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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 TRANSACTIONS
IN RELATION TO
THE DEVELOPMENT OF 20MW PHOTOVOLTAIC
POWER STATION IN LIAONING OF PRC

DEVELOPMENT OF PANJIN PHOTOVOLTAIC POWER STATION

On 30 September 2021 (after trading hours), Nanjing Zhonghe (an indirect wholly-owned subsidiary of the Company) (as principal) entered into the PC Agreement and the Equipment Purchase Agreement with Shenyang Huayan (as contractor) and Changzhou Eging (as supplier) respectively for the development of the photovoltaic power station with a total capacity of 20MW in Panjin City, Liaoning Province of the PRC. The considerations of the PC Agreement and the Equipment Purchase Agreement are RMB40,900,000 (equivalent to approximately HK\$49,233,214) and RMB34,200,000 (equivalent to approximately HK\$41,168,115) respectively. It is expected that the Panjin Photovoltaic Power Station will be connected to grid on or before 30 December 2021. Upon completion of the construction, the Panjin Photovoltaic Power Station shall be owned and operated by the Group.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of each of the PC Agreement and the Equipment Purchase Agreement exceeds 5% but is less than 25%, the entering into each of the PC Agreement and the Equipment Purchase Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules which is subject to reporting and announcement requirements thereunder.

DEVELOPMENT OF PANJIN PHOTOVOLTAIC POWER STATION

On 30 September 2021 (after trading hours), Nanjing Zhonghe (an indirect wholly-owned subsidiary of the Company) (as principal) entered into the PC Agreement and the Equipment Purchase Agreement with Shenyang Huayan (as contractor) and Changzhou Eging (as supplier) respectively for the development of the Panjin Photovoltaic Power Station with a total capacity of 20MW in Panjin City, Liaoning Province of the PRC (“**Panjin Project**”). The considerations of the PC Agreement and the Equipment Purchase Agreement are RMB40,900,000 (equivalent to approximately HK\$49,233,214) and RMB34,200,000 (equivalent to approximately HK\$41,168,115) respectively. It is expected that the Panjin Photovoltaic Power Station will be connected to grid on or before 30 December 2021. Upon completion of the construction, the Panjin Photovoltaic Power Station shall be owned and operated by the Group.

PRINCIPAL TERMS OF THE PC AGREEMENT

Date

30 September 2021 (after trading hours)

Parties

- (i) Nanjing Zhonghe, as principal; and
- (ii) Shenyang Huayan, as contractor.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Shenyang Huayan and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject matter

Nanjing Zhonghe agreed to engage Shenyang Huayan as the contractor to provide procurement of the Ancillary Equipment and Materials and construction services in relation to the Panjin Project. The construction shall commence upon notice from Nanjing Zhonghe to Shenyang Huayang, and is expected to satisfy the conditions for on-grid connection by 30 December 2021.

Consideration

The total consideration for the services under the PC Agreement shall be RMB40,900,000 (equivalent to approximately HK\$49,233,214), which shall be financed through internal resources of the Company and/or borrowing.

Payment terms

The consideration for the services under the PC Agreement shall be paid by Nanjing Zhonghe to Shenyang Huayan in instalments in accordance with the following milestones:

- 1) monthly progress payments in such amount equivalent to 80% of the assessed value of works completed under the PC Agreement during the relevant month; or 60% of the assessed value of works completed if the progress requirements are not met during the relevant month;
- 2) payment of up to 95% of the total consideration under the PC Agreement to be made within one month after the project completion acceptance and settlement audit of the works performed by Shenyang Huayan under the PC Agreement; and
- 3) the remaining balance of 5% of the total consideration as retention money payable within one month after a one-year period from the date of the passing of the inspection and acceptance on completion and delivery of the construction work from Shenyang Huayan to Nanjing Zhonghe.

PRINCIPAL TERMS OF THE EQUIPMENT PURCHASE AGREEMENT

Date

30 September 2021 (after trading hours)

Parties

- (i) Nanjing Zhonghe, as purchaser; and
- (ii) Changzhou Eging, as supplier.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Changzhou Eging and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject matter

Nanjing Zhonghe (as purchaser) agreed to purchase the Equipment from Changzhou Eging (as supplier) for the Panjin Project. Subject to the terms and conditions of the Equipment Purchase Agreement, the Equipment will be delivered in a total of 5 batches based on the actual circumstance of the Panjin Project.

Consideration

The total consideration under the Equipment Purchase Agreement is approximately RMB34,200,000 (equivalent to approximately HK\$41,168,115), with consideration of each batch to be adjusted to the prevailing market rate at the time of delivery mutually agreed by Nanjing Zhonghe and Changzhou Eging.

The payment of the total consideration under the Equipment Purchase Agreement shall be financed through internal resources of the Company and/or borrowing.

Payment terms

The consideration for the purchase of each batch of the Equipment shall be paid by Nanjing Zhonghe to Changzhou Eging upon Nanjing Zhonghe receiving corresponding invoices of each batch of the Equipment and a letter of guarantee issued by a designated bank in the PRC in the amount of 10% of the consideration of each batch to guarantee the performance of the obligation of Changzhou Eging under the Equipment Purchase Agreement in favour of Nanjing Zhonghe. After such information is confirmed by Nanjing Zhonghe and each batch of the Equipment is eligible for delivery, Nanjing Zhonghe shall pay Changzhou Eging 100% of consideration for each batch of the Equipment.

