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中国核建

CHINA NUCLEAR ENERGY TECHNOLOGY CORPORATION LIMITED

中國核能科技集團有限公司

(formerly known as China Nuclear Industry 23 International Corporation Limited

(中國核工業二三國際有限公司))

(Incorporated in Bermuda with limited liability)

(Stock code: 611)

**CONNECTED TRANSACTION
FORMATION OF JOINT VENTURE**

THE JOINT VENTURE AGREEMENT

The Board is pleased to announce that on 14 August 2015, CNI (Nanjing), an indirect non-wholly-owned subsidiary of the Company, and the JV Partner entered into the Joint Venture Agreement, pursuant to which the parties agreed to establish the Joint Venture Company with a registered capital of RMB10,000,000. Upon completion of the Joint Venture Agreement, the Joint Venture Company will be owned as to 49% and 51% by the Company and the JV Partner respectively.

IMPLICATIONS UNDER THE LISTING RULES

The JV Partner is a connected person of the Company by virtue of it being an associate of the substantial shareholder of the Company. Therefore, the entering into of the Joint Venture Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable ratios in respect of the capital committed to the formation of the Joint Venture Company are more than 0.1% but less than 5%, the transactions contemplated under the Joint Venture Agreement are subject to the reporting and announcement requirements but exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE JOINT VENTURE AGREEMENT

The principal terms of the Joint Venture Agreement are set out as follows:

Date

14 August 2015 (after trading hours)

Parties

Parties: (a) CNI (Nanjing); and
(b) JV Partner

Scope of business and term of operation

The scope of business of the Joint Venture Company includes, among other things, solar power generation and sales, solar power energy generation technology consultancy services, development of photovoltaic energy technology, construction and engineering of solar power photovoltaic energy systems. The term of operation of the Joint Venture Company is 28 years.

Registered capital and capital contribution

The total registered capital of the Joint Venture Company is RMB10,000,000, which will be contributed by the parties in cash as follows:

	Amount of contribution (RMB)	(%)
CNI (Nanjing)	4,900,000	49%
JV Partner	<u>5,100,000</u>	<u>51%</u>
Total	<u><u>10,000,000</u></u>	<u><u>100%</u></u>

It is expected that the capital contribution will be paid by the parties on or before 8 August 2018. The capital contribution to be made by the Company will be funded by internal resources. As at the date of this announcement, the formation of the Joint Venture Company has been approved by the relevant government authority of the PRC and the business license of the Joint Venture Company has been issued on 3 August 2015.

Board composition and the management structure of the Joint Venture Company

The board of directors of the Joint Venture Company will consist of 3 members. CNI (Nanjing) is entitled to nominate one director and the JV Partner is entitled to nominate two directors. The chairman, who will also act as the legal representative of the Joint Venture Company, will be appointed by the board of directors of the Joint Venture Company. The senior management of the Joint Venture Company comprises a general manager, who will be nominated by CNI (Nanjing) and a deputy general manager and a finance manager, who will be nominated by the JV Partner.

INFORMATION OF THE JV PARTNER

The JV Partner, being a direct non-wholly-owned subsidiary of ZOC Investment Co., Ltd, is a limited liability company established in the PRC. It is principally engaged in investment management, corporate management consultancy, and research and development of environmental protection facilities.

THE ARTICLES OF THE JOINT VENTURE COMPANY

The articles of association of the Joint Venture Company set out the rights and obligations of the shareholders of the Joint Venture Company in respect of their interests in the Joint Venture Company including the transfer of equity interest by the shareholders, distribution of profits and assets and issue of debt securities.

MATERIAL INTEREST OF DIRECTORS IN THE FORMATION OF THE JOINT VENTURE COMPANY

As at the date of this announcement, Mr. Ai Yilun, who is the chairman and an executive Director, Mr. Gao Yongping, Mr. Fu Zhigang and Mr. Tang Chuanqing who are executive Directors, are materially interested in the formation of the Joint Venture Company as each of Mr. Ai Yilun, Mr. Gao Yongping, Mr. Fu Zhigang and Mr. Tang Chuanqing holds senior management position in ZOC Investment Co., Ltd which holds 50% interests in the JV Partner. As such, Mr. Ai Yilun, Mr. Gao Yongping, Mr. Fu Zhigang and Mr. Tang Chuanqing have abstained from voting on the relevant board resolutions in respect of the formation of the Joint Venture Company.

REASONS FOR AND BENEFITS OF THE JOINT VENTURE AGREEMENT

The Group is principally engaged in new energy operations (such as provision of engineering, procurement and construction services for solar energy plant developers) in the PRC, restaurants and hotels operation and property investments in Hong Kong. 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.

