

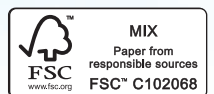


中國核能科技集團有限公司

China Nuclear Energy Technology Corporation Limited

Stock Code: 611

INTERIM REPORT 2017





CONTENTS

2	CORPORATE INFORMATION
3	CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
5	CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
7	CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
9	CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
10	NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
32	MANAGEMENT DISCUSSION AND ANALYSIS
38	CORPORATE GOVERNANCE AND OTHER INFORMATION



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ai Yilun (*Chairman*)
Mr. Liu Genyu (*Vice Chairman*)
Mr. Bai Xuefei (*Co-Chief Executive Officer*)
Ms. Jian Qing
Mr. Chung Chi Shing
Mr. Li Jinying
Mr. Li Feng
Mr. Tang Jianhua

Independent Non-executive Directors

Mr. Chan Ka Ling Edmond
Mr. Wang Jimin
Mr. Tian Aiping
Mr. Li Dakuan

AUDIT COMMITTEE

Mr. Chan Ka Ling Edmond (*Chairman*)
Mr. Wang Jimin
Mr. Tian Aiping
Mr. Li Dakuan

REMUNERATION COMMITTEE

Mr. Chan Ka Ling Edmond (*Chairman*)
Mr. Ai Yilun
Mr. Liu Genyu
Mr. Wang Jimin
Mr. Tian Aiping
Mr. Li Dakuan

NOMINATION COMMITTEE

Mr. Ai Yilun (*Chairman*)
Ms. Jian Qing
Mr. Chan Ka Ling Edmond
Mr. Wang Jimin
Mr. Tian Aiping
Mr. Li Dakuan

COMPANY SECRETARY

Mr. Ng Siu Cheung

PRINCIPAL BANKERS

China Everbright Bank Hong Kong Branch
Bank of China (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited
The Hongkong and Shanghai Banking Corporation Limited
China Construction Bank (Hong Kong Branch)

AUDITORS

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

BERMUDA LEGAL ADVISER

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8 Connaught Place
Central
Hong Kong

HONG KONG SHARE REGISTRAR

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Level 22, Hopewell Centre
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Wanchai
Hong Kong

REGISTERED OFFICE

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Hamilton HM 11
Bermuda

HONG KONG PRINCIPAL OFFICE

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26 Harbour Road
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Hong Kong

STOCK CODE

611

WEBSITE

www.cnetcl.com

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

	Notes	For the six months ended	
		30 June 2017 (Unaudited) HK\$'000	30 June 2016 (Unaudited and re-presented) 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			
<i>Item that will not be reclassified to profit or loss:</i>			
Loss on property revaluation		–	(6)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
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

	Notes	For the six months ended	
		30 June 2017 (Unaudited) HK\$'000	30 June 2016 (Unaudited and re-presented) 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

		30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
	<i>Notes</i>		
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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Attributable to owners of the Company									
	Issued share capital HK\$'000	Share premium HK\$'000	Building revaluation reserve HK\$'000	Exchange reserve HK\$'000	Convertible reserve HK\$'000	Statutory reserve HK\$'000	(Accumulated losses)/ retained earning HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2016	113,309	1,366,220	709	(14,638)	27,267	2,686	(1,021,188)	474,365	576	474,941
Profit/(loss) for the period	-	-	-	-	-	-	(2,282)	(2,282)	1,141	(1,141)
Other comprehensive income for the period:										
Deficit arising from revaluation of buildings	-	-	(6)	-	-	-	-	(6)	-	(6)
Exchange differences on translation of foreign operations	-	-	-	(18,549)	-	-	-	(18,549)	(372)	(18,921)
Reclassification to profit or loss for deemed disposal of an associate	-	-	-	938	-	-	-	938	-	938
Share of other comprehensive income of an associate	-	-	-	(94)	-	-	-	(94)	-	(94)
Total comprehensive income for the period	-	-	(6)	(17,705)	-	-	(2,282)	(19,993)	769	(19,224)
Additional share capital contributed by non-controlling interests	-	-	-	-	-	-	-	-	683	683
Redemption of convertible bonds	-	-	-	-	(27,267)	-	27,267	-	-	-
At 30 June 2016	113,309	1,366,220	703	(32,343)	-	2,686	(996,203)	454,372	2,028	456,400

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2017

	Attributable to owners of the Company							Total equity HK\$'000
	Issued share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Statutory reserve HK\$'000	(Accumulated losses)/ retained earning HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
At 1 January 2017	113,309	1,366,220	(62,938)	2,686	(917,854)	501,423	7,366	508,789
Profit for the period	-	-	-	-	25,822	25,822	1,002	26,824
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	-	-	23,266	-	-	23,266	599	23,865
Share of other comprehensive income of an associate	-	-	2,704	-	-	2,704	-	2,704
Total comprehensive income for the period	-	-	25,970	-	25,822	51,792	1,601	53,393
Placing of new shares (note 18)	18,000	161,073	-	-	-	179,073	-	179,073
At 30 June 2017	131,309	1,527,293	(36,968)	2,686	(892,032)	732,288	8,967	741,255

