain on deemed disposal of an associate					2,893				–	2,893
Interest income					645				–	645
Finance costs					(18,676)				–	(18,676)
Share of results of associates, net					3,871				–	3,871
Profit/(loss) before taxation					13,323				(8,682)	4,641
Income tax expense					(5,782)				–	(5,782)
Profit/(loss) for the period					7,541				(8,682)	(1,141)

	Continuing Operations					Discontinued Operations				
	EPC and Consultancy	Solar Power Generation	Financing	All other Segments	Total	Restaurant	Property	Hotel	Total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2016 (Audited)										
Segment assets	1,493,607	437,504	483,657	99,989	2,514,757	–	–	–	–	2,514,757
Reconciliation:										
Unallocated assets					82,215				–	82,215
Total assets					2,596,972				–	2,596,972
Segment liabilities	1,019,495	281,967	353,334	433,387	2,088,183	–	–	–	–	2,088,183
Reconciliation:										
Unallocated liabilities					–				–	–
Total liabilities					2,088,183				–	2,088,183

5. FINANCE COSTS

	For the six months ended	
	30 June 2017	30 June 2016
	(Unaudited)	(Unaudited and re-presented)
	HK$'000	*HK$'000*
Continuing operations		
Imputed interest on convertible bonds	**–**	17,008
Interest on bank and other borrowings	**7,720**	1,668
	7,720	18,676

6. PROFIT BEFORE INCOME TAX EXPENSE

The Group's profit before taxation is arrived at after charging:

	For the six months ended	
	30 June 2017	30 June 2016
	(Unaudited)	(Unaudited and re-presented)
	HK$'000	*HK$'000*
Continuing operations		
Minimum lease payments under operating leases:		
Land and buildings*	**3,727**	3,038
Staff costs (including directors' and chief executive's remuneration):		
Wages, salaries and bonuses	**9,734**	15,933
Pension scheme contributions	**2,045**	1,395
Total staff costs	**11,779**	17,328
Amortisation of prepaid land lease payments*	**568**	27

* *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 2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

Under the Law of People's Republics of China ("**PRC**") on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25% (six months ended 30 June 2016: 25%), except for those subsidiaries described below.

Certain subsidiaries operating in the PRC were accredited as "Advanced Technology Enterprise" by the Science and Technology Bureau of relevant provinces and other authorities for a term of three years, and were registered with the local tax authorities to be eligible to the reduced 15% (six months ended 30 June 2016: 15%) enterprise income tax rate in the period from 2014–2017.

	For the six months ended	
	30 June 2017	30 June 2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Continuing operations		
Current tax for the period		
Hong Kong	**–**	–
Other than Hong Kong	**3,741**	5,782
Deferred tax	**–**	–
Income tax expense	**3,741**	5,782

8. DISCONTINUED OPERATIONS

On 1 November 2016, the Group entered into a sale and purchase agreement ("**SPA**") pursuant to which the Group has agreed to sell the entire issued share capital of each of the wholly-owned subsidiaries, Hurray Enterprises Limited, Tack Hsin (BVI) Holdings Limited and Tack Hsin International Limited (together the "**Target Group**") and the shareholder's loan owed by the Target Group to the Company, to an executive director and a substantial shareholder interested in approximately 10.08% of the issued share capital of the Company, for a consideration of HK$110 million. The principal activities of the Target Group are restaurant operations, property investment and hotel operations.

The transaction was completed on 28 December 2016.

The results of the discontinued operations for the relevant period, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	For the six months ended 30 June 2016 (Unaudited and re-presented) *HK$'000*
Revenue	87,033
Other revenue and gains	2,048
Cost of inventories used	(25,613)
Staff cost	(27,451)
Rental expenses	(22,529)
Utility expenses	(5,188)
Depreciation	(1,676)
Other operating expenses	(15,306)
Loss before income tax expense	(8,682)
Income tax expense	–
Loss for the period from discontinued operations	(8,682)
Loss attributable to owners of the Company from discontinued operations	(8,682)

For the purpose of presenting the above discontinued operations, the comparative consolidated statement of profit or loss and other comprehensive income and the related notes have been re-presented as if the operations discontinued during the period had been discontinued at the beginning of the comparative period.

