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CHINA NUCLEAR ENERGY TECHNOLOGY CORPORATION LIMITED

中國核能科技集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 611)

**DISCLOSEABLE TRANSACTION
IN RELATION TO
PROVISION OF GUARANTEE**

PROVISION OF GUARANTEE

On 26 October 2017, Nanjing Zhonghe entered into the Cooperation Agreement with the Bank, pursuant to which the Bank agreed to provide the Revolving Loan Facility in the amount up to RMB200,000,000 (equivalent to approximately HK\$235,429,836) to the Borrowers whereby Nanjing Zhonghe agreed Nanjing Zhonghe and CNI (Nanjing) to provide the Guarantee for the due performance of the repayment obligations of the Borrowers to the Bank in respect of the entire amount of the Guaranteed Indebtedness.

The loan under the Revolving Loan Facility will be used to settle the consideration payable by the Borrowers to Nanjing Zhonghe for the engineering, procurement and construction services cost of the distributed photovoltaic power system under the Sale and Installation Contract to be signed between Nanjing Zhonghe and the respective Borrower.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Bank and their ultimate beneficial owner(s) (if applicable) are third parties independent of the Company and its connected person.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Guarantee exceeds 5% but is less than 25%, the provision of the Guarantee pursuant to the Cooperation Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 26 October 2017, Nanjing Zhonghe entered into the Cooperation Agreement with the Bank, pursuant to which the Bank agreed to provide the Revolving Loan Facility in the amount up to RMB200,000,000 (equivalent to approximately HK\$235,429,836) to the Borrowers whereby Nanjing Zhonghe agreed Nanjing Zhonghe and CNI (Nanjing) to provide the Guarantee for the due performance of the repayment obligations of the Borrowers to the Bank in respect of the entire amount of the Guaranteed Indebtedness.

Pursuant to the Revolving Loan Facility, Nanjing Zhonghe shall deposit the Security Deposit in an interest bearing account designated by the Bank.

As part of the security provided to the Bank, the Company shall also provide the Comfort Letter to the Bank.

The loan under the Revolving Loan Facility will be used to settle the consideration payable by the Borrowers to Nanjing Zhonghe for the engineering, procurement and construction services cost of the distributed photovoltaic power system under the Sale and Installation Contract to be signed between Nanjing Zhonghe and the respective Borrower. In accordance with the Sale and Installation Contract, the installed distributed photovoltaic power system remains the property of Nanjing Zhonghe until the respective Borrower has fully repaid his related Guaranteed Indebtedness. The Borrower shall (as the case may be) provide a guarantor who shall enter into a guarantee contract with Nanjing Zhonghe, pursuant to which such guarantor shall provide a guarantee in favour of Nanjing Zhonghe in respect of all the liabilities of the Borrower under the Sale and Installation Contract.

THE COOPERATION AGREEMENT

Date

26 October 2017 (after trading hours of the Stock Exchange)

Parties

(1) Nanjing Zhonghe

(2) The Bank

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Bank and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

Subject Matter

Nanjing Zhonghe and CNI (Nanjing) shall provide the Guarantee in favour of the Bank pursuant to the Cooperation Agreement. The salient terms of the Guarantee are summarised as follows:

Borrowers: Any qualified natural person(s) who apply for the installation of distributed photovoltaic power system in the designated area as agreed by the parties.

Purpose: The purpose of the Revolving Loan Facility is designated for the payment of the engineering, procurement and construction services cost in respect of the distributed photovoltaic power system by the Borrowers to Nanjing Zhonghe. Respective Borrower will enter into the Sale and Installation Contract with Nanjing Zhonghe individually.

Guaranteed obligations:

- (1) A Security Deposit (which amount (i) shall be equivalent to 20% of the total outstanding loan amount under the Revolving Loan Facility from time to time; and (ii) shall not exceed RMB40,000,000 (equivalent to HK\$47,085,967) in aggregate) shall be placed by Nanjing Zhonghe in a bank account designated by the Bank, and the Bank shall have the right to utilise the Security Deposit to settle any default repayment of the Guaranteed Indebtedness by the Borrowers. The Security Deposit is interest bearing at an interest rate calculated as the benchmark deposit rate for same deposit grading promulgated by PBC from time to time.
- (2) Nanjing Zhonghe and CNI (Nanjing) will provide the Guarantee in favour of the Bank in respect of the entire repayment obligations of the Borrowers under the Revolving Loan Facility.
- (3) The Company will issue the Comfort Letter to the Bank whereby the Company will procure Nanjing Zhonghe and CNI (Nanjing) to perform their duties under the Cooperation Agreement. Pursuant to the Comfort Letter, among other things, the Company shall maintain to be the largest shareholder of Nanjing Zhonghe and CNI (Nanjing) during the period of Guarantee and shall inform the Bank of any transfer of its equity interest in Nanjing Zhonghe and/or CNI (Nanjing).
- (4) The Bank has the right to request Nanjing Zhonghe to provide further collateral(s) (if applicable) making reference to the risk level from time to time.

Revolving Loan Facility: A revolving loan facility in the aggregate amount of up to RMB200,000,000 (equivalent to approximately HK\$235,429,836) to be granted to the Borrowers by the Bank and each individual loan facility to be granted to each Borrower shall not exceed RMB80,000 (equivalent to HK\$94,172) at an interest rate as calculated at 110% of the benchmark lending rate for same loan tenor and grading promulgated by the PBC from time to time.