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	For the six months ended	
	30 June 2017 (Unaudited) HK\$'000	30 June 2016 (Unaudited) HK\$'000
Net cash (outflows)/inflows from operating activities	(416,808)	64,291
Net cash outflows from investing activities	(55,240)	(98,949)
Net cash inflows/(outflows) from financing activities	497,206	(45,639)
Net increase/(decrease) in cash and cash equivalents	25,158	(80,297)
Cash and cash equivalents at the beginning of the period	472,711	310,851
Effect of foreign exchange rate changes	27,069	(12,178)
Cash and cash equivalents at the end of the period	524,938	218,376
Analysis of balances of cash and cash equivalents		
Cash and bank balances	524,938	198,174
Time deposits	–	20,202
Cash and bank balances as stated in the condensed consolidated statement of financial position	524,938	218,376
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	524,938	218,376

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.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

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 (six months 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.

4. SEGMENT REPORTING (CONTINUED)

	Continuing Operations				Total HK\$'000
	EPC and Consultancy HK\$'000	Solar Power Generation HK\$'000	Financing HK\$'000	All other Segments 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
<i>Reconciliation:</i>					
Elimination of intersegment sales					(4,473)
Consolidated revenue					371,956
Segment results	32,620	12,709	(1,548)	(11,552)	32,229
<i>Reconciliation:</i>					
Interest income					355
Finance costs					(7,720)
Share of results of associates, net					5,701
Profit before income tax expense					30,565
Income tax expense					(3,741)
Profit for the period					26,824

4. SEGMENT REPORTING (CONTINUED)

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

4. SEGMENT REPORTING (CONTINUED)

	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
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 income tax expense					13,323				(8,682)	4,641
Income tax expense					(5,782)				-	(5,782)
Profit / (loss) for the period					7,541				(8,682)	(1,141)

4. SEGMENT REPORTING (CONTINUED)

	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 (Unaudited) HK\$'000	30 June 2016 (Unaudited and re-presented) 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 and re-presented)
	(Unaudited) 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 (the "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 (Unaudited) HK\$'000	30 June 2016 (Unaudited) HK\$'000
Continuing operations		
Current tax for the period		
Hong Kong	–	–
Other than Hong Kong	3,741	5,782
Deferred tax	–	–
	3,741	5,782
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 (Unaudited) HK\$'000	30 June 2016 (Unaudited and re-presented) HK\$'000
Earnings/(loss) for the purposes of basic and diluted earnings/(loss) per share	25,822	(2,282)

Number of shares

	2017 (Unaudited) '000	2016 (Unaudited) '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

9. EARNINGS/ (LOSS) PER SHARE (CONTINUED)

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 (Unaudited) HK\$'000	30 June 2016 (Unaudited and re-presented) 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

9. EARNINGS/ (LOSS) PER SHARE (CONTINUED)

Number of shares

	30 June 2017 (Unaudited) '000	30 June 2016 (Unaudited) '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 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 (Unaudited) HK\$'000	31 December 2016 (Audited) 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 (Unaudited) HK\$'000	31 December 2016 (Audited) 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 a non-controlling interest shareholder of Guoxin Energy Limited, a non-wholly owned subsidiary of the Company and (ii) RMB15,000,000 (approximately HK\$17,290,000) (31 December 2016: RMB15,000,000 (approximately HK\$16,699,000)) which 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)).

17. BANK BORROWINGS (CONTINUED)

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 (Unaudited) HK\$'000	30 June 2016 (Unaudited) HK\$'000
Transaction with a shareholder of the Company: Rental expenses paid (<i>note (i)</i>)	–	60

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

20. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (Continued)

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.

20. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (Continued)

Notes: (Continued)

- 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.

20. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)**(b) Compensation of key management personnel of the Group:**

	For the six months ended	
	30 June 2017 (Unaudited) HK\$'000	30 June 2016 (Unaudited) 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 (Unaudited) HK\$'000	31 December 2016 (Audited) 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 just released the targeted installing photovoltaic capacity 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.

FINANCIAL REVIEW (CONTINUED)

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.

FINANCIAL REVIEW (CONTINUED)

Liquidity, Financial Resources and Gearing (Continued)

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.

FINANCIAL REVIEW (CONTINUED)

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. Moreover, the Group 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.

Specific Performance Obligations on Controlling Shareholder

On 9 June 2017, the Company, as borrower, entered into a facility agreement (the "**Facility Agreement**") with China Everbright Bank, as lender, pursuant to which a term loan facility of up to HK\$250,000,000 or its equivalent in USD (the "**Facility**") has been granted to the Company for a term of 24 months from the first drawdown date. The Facility (a) is interest bearing and unsecured, (b) the principal of the loan is repayable in one lump sum at maturity, and (c) contain repayment on demand clause at the discretion of the Lender.

