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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)

**CONNECTED AND MAJOR TRANSACTION
FACTORING CONTRACTS**

FACTORING CONTRACTS

The Board is pleased to announce that on 23 January 2019, Nanjing CNI, a non-wholly owned subsidiary of the Company, entered into the Nanjing Factoring Contract with CNECFI, pursuant to which CNECFI provides Nanjing CNI with accounts receivable factoring services in a factoring credit limit of RMB435,000,000. On the same date, CNECFI (Shenzhen), a wholly-owned subsidiary of the Company, entered into the Shenzhen Factoring Contract with CNECFI, pursuant to which CNECFI provides CNECFI (Shenzhen) with accounts receivable factoring services in a factoring credit limit of RMB29,950,000.

LISTING RULES IMPLICATIONS

As CNECG is the controlling shareholder of the Company and CNECFI is a non-wholly owned subsidiary of CNECG, CNECFI is a connected person of the Company. As such, the transactions contemplated under the Factoring Contracts constitute connected transactions under Chapter 14A of the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Factoring Contracts exceeds 25% but is less than 100%, the transactions contemplated under the Factoring Contracts constitute major transactions under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements. A SGM will be held to seek the approval of the Independent Shareholders for the transactions contemplated under the Factoring Contracts.

CNECG (which held 400,000,000 issued Shares, representing approximately 30.46% of the issued Shares of the Company as at the date of this announcement) and its associates shall abstain from voting on the proposed resolution to approve the transactions contemplated under the Factoring Contracts at the SGM. Save for the aforesaid and to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, no other Shareholder is interested in the transactions contemplated under the Factoring Contracts.

An Independent Board Committee comprising all independent non-executive Directors will be established to consider the transactions contemplated under the Factoring Contracts and advise the Independent Shareholders in this regard. An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Factoring Contracts are on normal commercial terms or better, in the ordinary and usual course of business of the Company, and in the interests of the Company and the Shareholders as a whole.

GENERAL

A circular containing, among other things, details of the transactions contemplated under the Factoring Contracts and other information as required under the Listing Rules is expected to be despatched to the Shareholders within 15 business days after the publication of this announcement (i.e. on or before 18 February 2019).

INTRODUCTION

The Board is pleased to announce that on 23 January 2019, Nanjing CNI, a non-wholly owned subsidiary of the Company, entered into the Nanjing Factoring Contract with CNECFL, pursuant to which CNECFL provides Nanjing CNI with accounts receivable factoring services in a factoring credit limit of RMB435,000,000. On the same date, CNECFL (Shenzhen), a wholly-owned subsidiary of the Company, entered into the Shenzhen Factoring Contract with CNECFL, pursuant to which CNECFL provides CNECFL (Shenzhen) with accounts receivable factoring services in a factoring credit limit of RMB29,950,000.

The principal terms of the Factoring Contracts are as follows:

NANJING FACTORING CONTRACT

Date

23 January 2019

Parties

Factor: CNECFL

Transferor of accounts receivable: Nanjing CNI

Factoring arrangement

(1) Credit limit: RMB435,000,000.

(2) Term: One year.

Upon entering into the Nanjing Factoring Contract by both parties, domestic factoring business within the term specified in the Nanjing Factoring Contract shall be subject to the Nanjing Factoring Contract unless otherwise agreed by the parties.

(3) Type of financing: With recourse.

(4) Repayment arrangement: Nanjing CNI shall pay interest to CNECFL on a quarterly basis and pay the principal and interest to CNECFL on the expiration date of the Nanjing Factoring Contract.

(5) The interest and fees in relation to the Nanjing Factoring Contract include factoring interest, handling fee and other fees, etc. as specified below:

Factoring interest rate: 5.75% per annum (exclusive of tax).

Handling fee: CNECFL will charge Nanjing CNI a one-off handling fee, representing 1.71% (exclusive of tax) of the factoring payment, at the end of the third month from the actual date of advance (i.e. within 7 days from the effective date of the contract). The handling fee can be deducted from the deposit; if the handling fee is deducted from the deposit, Nanjing CNI is not required to pay an additional handling fee. The handling fee will be fully deducted from the deposit notwithstanding any early repayment.

Other fees: All other expenses incurred in the process of handling and performing the domestic factoring business, such as insurance premiums, notary fees, litigation expenses, attorney's fees, arbitration fees, travel expenses, announcement fees, delivery fees, bill processing fees, etc. will be reimbursed based on the actual amount.

(6) Repurchase of accounts receivable: By making the full payment to CNECFI on time under the terms of the Nanjing Factoring Contract, Nanjing CNI repurchases the accounts receivable from CNECFI.