9. EARNINGS/ (LOSS) PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings/(loss) per share attributable to the owners of the Company is based on the following data:

Earnings

	For the six months ended	
	30 June 2017	30 June 2016
	(Unaudited)	(Unaudited and re-presented)
	HK$'000	*HK$'000*
Earnings/(loss) for the purposes of basic and diluted earnings/(loss) per share	**25,822**	(2,282)

Number of shares

	2017	2016
	(Unaudited)	(Unaudited)
	'000	*'000*
Issued Share Capital at 1 January	**1,133,095**	1,133,095
Placing of new shares *(note 18)*	**180,000**	–
Issued Share Capital at 30 June	**1,313,095**	1,133,095
Weighted average number of ordinary share for the purposes of basic and diluted earnings/(loss) per share calculation	**1,135,083**	1,133,095

From continuing operations

The calculation of the basic and diluted earnings/(loss) per share from continuing operations attributable to the owners of the Company is based on the following data:

Earnings

	For the six months ended	
	30 June 2017	30 June 2016
	(Unaudited)	(Unaudited and re-presented)
	HK$'000	*HK$'000*
Profit/(loss) for the period attributable to owners of the Company	**25,822**	(2,282)
Less:		
Loss for the period from discontinued operations	**–**	(8,682)
Earnings for the purposes of basic and diluted earnings per share from continuing operations	**25,822**	6,400

Number of shares

	30 June 2017	30 June 2016
	(Unaudited)	(Unaudited)
	'000	*'000*
Weighted average number of ordinary share for the purposes of basic and diluted earnings/(loss) per share calculation	**1,135,083**	1,133,095

The convertible bonds were redeemed during the period ended 30 June 2016. The diluted earnings/(loss) per share for the period ended 30 June 2016 is the same as basic earnings/(loss) per share presented as there was no dilutive effect from the assumed exercise of conversion of the Company's outstanding convertible bonds on the profit/(loss) attributable to owner of the Company.

The diluted earnings per share for the period ended 30 June 2017 is same as basic earnings per share presented as there was no dilutive effect effect on the profit attributable to owner of the Company.

From discontinued operations

Basic and diluted loss per share for the discontinued operation is HK$Nil (six months ended 30 June 2016: loss of HK cent 0.77 per share) based on the profit for the period from discontinued operations of HK$Nil (six months ended 30 June 2016: loss of HK$8,682,000) and the denominators detailed above for both basic and diluted loss per share.

10. DIVIDEND

No dividend has been declared or proposed by the directors of the Company in respect of the six months ended 30 June 2017 (six months ended 30 June 2016: HK$Nil).

11. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired items of property, plant and equipment with a cost approximately HK$13,525,000 (six months ended 30 June 2016: HK$99,443,000).

12. INTEREST IN ASSOCIATES

	30 June 2017 (Unaudited) ***HK$'000***	31 December 2016 (Audited) *HK$'000*
Share of net assets	**87,836**	82,215

(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 2017 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.)	PRC. Construction work for various types of nuclear reactors, nuclear power plants, radioactive chemical engineering projects in the 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)	PRC. Solar energy generation and sale, solar power technology consulting services, photovoltaic technology development, solar photovoltaic system construction in the PRC.	47.13%

13. 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. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management of the Company.

	30 June 2017	31 December 2016
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Trade receivables	**1,209,111**	1,211,479
Bills receivables	**122,757**	74,682
	1,331,868	1,286,161

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 2017	31 December 2016
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
0–90 days	**482,277**	958,892
91–180 days	**268,504**	28,542
181–365 days	**349,637**	127,965
Over 1 year	**231,450**	170,762
	1,331,868	1,286,161

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$58,242,000 (31 December 2016: HK$59,243,000) which represents amounts due from related parties of the Group arising from EPC and consultancy operations.

14. PLEDGED BANK DEPOSITS

Pledged bank deposits amounting to RMB35,000,000 (approximately HK$40,343,000) (31 December 2016: HK$Nil) have been pledged to secure banking facilities.

The pledged bank deposits carry interest at a fixed rate 1.5% (31 December 2016: Nil) per annum and will be released upon settlement of relevant bank borrowings.