INFORMATION OF THE PARTIES TO THE DISCLOSEABLE TRANSACTIONS

Shenyang Huayan

Shenyang Huayan is owned as to 97.6% by Mr. Qiu Ming (仇明) and is principally engaged in design, production and sale of complete switch control equipment for high and low voltage electrical appliances and design and installation of solar photovoltaic engineering.

Changzhou Eging

Changzhou Eging is a subsidiary of Eging Photovoltaic Technology Co., Ltd.* (億晶光電科技股份有限公司), a company listed on Shanghai Stock Exchange and is principally engaged in research, development and production of monocrystalline silicon, polycrystalline silicon, quartz products, solar cells and modules; and design, installation and construction of solar photovoltaic power generation system.

The Group

The Group is principally engaged in new energy operations, including (a) the engineering, procurement and construction (“EPC”) and consultancy segment which comprises the Group’s EPC and consulting services operations relating to construction of photovoltaic power plant and other general construction and engineering services; (b) the power generation segment which comprises the Group’s power generation operations; (c) the financing segment which comprises the Group’s financing operations; (d) the manufacturing and trading business segment which comprises the Group’s manufacturing and trading of solar power related products; and (e) the other segments which comprise the Group’s corporate management, investment and treasury services. In addition, the Group has been participating in other businesses such as inspection, maintenance, repair, construction, installation and provision of expertise in such works for nuclear power plants via its associated companies.

REASONS AND BENEFITS OF THE DISCLOSEABLE TRANSACTIONS

The Group has been committed to maintaining and operating its own power plants in the PRC over years. The Directors consider that the development of the Panjin Photovoltaic Power Station will further diversify the Group's business portfolio and bring additional source of profit to the Group.

The Group conducted an open tender in May 2021 for the procurement of the Ancillary Equipment and Materials and construction services under the Panjin Project. There were a total of 3 bidders participated in the open tender and all parties are independent of and not connected with the Company and its connected person and are independent with each other. Shenyang Huayan was granted the PC Agreement as it scored the highest among all the bidders in terms of its technological competence, commercial terms and business reputation and its proposed consideration was the lowest.

The Group conducted an open tender in February 2021 for its annual selection of qualified photovoltaic module suppliers and 10 suppliers were qualified from the selection. On 19 July 2021, 8 out of the 10 qualified suppliers attended the Group's competitive negotiation for the procurement of the Equipment of Panjin Project. All the qualified suppliers are independent of and not connected with the Company and its connected person and are independent with each other. Changzhou Eging was granted the Equipment Purchase Agreement as it scored the highest among all the qualified suppliers in terms of its technological competence, commercial terms and business reputation and its proposed consideration was the lowest.

The terms of the PC Agreement and the Equipment Purchase Agreement were determined based on the terms of the aforesaid open tender and after arm's length negotiations among the parties thereto. The Directors, including the independent non-executive Directors, have confirmed that the terms of each of the PC Agreement and the Equipment Purchase Agreement are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms or better in the ordinary and usual course of business of the Group, and in the interests of the Company and its shareholders as a whole. No Director has any material interest in the transactions contemplated under each of the PC Agreement and the Equipment Purchase Agreement.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of each of the PC Agreement and the Equipment Purchase Agreement exceeds 5% but is less than 25%, the entering into each of the PC Agreement and the Equipment Purchase Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules which is subject to reporting and announcement requirements thereunder.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context otherwise requires:

“Ancillary Equipment and Materials”	the subject matter of the PC Agreement, being frames, transformers, cables and other accessory products and materials, in conjunction with the Equipment, to be used for construction and operation of the Panjin Photovoltaic Power Station;
“Board”	the board of Directors;
“Changzhou Eging”	常州億晶光電科技有限公司 (transliterated as Changzhou Eging Photovoltaic Technology Company Limited*), a company established in the PRC with limited liability;
“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”	has the meaning ascribed to it under the Listing Rules;

“Director(s)”	the director(s) of the Company;
“Equipment”	the subject matter of the Equipment Purchase Agreement, being monocrystalline silicon photovoltaic module and accessories, in conjunction with the Ancillary Equipment and Materials, to be used for construction and operation of the Panjin Photovoltaic Power Station;
“Equipment Purchase Agreement”	the equipment purchase agreement dated 30 September 2021 entered into between Nanjing Zhonghe and Changzhou Eging in relation to the purchase of the Equipment;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“MW”	Megawatt (1,000,000 watts), the commonly used unit of power in quantifying the electricity generation;
“Nanjing Zhonghe”	南京中核能源工程有限公司 (transliterated as Nanjing Zhonghe Energy Engineering Company Limited*), a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company;
“Panjin Photovoltaic Power Station”	the poverty alleviation photovoltaic power station with a total installed capacity of 20MW located in Panjin City, Liaoning Province of the PRC;

“PC Agreement”	the procurement and construction agreement dated 30 September 2021 entered into between Nanjing Zhonghe and Shenyang Huayan as the contractor in relation to the Panjin Project;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	shareholders of the Company;
“Shenyang Huayan”	瀋陽華岩電力技術有限公司 (transliterated as Shenyang Hua Yan Power Technology Company Limited*), a company established in the PRC with limited liability;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning ascribed to it under the Listing Rules.

* For identification purpose only

By Order of the Board
China Nuclear Energy Technology Corporation Limited
Zhao Yixin
Chairman

Hong Kong, 30 September 2021

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