(7) Conditions precedent: The transactions contemplated under the Nanjing Factoring Contract are subject to the following conditions precedent:

- (1) Nanjing CNI and its holding company have obtained the approval from the Independent Shareholders (if required) for the Nanjing Factoring Contract and the transactions contemplated thereunder as required by the Listing Rules; and
- (2) all consents, authorizations or approvals required for the Nanjing Factoring Contract and the transactions contemplated thereunder have been obtained and have not been revoked prior to the effective date of the Nanjing Factoring Contract.

All conditions precedent, except for conditions exempted in writing by CNECFI, shall be fulfilled before disbursing the factoring payment to Nanjing CNI, including but not limited to:

- (1) no default event and/or disagreement and/or dispute in relation to the commercial contracts entered into by Nanjing CNI and third parties exists or is in progress;
- (2) Nanjing CNI has submitted all legal documents affixed with official seal as required by CNECFI, such as photocopies of commercial contracts, commercial invoices and other transaction proofs, to CNECFI;

(3) Nanjing CNI shall guarantee the authenticity and legality of the following materials, including but not limited to Nanjing CNI's business license, capital verification report, establishment approval certificate (if any), joint venture contract (if any), articles of association and other relevant materials as required by CNECFCL.

(8) Event of default:

During the period of the Nanjing Factoring Contract, any of the following circumstances constitutes an event of default, including but not limited to:

- (1) any relevant information provided by Nanjing CNI to CNECFCL is untrue in terms of validity, authenticity, accuracy and completeness;
- (2) all or any part of the assets of Nanjing CNI are subjected to seizure, litigation, arbitration or other major losses by other creditors;
- (3) Nanjing CNI is dissolved, applied for or filed for bankruptcy, or is revoked;
- (4) Nanjing CNI is closed or threatened to close down;
- (5) the accounts receivable transferred by Nanjing CNI to CNECFCL are not transferable;
- (6) no notification has been made on the fact that the accounts receivable transferred by Nanjing CNI to CNECFCL have already been recovered;
- (7) other circumstances that infringe CNECFCL's rights and interests.

In the event of any of the above defaults, CNECFL is entitled to take one or more of the following measures based on the nature and extent of the default, including but not limited to:

- (1) to order Nanjing CNI to rectify such default and take remedial measures within a specified period;
- (2) in the event of any overdue payment, to charge Nanjing CNI a default interest calculated on a daily basis at 0.05% on the unpaid amount;
- (3) to demand payment from Nanjing CNI for all accounts receivable, default penalty and all actual expenses incurred under the Nanjing Factoring Contract that have not been recovered by CNECFL according to law;
- (4) to initiate legal proceedings to ensure that all claims of CNECFL are settled on time and in full.

SHENZHEN FACTORING CONTRACT

Date

23 January 2019

Parties

Factor: CNECFL

Transferor of accounts receivable: CNECFL (Shenzhen)

Factoring arrangement

(1) Credit limit: RMB29,950,000.

(2) Term: 30 months.

Upon entering into the Shenzhen Factoring Contract by both parties, domestic factoring business within the term specified in the Shenzhen Factoring Contract shall be subject to the Shenzhen Factoring Contract unless otherwise agreed by the parties.

(3) Type of financing: With recourse.

(4) Repayment arrangement: CNECFL (Shenzhen) shall pay the principal and interest to CNECFL on a quarterly basis.

(5) The interest and fees in relation to the Shenzhen Factoring Contract include factoring interest, handling fee, default penalty and other fees, etc. as specified below:

Factoring interest rate: 5.8254% per annum (exclusive of tax).

Handling fee: CNECFL will charge CNECFL (Shenzhen) a one-off handling fee of RMB706,367.92, representing 2.3584% (tax inclusive) of the factoring payment, before disbursement of fund.

Default penalty: Refers to the default penalty, calculated on a daily basis at 0.05% on the factoring payment, which CNECFL is entitled to charge CNECFL (Shenzhen) until the outstanding payment is fully settled when financial losses arise from the failure to make timely payments for the accounts receivable transferred to CNECFL due to the debtor's failure to make timely or sufficient payment (including factoring interest, handling fee, principal and all other payable fees) or CNECFL (Shenzhen)'s failure to make full payment to CNECFL on time.

Other fees: All other expenses incurred in the process of handling and performing the domestic factoring business, such as insurance premiums, notary fees, litigation expenses, attorney's fees, arbitration fees, travel expenses, announcement fees, delivery fees, bill processing fees, etc. will be reimbursed based on the actual amount.

