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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

ASSETS RESUMPTION AGREEMENT

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The Board is pleased to announce that on 19 November 2021 (after trading hours), Xuzhou Herun and Xuzhou Herui, being indirectly wholly owned subsidiaries of the Company, as the Sellers, entered into the Assets Resumption Agreement with the Committee, pursuant to which Xuzhou Herun agreed to surrender and the Committee agreed to resume the Disposal Assets at the consideration of RMB74,130,700 (equivalent to approximately HK\$90,499,310) and Xuzhou Herui agreed to surrender and the Committee agreed to resume the Disposal Equipment at the consideration of RMB11,602,300 (equivalent to approximately HK\$14,164,174).

LISTING RULES IMPLICATION

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

INTRODUCTION

The Board is pleased to announce that on 19 November 2021 (after trading hours), Xuzhou Herun and Xuzhou Herui, being indirectly wholly owned subsidiaries of the Company, as the Sellers, entered into the Assets Resumption Agreement with the Committee, pursuant to which Xuzhou Herun agreed to surrender and the Committee agreed to resume the Disposal Assets at the consideration of RMB74,130,700 (equivalent to approximately HK\$90,499,310) and Xuzhou Herui agreed to surrender and the Committee agreed to resume the Disposal Equipment at the consideration of RMB11,602,300 (equivalent to approximately HK\$14,164,174).

PRINCIPAL TERMS OF ASSETS RESUMPTION AGREEMENT

Date

19 November 2021 (after trading hours)

Parties

- (i) Xuzhou Herun;
- (ii) Xuzhou Herui; and
- (iii) Committee.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Committee is a government authority in Peixian Economic Development Zone, Jiangsu Province, the PRC and together with its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Disposal Assets and Disposal Equipment

Particulars of the Disposal Assets are set out below:

Disposal Assets:	(i) the land use rights of the Resumed Land;
	(ii) the buildings and structures erected on the Resumed Land (the “ Constructions ”); and
	(iii) certain equipment and machinery.
Address:	north of Peigong Avenue and east of Hanxing Avenue, Peixian Economic Development Zone, Jiangsu Province, the PRC
Site code:	State-owned Land Use Rights Certificate No. (2017) 0012903
Total land area of the Resumed Land:	Approximately 87,886.30 square metres
Total gross floor area of the Constructions:	Approximately 31,522.15 square metres
Land use:	Industrial

The Disposal Equipment includes certain photovoltaic power generation equipment erected on the roof of the Constructions.

The audited financial information attributable to the Disposal Assets and Disposal Equipment for the years ended 31 December 2019 and 31 December 2020 is set out below:

	For the years ended	
	31 December	31 December
	2019	2020
	Approximately	Approximately
	<i>RMB' 000</i>	<i>RMB' 000</i>
Disposal Assets		
Gross income from selling of silicon wafers and other components	345,310	59,240
Net Profit before taxation	330	(17,550)
Net Profit after taxation	30	(17,600)
Disposal Equipment		
Gross income from electricity generation	1,710	1,540
Net Profit before taxation	450	230
Net Profit after taxation	450	230

As at 31 May 2021, the unaudited carrying amount of the Disposal Assets was RMB50,487,100 and that of the Disposal Equipment was RMB10,188,700.

Compensation and Payment

The Compensation is RMB85,733,000 (equivalent to approximately HK\$104,663,484), which will be settled in cash in the following manners:

1. RMB51,439,800 (equivalent to approximately HK\$62,798,091), representing 60% of the Compensation, will be paid by the Committee to the Sellers respectively within five (5) days after the signing date of the Assets Resumption Agreement and at the date when all parties attend to complete the preliminary inventory of the assets list; and
2. the balance payment of RMB34,293,200 (equivalent to approximately HK\$41,865,394), representing 40% of the Compensation, will be paid by the Committee to the Sellers respectively upon the delivery of Disposal Assets and Disposal Equipment and completion of registration of change of ownership of the Resumed Land and property certificates at relevant PRC governmental authorities.

The Buyers shall vacate the assets which are not included in the Assets Resumption Agreement within five (5) days after the receipt of the first payment of the Compensation, deliver the Disposal Assets and Disposal Equipment on an as is basis, hand over relevant original rights certificates to the Committee and assist the Committee to complete relevant deregistration and transfer procedures.