FINANCIAL REVIEW (CONTINUED)

Specific Performance Obligations on Controlling Shareholder (Continued)

Pursuant to the Facility Agreement, the controlling shareholder of the Company, CNEC is required, at all times, to remain as the single largest shareholder of the Company (directly or indirectly) owning not less than 30% of the issued share capital of the Company (the “**Specific Performance Obligation**”). The breach of the Specific Performance Obligation will cause an event of default in respect of the Facility and China Everbright Bank shall have the right to cancel the total facility commitments and declare that all or part of the Facility, all accrued interest and all other sums payable under the Facility Agreement be immediately due and repayable.

As at 30 June 2017, the amount of loan outstanding under the Facility was HK\$250,000,000 (2016: HK\$Nil). As at the date of this report, CNEC, through China He Investment (Hong Kong) Company Limited, is interested in approximately 30.46% of the issued shares of the Company and remained the single largest shareholder.

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 directors of the Company (the “**Directors**”) during the period and up to the date of this interim report were:

Executive Directors

Mr. Ai Yilun (*Chairman*)

Mr. Liu Genyu (*Vice Chairman*)
(*appointed on 30 June 2017*)

Mr. Bai Xuefei
(*Co-Chief Executive Officer*)

Ms. Jian Qing

Mr. Chung Chi Shing

Mr. Li Jinying

Mr. Li Feng

Mr. Tang Jianhua
(*appointed on 30 June 2017*)

Mr. Wu Yuanchen
(*resigned on 30 June 2017*)

Independent Non-executive Directors

Mr. Chan Ka Ling, Edmond

Mr. Wang Jimin

Mr. Tian Aiping

Mr. Li Dakuan

At the annual general meeting of the Company held on Friday, 19 May 2017, all of the then Directors retired and were re-elected as Directors.

CORPORATE GOVERNANCE PRACTICES (CONTINUED)

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.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, change in Directors’ information since the publication of the 2016 annual report of the Company is set out below:

- Mr. Chung Chi Shing has been re-designated from non-executive director to executive director of Value Convergence Holdings Limited (stock code: 821) on 31 March 2017.
- Mr. Chan Ka Ling Edmond resigned as an independent non-executive director of Loco Hong Kong Holdings Limited (stock code: 8162) on 25 April 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.



DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2017, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive have taken or deemed to have under such provisions of the SFO); (ii) recorded in the register kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

At no time during the six months ended 30 June 2017 was the Company or its subsidiaries a party to any arrangement to enable the Directors and chief executive of the Company (including their spouse and children under 18 years of age) to acquire benefits by an acquisition of shares or underlying shares in, or debentures of the Company or its subsidiaries.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2017, each of the following persons and entities, other than a Director or chief executive of the Company, had or was deemed to have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

SUBSTANTIAL SHAREHOLDERS' INTERESTS (CONTINUED)

Long Positions in Shares and Underlying Shares of the Company

Substantial Shareholder	Note	Capacity	Number of Shares/ Underlying Shares Held	Approximate Percentage of Shares of the Company in Issue
CNEC	1	Controlled corporation	400,000,000	30.46%
中核投資有限公司 (transliterated as ZOC Investment Co., Ltd.)	1	Controlled corporation	400,000,000	30.46%
China He Investment (Hong Kong) Company Limited	1	Beneficial owner	400,000,000	30.46%
Zhao Xu Guang ("Mr. Zhao")	2	Controlled corporation	84,676,000	6.45%
Wang Rui		Beneficial owner	90,000,000	6.85%

Note:

- China He Investment (Hong Kong) Company Limited is a wholly-owned subsidiary of ZOC Investment Co. Ltd., which in turn is wholly-owned by CNEC. As at 30 June 2017, China He Investment (Hong Kong) Company Limited held 400,000,000 shares of the Company and accordingly, both ZOC Investment Co., Ltd. and CNEC were deemed to be interested in the same block of shares of the Company which was registered under China He Investment (Hong Kong) Company Limited by virtue of the SFO.
- Mr. Zhao was beneficially interested in the entire issued share capital of Prosper Alliance Investments Limited and Rui Tong Investments Limited which in turn were directly interested in 60,000,000 shares and 24,676,000 shares of the Company respectively. By virtue of the SFO, Mr. Zhao was deemed to be interested in 84,676,000 shares of the Company.



SUBSTANTIAL SHAREHOLDERS' INTERESTS (CONTINUED)

Long Positions in Shares and Underlying Shares of the Company (Continued)

Save as disclosed above, as at 30 June 2017, the Company has not been notified by any person or entity who had or was deemed to have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of SFO.

SHARE OPTIONS

The Company did not adopt a share option scheme.

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.