15. TRADE AND BILLS 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 2017 (Unaudited) ***HK$'000***	31 December 2016 (Audited) *HK$'000*
0–90 days	**145,687**	655,898
91–180 days	**296,897**	105,931
181–365 days	**450,253**	382,019
Over 1 year	**234,844**	173,195
	1,127,681	1,317,043

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

16. OTHER PAYABLES AND ACCRUALS

Included in other payables of (i) RMB9,550,000 (approximately HK$10,612,000) (31 December 2016: RMB9,550,000 (approximately HK$10,612,000)) which represents the non-interest bearing shareholders' loan from an non-controlling interest shareholder of Guoxin Energy Limited, a non-wholly owned subsidiary of the Company and (ii) RMB15,000,000 (approximately HK$17,290,000) (31 December 2016: RMB15,000,000 (approximately HK$16,699,000)) represents an unsecured non-interest bearing loan from a fellow subsidiary of the Company.

17. BANK BORROWINGS

	30 June 2017 (Unaudited) *HK$'000*	31 December 2016 (Audited) *HK$'000*
Current		
Short-term bank loans, unsecured	**250,000**	–
Short-term bank loans, secured	**437,339**	267,687
Long-term bank loans, secured, current portion	**25,266**	12,520
	712,605	280,207
Non-current		
Long-term bank loans, secured	**189,076**	402,517
Total bank borrowings	**901,681**	682,724

(i) The bank loans are secured by corporate guarantee provided by subsidiaries and fellow subsidiaries of the Company (31 December 2016: ultimate holding company and fellow subsidiaries of the Company), the Group's bills receivables amounted to HK$34,580,000 (31 December 2016: HK$33,337,000) and finance lease receivables amounted to HK$112,237,000 (31 December 2016: HK$114,492,000).

(ii) All bank loans bear interest at floating rates, with effective interest rates ranging from 2.2% to 5.2% per annum (31 December 2016: 1.9% to 4.9% per annum). The carrying amounts of bank borrowings approximate their fair values.

The carrying amounts of bank borrowings at the report date are denominated in the followings currencies:

	30 June 2017 (Unaudited) *HK$'000*	31 December 2016 (Audited) *HK$'000*
HK$	**250,000**	300,000
RMB	**545,041**	382,724
USD	**106,640**	–
	901,681	682,724

At 30 June 2017, the Group had undrawn bank loans facilities of RMB100,000,000 (approximately HK$115,265,000) (31 December 2016: RMB100,000,000 (approximately HK$111,130,000)).

At 30 June 2017 and 31 December 2016, total current and non-current bank loans were scheduled to repay as follows:

	30 June 2017 (Unaudited) *HK$'000*	31 December 2016 (Audited) *HK$'000*
On demand or within one year	**712,605**	280,207
More than one year, but not exceeding two years	**32,846**	13,145
More than two years, but not exceeding five years	**101,709**	343,505
After five years	**54,521**	45,867
	901,681	682,724

18. SHARE CAPITAL

	Number of ordinary shares *'000*	**Amount** *HK$'000*
Issued and fully paid:		
As at 1 January 2016 and 31 December 2016 (Audited)	1,133,095	113,309
Placing of new shares *(Note i)*	180,000	18,000
As at 30 June 2017 (Unaudited)	1,313,095	131,309

Note:

(i) On 29 June 2017, the Company completed a placement of 180,000,000 ordinary shares under general mandate to certain independent third parties at an issue price of HK$1.01 each (the "**Placing**") and recognised an increase in share capital of HK$18,000,000 and share premium of HK$161,073,000 (after netting off HK$2,727,000 share issue expenses). The Company intends to use the net proceeds from the Placing as general working capital of the Company, repayment part of the bank borrowings and supplementing the registered capital of an indirect wholly owned subsidiary of the Company. These shares rank pari passu in all respects with the then existing shares.

19. CONTINGENT LIABILITIES

The Company and the Group had no contingent liabilities as at 30 June 2017 (31 December 2016: HK$Nil).

20. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

	For the six months ended	
	30 June 2017	30 June 2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Transaction with a shareholder of the Company:		
Rental expenses paid *(note (i))*	**–**	60

	For the six months ended	
	30 June 2017	30 June 2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Continuing connected transactions as defined in Chapter 14A of Listing Rules which are subject to annual cap *(note (ii))*		
– Construction contract revenue incurred	**–**	35,580
– Sales of goods	**–**	27,080
Transaction with a fellow subsidiary		
– Loan interest expense *(note (iii))*	**–**	953
Transaction with immediate holding company and the ultimate holding company's indirect joint venture		
– Loan interest income *(note (iv))*	**2,595**	326

Notes:

i. The Group paid rental expenses to a shareholder interested in approximately 3.94% of issued share capital of the Company as at 30 June 2017. The rentals were determined with reference to open market rentals.

ii. The Group generated revenue of RMBNil (approximately HK$Nil) (six months ended 30 June 2016: 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 RMBNil (approximately HK$Nil) (six months ended 30 June 2016: 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 中核新能源投資有限公司 (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. The Company repaid RMB35,000,000 and re-negotiated the terms of the loan in 2016. The remaining loan balance of RMB15,000,000 is unsecured, non-interest bearing and repayable on demand.