Through CNI (Nanjing) and CNI Energy, a wholly-owned subsidiary of CNI (Nanjing), the Group has been participating in various construction projects for solar energy plants with different scales in terms of Megawatt Peak. Besides, CNI Energy also possesses the Certificate of Class-B Qualification for Engineering Design in relation to Electricity Industry (Generation of New Energy) (電力行業(新能源發電)專業乙級工程設計資質證書) which allows CNI Energy to participate in the provision of main contracting, project management and related technical and management services in the fields specified therein. During the financial years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, CNI Energy entered into several agreements with connected persons of the Group in relation to the EPC projects in order to further expand its business scope and establish its market position in the new energy industry by utilizing the expertise, qualification and resources of CNI (Nanjing) and CNI Energy as well as to generate additional revenue stream.

Pursuant to the Joint Venture Agreement, the Joint Venture Company will be formed for the purpose of investment, conducting the EPC works and the operation of the Solar Power Generation Project located in Qiqihar, the PRC. The Solar Power Generation Project will be constructed on the rooftop of the water purification plant owned by the JV Partner.

The Directors (including the independent non-executive Directors) are of the view that the strategic cooperation of CNI (Nanjing) and the JV Partner will complement each other in the development of the Solar Power Generation Project to promote mutual benefit, and will create good synergy based on (i) the experience of CNI (Nanjing) and its subsidiary in conducting EPC works on solar power projects; and (ii) the availability of the rooftop of the water purification plant owned by the JV Partner to the Joint Venture Company to set up the solar power generation plant.

The capital contribution to be made by CNI (Nanjing) was determined after arm's length negotiation between CNI (Nanjing) and the JV Partner having taken into account the expected working capital required for the Solar Power Generation Project to be conducted by the Joint Venture Company.

Taking into consideration of the above factors, the Directors (including the independent non-executive Directors) are of the view that the Joint Venture Agreement has been negotiated on an arm's length basis and is entered into on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The JV Partner is a direct non-wholly-owned subsidiary of ZOC Investment Co., Ltd which is the holding company of China He Investment. China He Investment has approximately 35.3% interest in the Company and is a substantial shareholder of the Company. As a result, the JV Partner is a connected person of the Company by virtue of it being an associate of the substantial shareholder of the Company. Therefore, the entering into of the Joint Venture Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable ratios in respect of the capital committed to the formation of the Joint Venture Company are more than 0.1% but less than 5%, the transactions contemplated under the Joint Venture Agreement are subject to the reporting and announcement requirements but exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In the announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“associates”	has the meaning ascribed thereto in the Listing Rules;
“Board”	the board of Directors;
“China He Investment”	China He Investment (Hong Kong) Company Limited (中核投資(香港)有限公司), a company incorporated in Hong Kong with limited liability;
“CNI Energy”	南京中核能源工程有限公司 (transliterated as Nanjing CNI Energy Engineering Company Limited*), an indirect non-wholly-owned subsidiary of the Company which was established in the PRC;

“CNI (Nanjing)”	中核(南京)能源發展有限公司 (CNI (Nanjing) Energy Development Company Limited), an indirect non-wholly-owned subsidiary of the Company which was established in the PRC;
“Company”	China Nuclear Energy Technology Corporation Limited (formerly known as China Nuclear Industry 23 International Corporation Limited), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the same meaning ascribed thereto in the Listing Rules;
“Director(s)”	director(s) of the Company;
“EPC”	engineering, procurement and construction;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	an individual or a company who is not connected with any directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates and is independent of the Company
“Joint Venture Agreement”	the agreement entered into between CNI (Nanjing) and the JV Partner on 14 August 2015;
“Joint Venture Company”	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*), a limited liability company established in the PRC;
“JV Partner”	中核新能源投資有限公司 (transliterated as Zhong He New Energy Investment Company Limited*), a limited liability company established in the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	The People’s Republic of China and for the sole purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);

“Solar Power Generation Project”	3 Megawatt Peak distributed solar power generation project in the manufacturing plant of 中核齊齊哈爾環保科技有限公司 (transliterated as Zhong He Qiqihar Environmental Protection Technology Company Limited*) located in Qiqihar, the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules;
“%”	per cent.

* for identification purposes only

By order of the Board
China Nuclear Energy Technology Corporation Limited
AI Yilun
Chairman

Hong Kong, 14 August 2015

As at the date of this announcement, the Directors are: Mr. Ai Yilun, who is the chairman and an executive Director; Mr. Chan Shu Kit, who is the vice-chairman and an executive Director; Ms. Jian Qing, Mr. Chung Chi Shing, Mr. Gao Yongping, Mr. Fu Zhigang, Mr. Tang Chuanqing and Mr. Tang Jianhua, all of whom are executive Directors; and Mr. Chan Ka Ling, Edmond, Mr. Li Baolin, Mr. Wang Jimin and Mr. Tian Aiping, all of whom are independent non-executive Directors.