(6) Repurchase of accounts receivable: By making the full payment to CNECFI on time under the terms of the Shenzhen Factoring Contract, CNECFI (Shenzhen) repurchases the accounts receivable from CNECFI.

(7) Conditions precedent: The transactions contemplated under the Shenzhen Factoring Contract are subject to the following conditions precedent:

- (1) CNECFI (Shenzhen) and its holding company have obtained the approval from the Independent Shareholders (if required) for the Shenzhen Factoring Contract and the transactions contemplated thereunder as required by the Listing Rules; and
- (2) all consents, authorizations or approvals required for the Shenzhen Factoring Contract and the transactions contemplated thereunder have been obtained and have not been revoked prior to the effective date of the Shenzhen Factoring Contract.

All conditions precedent, except for conditions exempted in writing by CNECFI, shall be fulfilled before disbursing the factoring payment to CNECFI (Shenzhen), including but not limited to:

- (1) no default event and/or disagreement and/or dispute in relation to the commercial contracts entered into by CNECFI (Shenzhen) and third parties exists or is in progress;
- (2) CNECFI (Shenzhen) has submitted all legal documents affixed with official seal as required by CNECFI, such as photocopies of commercial contracts, commercial invoices and other transaction proofs, to CNECFI;
- (3) CNECFI (Shenzhen) shall guarantee the authenticity and legality of the following materials, including but not limited to CNECFI (Shenzhen)'s business license, capital verification report, establishment approval certificate (if any), joint venture contract (if any), articles of association and other relevant materials as required by CNECFI.

(8) Event of default:

During the period of the Shenzhen Factoring Contract, any of the following circumstances constitutes an event of default, including but not limited to:

- (1) any relevant information provided by CNECFL (Shenzhen) to CNECFL is untrue in terms of validity, authenticity, accuracy and completeness;
- (2) all or any part of the assets of CNECFL (Shenzhen) are subjected to seizure, litigation, arbitration or other major losses by other creditors;
- (3) CNECFL (Shenzhen) is dissolved, applied for or filed for bankruptcy, or is revoked;
- (4) CNECFL (Shenzhen) is closed or threatened to close down;
- (5) the accounts receivable transferred by CNECFL (Shenzhen) to CNECFL are not transferable;
- (6) no notification has been made on the fact that the accounts receivable transferred by CNECFL (Shenzhen) to CNECFL have already been due;
- (7) other circumstances that infringe CNECFL's rights and interests.

In the event of any of the above defaults, CNECFL is entitled to take one or more of the following measures based on the nature and extent of the default, including but not limited to:

- (1) to order CNECFL (Shenzhen) to rectify such default and take remedial measures within a specified period;
- (2) in the event of any overdue payment, to charge CNECFL (Shenzhen) a default interest calculated on a daily basis at 0.05% on the unpaid amount;

(3) to demand payment from CNECFCL (Shenzhen) for all accounts receivable, default penalty and all actual expenses incurred under the Shenzhen Factoring Contract that have not been recovered by CNECFCL according to law;

(4) to initiate legal proceedings to ensure that all claims of CNECFCL are settled on time and in full.

(9) Others:

According to the letter of undertaking dated 23 January 2019 signed by CNI (Nanjing), CNI (Nanjing) has irrevocably and unconditionally undertaken to CNECFCL that, if the debtor fails to make the payments payable by CNECFCL (Shenzhen) on time and in full according to the accounts receivable contract, CNI (Nanjing) undertakes to fully repay all outstanding debts under the Shenzhen Factoring Contract. The scope of undertaking includes but is not limited to all rents due, rents due in advance, interests, taxes, handling fees, deposits, default interest, default penalty, buy-back price, etc.

INFORMATION ON THE PARTIES TO THE FACTORING CONTRACTS

Nanjing CNI is a company established in the PRC with limited liability and is a non-wholly owned subsidiary of the Company. It is principally engaged in new energy projects contracting, construction, installation, maintenance and supervision and engineering design and consultation, sale of project equipment and materials.

CNECFCL (Shenzhen) is a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company. It is principally engaged in finance leasing, leasing, purchasing leased assets domestically and overseas, the salvage value processing and maintenance of leased assets, consultation and guarantee of leasing transactions.

CNECFCL is a company established in the PRC with limited liability and is a non-wholly owned subsidiary of CNECG. It is principally engaged in finance leasing, leasing, purchasing leased assets domestically and overseas, the salvage value processing and maintenance of leased assets, consultation and guarantee of leasing transactions, and commercial factoring in relation to the principal business.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FACTORING CONTRACTS AND USE OF PROCEEDS

The Group is principally engaged in new energy operations (such as provision of development, operation, engineering, 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.