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. The loan was fully repaid on 15 November 2016.

On 20 October 2016, a loan agreement was entered into between 核建融資租賃(深圳)有限公司 (transliterated as CNEC Financial Leasing (Shenzhen) Co., Ltd.) ("**CNECF**"), an indirect wholly-owned subsidiary of the Company and an indirect joint venture of the ultimate holding company of the Company (the "**Borrower**"). Pursuant to the loan agreement, CNECF agreed to grant the loan in the principal amount of RMB100,000,000 (approximately HK$115,265,000) to the Borrower for a term from the drawn date to 1 September 2017 at an interest rate of 5.44% per annum, being the prevailing benchmark lending interest rate to be promulgated by People's Bank of China ("**PBC**") multiplied by (1 + 25%) and shall be adjusted in the event that PBC adjusts the benchmark lending interest rate during the term of the loan agreement.

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

	For the six months ended	
	30 June 2017	30 June 2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Short term employee benefits	**972**	4,382
Pension scheme contributions	**21**	68
Total compensation paid to key management personnel	**993**	4,450

21. CAPITAL COMMITMENT

The Group had capital commitment as follows:

	30 June 2017	31 December 2016
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Contracted but not provided for:		
– Acquisition of land and property, plant and equipment	**8,069**	7,778

22. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved and authorised for issue by the board of directors of the Company on 18 August 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

First half of 2017 represented a new chapter of China Nuclear Energy Technology Corporation Limited (the "**Company**", together with its subsidiaries, the "**Group**"). After the completion of restructuring its business last December, the Group put the focus on new energy development and operation in China. During the six months ended 30 June 2017, the Group maintained three major business segments namely, (i) engineering, procurement and construction (the "**EPC**") operations and consulting services; (ii) solar power generation operations; and (iii) financing operations.

For the six months ended 30 June 2017, the Group's consolidated revenue from continuing operations was HK$371,722,000 as compared to that of HK$825,126,000 in 2016, which was mainly attributable to (a) fewer reserved projects brought forward from previous years; (b) fewer new projects were secured as the PRC government released the 2017 targeted installing photovoltaic capacity until this July; and (c) slowdown of EPC work progress due to regulators' policies, site conditions and late deliveries from suppliers. Despite of these, the other business segments of the Group were picking up momentum. Through the restructuring of indebtedness of the Group and the disposal of unprofitable businesses, the Group had effectively strengthened its earning position and recorded a profit of HK$26,824,000 (six months ended 30 June 2016: loss of HK$1,141,000) for the period.

Photovoltaic EPC operations and consulting services remained the principal source of revenue of the Group. During the six months ended 30 June 2017, the Group had secured ten new EPC projects in China valued approximately RMB520,000,000 (equivalent to approximately HK$589,467,000).

As at 30 June 2017, the Group maintained and operated a grid-connected agricultural photovoltaic power plant in Taizhou, Jiangsu (the "**Taizhou Plant**") with an aggregate installed capacity of 40MW. During the period, the accumulated actual grid-connected capacity of the Taizhou Plant had outreached its planned capacity and generated a stable income flow for the Group.

The Group started its financing operations in 2016 and this business segment was picking up momentum. During the period, the Group, as lessor, had secured a number of finance leases with independent third parties in the renewable energy industry. Revenue from external customers generated by this business segment amounted to approximately HK$9,482,000 (six months ended 30 June 2016: HK$Nil).

Business Prospect

China is one of the top four markets in global solar demand. The 13th five-year (2016-2020) plan outlined that the country planned to aggressively grow the photovoltaic power generation sector. In view of the substantial growth potential, the Group endeavours to leverage our resources to capture these opportunities and to explore new businesses in China and the overseas. In the meantime, we shall remain prudent and cautious in the present economy and political environment. Through the implementation of stringent cost and risk control and the advancement of our supply chain management, we aim at consolidating the Group's sustainable development and optimising its value for our shareholders as a whole.