The Compensation was determined after arm's length negotiation between the Sellers and the Committee with reference to, among other things, (i) the net book values of the Disposal Assets and Disposal Equipment of RMB50,487,100 and RMB10,188,700 respectively as recorded in the Group's unaudited consolidated financial statements as at 31 May 2021; and (ii) the recent local market price for land use rights and properties in the region.

FINANCIAL EFFECT OF THE TRANSACTION AND USE OF PROCEEDS

The Transaction is expected to enable the Group to recognize an unaudited gain of approximately RMB25,057,200, being the difference between the Compensation over the carrying values of the Disposal Assets and Disposal Equipment after deducting the estimated expenses and tax. The actual gain or loss as a result of the Transaction to be recorded by the Group is subject to audit and will be determined as at the date of the completion of the Transaction.

The proceeds from the Transaction will be primarily used to repay existing bank loans and the balance of the proceeds will be applied for general working capital purpose.

INFORMATION OF THE PARTIES TO THE DISCLOSEABLE TRANSACTION

The Committee

The Committee is a governmental organ responsible for administrative approval, economic management and city management of Peixian Economic Development Zone of Jiangsu Province in the PRC.

Xuzhou Herun

Xuzhou Herun is a company established in the PRC and is indirectly wholly owned by the Company, which is principally engaged in the business of assembling silicon wafers and other components for the formation of solar photovoltaic modules.

Xuzhou Herui

Xuzhou Herun is a company established in the PRC and is indirectly wholly owned by the Company, which is principally engaged in solar power electricity generation.

REASONS AND BENEFITS OF THE DISCLOSEABLE TRANSACTION

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.

Xuzhou Herun was principally engaged in assembling silicon wafers and other components for the formation of solar photovoltaic modules. Due to keen market competition, Xuzhou Herun’s business faced challenges and it has ceased production since the second half of 2020 to integrate the Group’s resources in an efficient manner. Xuzhou Herui was built for the implementation of photovoltaic power plants to support the operation of Xuzhou Herun, as Xuzhou Herun ceased production, Xuzhou Herui no longer operated. As such, Xuzhou Herun and Xuzhou Herui became idle and did not generate any income after the suspension of utilities since second half of 2020.

The Directors, including the independent non-executive Directors, are of the view that the terms and conditions of the Assets Resumption Agreement are on normal commercial terms and are fair and reasonable, and the Transaction has no material impact to the operation of the Group and is in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transaction exceeds 5% but is less than 25%, the Transaction 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:

“Assets Resumption Agreement”	the assets resumption agreement entered into between the Committee and the Sellers on 19 November 2021, pursuant to which Xuzhou Herun agreed to surrender the Disposal Assets to the Committee and Xuzhou Herui agreed to surrender the Disposal Equipment to the Committee;
“Board”	the board of Directors;
“Committee”	Jiangsu Peixian Economic Development Zone Administrative Committee* (江蘇沛縣經濟開發區管理委員會);
“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;
“Compensation”	the compensation payable by the Committee to the Sellers for the resumption of the Disposal Assets and Disposal Equipment;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Disposal Assets”	include the land use rights of the Resumed Land, the buildings and structures erected on the Resumed Land, and certain machinery and equipment;

“Disposal Equipment”	certain photovoltaic power generation equipment erected on the roof of the buildings and structures erected on the Resumed Land;
“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;
“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;
“Resumed Land”	the parcel of land with an aggregate site area of approximately 87,886.30 square metres located at north of Peigong Avenue and east of Hanxing Avenue, Peixian Economic Development Zone, Jiangsu Province, the PRC* (中國江蘇省沛縣經濟開發區沛公路北側、漢興路東側), which is intended to be resumed by the Committee pursuant to the Assets Resumption Agreement;
“Sellers”	Xuzhou Herun and Xuzhou Herui;

“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning ascribed to it under the Listing Rules;
“Transaction”	the transaction contemplated under the Assets Resumption Agreement;
“Xuzhou Herun”	徐州核潤光能有限公司 (transliterated as Xuzhou Herun Solar Company Limited*), a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company;
“Xuzhou Herui”	徐州核瑞太陽能電力有限公司 (transliterated as Xuzhou Herui Solar Power Company Limited*), a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company;
“%”	percent.

* For identification purpose only

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

Hong Kong, 19 November 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.