In recent years, the Group strives to explore other opportunities to expand its current clean energy generation and financial services business and develop new energy and related industrial finance business. The Directors are of the view the entering into of the Factoring Contracts will enable the Group to alleviate capital occupation by accounts receivable and satisfy the funding requirement for business development and provide the Company with the financial flexibility necessary for the potential investment targets of the Group as and when suitable investment opportunities arise as well as expand its current clean energy generation and financial services business and develop new energy and related industrial finance business.

The Directors (including independent non-executive Directors) are of the view that the transactions contemplated under the Factoring Contracts are entered into after arm's length negotiation in the ordinary course of business on normal commercial terms or better, and the terms of the Factoring Contracts and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As CNECG is the controlling shareholder of the Company and CNECFCL is a non-wholly owned subsidiary of CNECG, CNECFCL is a connected person of the Company. As such, the transactions contemplated under the Factoring Contracts constitute connected transactions under Chapter 14A of the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Factoring Contracts exceeds 25% but is less than 100%, the transactions contemplated under the Factoring Contracts constitute major transactions under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements. A SGM will be held to seek the approval of the Independent Shareholders for the transactions contemplated under the Factoring Contracts.

CNECG (which held 400,000,000 issued Shares, representing approximately 30.46% of the issued Shares of the Company as at the date of this announcement) and its associates shall abstain from voting on the proposed resolution to approve the transactions contemplated under the Factoring Contracts at the SGM. Save for the aforesaid and to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, no other Shareholder is interested in the transactions contemplated under the Factoring Contracts.

An Independent Board Committee comprising all independent non-executive Directors will be established to consider the transactions contemplated under the Factoring Contracts and advise the Independent Shareholders in this regard. An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Factoring Contracts are on normal commercial terms or better, in the ordinary and usual course of business of the Company, and in the interests of the Company and the Shareholders as a whole.

GENERAL

A circular containing, among other things, details of the transactions contemplated under the Factoring Contracts and other information as required under the Listing Rules is expected to be despatched to the Shareholders within 15 business days after the publication of this announcement (i.e. on or before 18 February 2019).

DEFINITIONS

In this announcement, the following words and expressions shall have the following meanings:

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“CNECFL”	中核建融資租賃股份有限公司 (transliterated as China Nuclear E&C Financial Leasing Co., Ltd.), a company established in the PRC with limited liability
“CNECFL (Shenzhen)”	核建融資租賃(深圳)有限公司 (transliterated as CNEC Financial Leasing (Shenzhen) Co. Ltd.), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company

“CNECG”	中國核工業建設集團有限公司 (transliterated as China Nuclear Engineering & Construction Group Corporation Limited), a company established in the PRC with limited liability and the controlling shareholder of the Company
“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 a non-wholly owned subsidiary of the Company
“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
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Factoring Contracts”	the Nanjing Factoring Contract and the Shenzhen Factoring Contract
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent Board committee comprising all independent non-executive Directors, established to consider the terms of the Factoring Contracts and the transactions contemplated thereunder and to advise the Independent Shareholders in this regard
“Independent Shareholders”	Shareholders who, under the Listing Rules, are not required to abstain from voting for the transactions contemplated under the Factoring Contracts
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nanjing CNI”	南京中核能源工程有限公司 (transliterated as Nanjing CNI Energy Engineering Company Limited), a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company

“Nanjing Factoring Contract”	a factoring contract dated 23 January 2019 entered into between CNECFI and Nanjing CNI
“PRC”	The People’s Republic of China, which for the sole purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	a special general meeting to be held by the Company to approve, among other things, the transactions contemplated under the Factoring Contracts
“Share(s)”	ordinary share(s) of HK\$0.1 each of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Factoring Contract”	a factoring contract dated 23 January 2019 entered into between CNECFI and CNECFI (Shenzhen)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

For and on behalf of
China Nuclear Energy Technology Corporation Limited
Zhao Yixin
Chairman

Hong Kong, 23 January 2019

As at the date of this announcement, the executive Directors are Mr. Zhao Yixin (Chairman), Mr. Liu Genyu (Vice Chairman), Mr. Chung Chi Shing, Ms. Jian Qing, Mr. Li Jinying, Mr. Tang Jianhua (Chief Operating Officer), Mr. Wu Yuanchen and Mr. Zhang Rui (Chief Executive Officer); and the independent non-executive Directors are Mr. Chan Ka Ling Edmond, Mr. Li Dakuan, Mr. Tian Aiping and Mr. Wang Jimin.