FINANCIAL REVIEW

The Group's consolidated revenue from continuing operations for the six months ended 30 June 2017 was HK$371,722,000, representing a decrease of HK$453,404,000, compared to the consolidated revenue from continuing operations of HK$825,126,000 recorded for the six months ended 30 June 2016. Consolidated profit attributable to owners of the Company was HK$25,822,000 (six months ended 30 June 2016: consolidated loss of HK$2,282,000). Basic earnings per share from continuing operations amounted to HK cent 2.27 (six months ended 30 June 2016: basic earnings per share from continuing operations amounted to HK cent 0.56).

The interim results of the Group for the six months ended 30 June 2017 recorded a significant increase of net profit as compared to the net loss for the six months ended 30 June 2016, among other things, the improvement is mainly due to the combined effect of the following: (i) The solar power generation segment of the Group brings in positive impact to the Group, mainly from the contribution of Jiangsu Taizhou photovoltaic power stations, these Group's self-owned photovoltaic power stations have formed certain scale and generated stable revenue. The relevant business of the Group recorded a net profit for the six months ended 30 June 2017; (ii) The remained 2015 Convertible Bonds were redeemed by the Company on the maturity date in 2016. There is no imputed interest expenses for the six months ended 30 June 2017 (imputed interest expenses of HK$17,008,000 on the 2015 Convertible Bonds were recognised in profit or loss for the six months ended 30 June 2016), the effect of which is partially offset by the increase in interest on bank borrowings for the six months ended 30 June 2017; and (iii)

The disposal of certain interests in subsidiaries has been completed on 28 December 2016. Details of which are set out in the Company 2016 annual report. These disposed subsidiaries recorded net loss for the six months ended 30 June 2016 which their profit and loss and assets and liabilities were no longer be consolidated to the accounts of the Group since the completion date.

Net profit for the period amounted to HK$26,824,000, representing an increase of HK$27,965,000 compared to the net loss of HK$1,141,000 recorded for the six months ended 30 June 2016.

Liquidity, Financial Resources and Gearing

As at 30 June 2017, net assets of the Group stood at HK$741,255,000 (31 December 2016: HK$508,789,000). Besides, the Group maintained cash and cash equivalents of HK$524,938,000 (31 December 2016: HK$472,711,000), most of which were unsecured bank deposits with maturities within three months.

On 9 June 2017, the Company and Eternal Pearl Securities Limited (the "**Placing Agent**") entered into a placing agreement, whereby the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, a maximum of 180,000,000 placing shares under the general mandate to not less than six independent third parties at the placing price of HK$1.01 per placing share (the "**Share Placement**"). The Share Placement was completed on 29 June 2017 and the net proceeds were approximately HK$179,073,000, which would be used for the repayment of indebtedness, supplementing the registered capital of an indirect wholly-owned subsidiary of the Company and the general working capital of the Group.

As at 30 June 2017, the Group's outstanding bank borrowings totalled HK$901,681,000 (31 December 2016: HK$682,724,000), of which approximately 28% was in Hong Kong dollars, 60% was in Renminbi and 12% was in U.S. dollars. All of the Group's borrowings were arranged on floating rate basis with effective interest rates ranged from 2.2% to 5.2% per annum (31 December 2016: 1.9% to 4.9% per annum). Except for certain bank borrowings which were committed loan facilities with specific maturity dates, the Group's borrowings contained repayment on demand clause at any time at the discretion of the bank. Under the Hong Kong Accounting Standards, the Group had separated and classified the bank borrowings as current and non-current liabilities in the condensed consolidated statement of financial position as at 30 June 2017 in accordance with the settlement term. Of the total borrowings, HK$712,605,000 was loans repayable within one year and the balancing of HK$189,076,000 was repayable more than one year.

As at 30 June 2017, included in other payables of (i) RMB9,550,000 (approximately HK$10,612,000) represent the non-interest bearing shareholders' loan from the non-controlling interest shareholder of Guoxin Energy Limited, a non-wholly owned subsidiary of the Company; and (ii) RMB15,000,000 (approximately HK$17,290,000) represented an unsecured non-interest bearing loan from a fellow subsidiary of the Company.

The ratio of debt (including bank borrowings, obligations under finance leases and loans included in other payables and accruals) to total equity was 1.42 (31 December 2016: 1.40).