Term: The Cooperation Agreement will expire in ten years from the Effective Date. Upon the expiry of the Cooperation Agreement, the Guaranteed Indebtedness and the obligations of the parties under the Cooperation Agreement will remain in force and effect until the date on which the Guaranteed Indebtedness is fully repaid.

The term of the loan for each Borrower will not exceed eight years.

Other conditions: The Bank shall cease to grant further loan to the Borrowers under the Revolving Loan Facility immediately after the default repayment of the Borrowers accumulates up to RMB10,000,000 (equivalent to approximately HK\$11,771,492), which shall be settled by the Security Deposit. If the Bank fails in ceasing to grant further loan to the Borrowers, Nanjing Zhonghe shall not be obliged to guarantee the repayment obligation of the Borrowers for such loan amount.

REASONS FOR AND BENEFITS IN THE PROVISION OF THE GUARANTEE

The Group is principally engaged in new energy operations (such as provision of development, operation, engineering and construction and procurement services for solar energy plants) and finance leasing services in the PRC. In addition, the Group has been participating in other businesses such as (i) inspection, maintenance, repair, construction, installation and provision of expertise in such works for nuclear power plants; and (ii) subcontracting of overseas engineering and construction projects via its subsidiaries and associated companies.

Taking into account the national energy saving and emission reduction policies and the government support in the agricultural development, the Directors consider that the transactions under the Cooperation Agreement will benefit the Company as the loan granted by the Bank under the Revolving Loan Facility will be utilised to settle the consideration payable by the Borrowers to Nanjing Zhonghe for the engineering, procurement and construction services cost of the distributed photovoltaic power system under the Sale and Installation Contracts which will generate revenue from new source of customers. Further, the provision of the Guarantee by Nanjing Zhonghe and CNI (Nanjing) under the Cooperation Agreement will facilitate the Borrowers meeting their financial needs in fulfilling their payment obligations for the installation of photovoltaic power system and improving their living standards.

The Directors consider that the terms and conditions of the Cooperation Agreement and the provision of the Guarantee contemplated therein are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Guarantee exceeds 5% but is less than 25%, the provision of the Guarantee pursuant to the Cooperation Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Bank”	The Agricultural Bank of China, Jiangsu Branch, a financial institution established in the PRC
“Board”	board of the Directors
“Borrowers” or “Borrower”	the qualified natural person(s) in the designated rural areas as agreed by the parties to the Cooperation Agreement
“CNI (Nanjing)”	中核(南京)能源發展有限公司 (transliterated as CNI (Nanjing) Energy Development Company Limited), a company established in the PRC with limited liability and is a non-wholly owned subsidiary of the Company
“Comfort Letter”	a letter of comfort to be issued by the Company in favour of the Bank pursuant to the Cooperation Agreement
“Company”	China Nuclear Energy Technology Corporation Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Cooperation Agreement”	the cooperation agreement relating to the rural entity photovoltaic loan dated 26 October 2017 entered into between Nanjing Zhonghe and the Bank, pursuant to which the Bank agreed to provide the Revolving Loan Facility to the Borrowers and on the other hand, Nanjing Zhonghe agreed Nanjing Zhonghe and CNI (Nanjing) to guarantee the repayment obligations of the Borrowers in respect of the Guaranteed Indebtedness
“Director(s)”	director(s) of the Company
“Effective Date”	26 October 2017, being the date on which the Cooperation Agreement is entered into
“Group”	the Company and its subsidiaries

“Guarantee”	a joint guarantee to be provided by Nanjing Zhonghe and CNI (Nanjing) in favour of the Bank which represents the entire amount of the Guaranteed Indebtedness
“Guaranteed Indebtedness”	all the indebtedness payable and payments owed by the Borrowers to the Bank under the Revolving Loan Facility from time to time, including the accrued interest
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the main board of the Stock Exchange
“Nanjing Zhonghe”	南京中核能源工程有限公司 (transliterated as Nanjing Zhonghe Energy Engineering Limited), a company established in the PRC with limited liability and is a wholly-owned subsidiary of CNI (Nanjing)
“PBC”	中國人民銀行 (People’s Bank of China)
“PRC”	the People’s Republic of China, and for the purposes of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Revolving Loan Facility”	a revolving loan facility in the aggregate principal amount of RMB200,000,000 (equivalent to HK\$235,429,836) granted by the Bank to the Borrowers under the Cooperation Agreement
“Sale and Installation Contract”	a sale and installation contract to be entered into between Nanjing Zhonghe and respective Borrower pursuant to which Nanjing Zhonghe shall sell and install the distributed photovoltaic power system for the respective Borrower at the designated area

“Security Deposit”	an interest bearing cash deposit (which amount (i) shall be equivalent to 20% of the total outstanding loan amount under the Revolving Loan Facility from time to time; and (ii) shall not exceed RMB40,000,000 (equivalent to HK\$47,085,967) in aggregate) to be placed by Nanjing Zhonghe in a bank account designated by the Bank to secure the Guaranteed Indebtedness
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	the lawful currency of Hong Kong
“RMB”	the lawful currency of the PRC

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

Note: For the purposes of illustration only, any amount denominated in RMB in this announcement and translated into HK\$ at the rate of RMB0.84951 = HK\$1. Such translation should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.

Hong Kong, 26 October 2017

As at the date of this announcement, the Directors are 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 and Mr. Tang Jianhua, and independent non-executive directors Mr. Chan Ka Ling Edmond, Mr. Wang Jimin, Mr. Tian Aiping and Mr. Li Dakuan.