Capital Structure

The Group generally finances its operations with internally generated resources, bank borrowings and capital raising activities. The liquidity and financing requirements of the Group were reviewed regularly.

As the Group's bank balances and cash are mainly denominated in Hong Kong dollars, Renminbi and U.S. dollars, the Directors considered the Group was exposed to limited exchange risk. During the period under review, the Group did not use any financial instruments for hedging purpose and the Group did not have any hedging instruments outstanding as at 30 June 2017 (31 December 2016: Nil).

The Group will continue to monitor closely the exchange rate risk arising from the Group's existing operations and any new investments in future and will implement necessary hedging arrangement to mitigate any significant foreign exchange risk when and if appropriate.

Charge on Assets

As at 30 June 2017, the Group had bills receivable, finance lease receivables and pledged bank deposits amounting to HK$34,580,000 (31 December 2016: HK$33,337,000), HK$112,237,000 (31 December 2016: HK$114,492,000) and HK$40,343,000 (31 December 2016: HK$Nil) respectively which have been pledged to secure banking facilities granted to the Group. The Group also had property, plant and equipment amounting to HK$138,211,000 (31 December 2016: HK$Nil) which secured the finance leases obligations.

Save as disclosed above, the Group had no other charges on its assets as at 30 June 2017 (31 December 2016: HK$Nil).

Capital Expenditure and Commitments

During the six months ended 30 June 2017, the Group's capital expenditure amounted to approximately HK$13,525,000 (six months ended 30 June 2016: approximately HK$99,443,000) which was used for the acquisition of property, plant and equipment.

As at 30 June 2017, the Group had capital commitments of approximately HK$8,069,000 (31 December 2016: HK$7,778,000).

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and Associated Companies, and Future Plans for Material Investments or Capital Assets

Save for those disclosed in note 12 to the unaudited condensed consolidated financial statements, there were no significant investments held, nor were there any material acquisitions or disposals of subsidiaries during the six months ended 30 June 2017.

Contingent Liabilities

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

Employment and Remuneration Policy

As at 30 June 2017, total number of employees of the Group was 175 (31 December 2016: 194). Total staff costs (including Directors' remuneration) from continuing operations for the six months ended 30 June 2017 were HK$11,779,000 (six months ended 30 June 2016: HK$17,328,000), representing approximately 4% (six months ended 30 June 2016: 2%) of the Group's cost of inventories used, construction costs, staff costs and other operating expenses from continuing operations.

Remuneration packages of the Directors are recommended by the remuneration committee of the Company and approved by the Board. Employee remuneration will be determined by the management with reference to their performance, experience and industry practice. Bonuses are rewarded based on individual staff performance and in accordance with the Group's overall remuneration policies. The Group's management review the remuneration policies and packages on a regular basis.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

China Nuclear Energy Technology Corporation Limited (the "**Company**", together with its subsidiaries, the "**Group**") has applied the principles of Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and complied with all applicable code provisions of the CG Code throughout the six months ended 30 June 2017, save and except for the deviation from code provision A.6.7.

Under code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Certain independent non-executive directors of the Company (the "**Independent Non-executive Directors**") were unable to attend the annual general meeting of the Company held on 19 May 2017 due to their other business engagements.

The Company has established an audit committee (the "**Audit Committee**") 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, risk management and internal control. The Audit Committee comprises four members, namely, Mr. Chan Ka Ling Edmond, Mr. Wang Jimin, Mr. Tian Aiping and Mr. Li Dakuan, all of which are Independent Non-executive Directors. The Audit Committee has reviewed with the management of the Company, the accounting principles and practices adopted by the Group and also discussed the financial reporting matters including the review of the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors and relevant employees (the "**Code of Conduct**") on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry, all Directors confirmed that they complied with the required standards as set out in the Code of Conduct and Model Code throughout the six months ended 30 June 2017.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended 30 June 2017.

On behalf of the Board
China Nuclear Energy Technology Corporation Limited
AI Yilun
Chairman

Hong Kong, 18 August 2017

As at the date of this announcement, the Directors are: Mr. Ai Yilun, who is the chairman; Mr. Liu Genyu, who is the vice chairman; Ms. Jian Qing, Mr. Chung Chi Shing, Mr. Li Jinying, Mr. Li Feng, Mr. Bai Xuefei, who is a co-chief executive officer 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.