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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

(Incorporated in Bermuda with limited liability)

(Stock Code: 611)

**CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF THE SALE SHARES**

THE SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 31 December 2018 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing 19.1% of the total number of issued shares in the Target Company at a total consideration of RMB19,873,000 (equivalent to HK\$22,681,000). In addition, pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to repay the outstanding Shareholder's Loan in the amount of RMB9,550,000 (equivalent to HK\$10,899,000) due from the Target Company to the Vendor for and on behalf of the Target Company and the Vendor has conditionally agreed with such repayment arrangement. Upon Completion, the Company will have an effective interest of 100% in the Target Company and it will continue to be recognised as a subsidiary of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement and immediately prior to the entering into of the Sale and Purchase Agreement, (i) the Target Company is an indirect non-wholly owned subsidiary of the Company; and (ii) the Vendor is the beneficial owner of 19.1% of the total number of issued shares of the Target Company. Accordingly, the Vendor is a connected person of the Company at the subsidiary level in relation to the Acquisition. As such, the Sale and Purchase Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules. As the Board has approved the Sale and Purchase Agreement and the transactions contemplated thereunder and the independent non-executive Directors have confirmed that the terms of the Sale and Purchase Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Sale and Purchase Agreement and the transactions contemplated thereunder are exempt from the circular, independent financial advice and independent Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

As all of the applicable percentage ratios as prescribed under Chapter 14 of the Listing Rules in respect of the Sale and Purchase Agreement are less than 5%, the Acquisition does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

Date

31 December 2018 (after trading hours)

Parties

- (a) the Purchaser, a company incorporated under the laws of British Virgin Islands with limited liability and the beneficial owner of 80.9% of the total number of issued shares in the Target Company; and
- (b) the Vendor, a company incorporated under the laws of British Virgin Islands with limited liability and the beneficial owner of 19.1% of the total number of issued shares in the Target Company.

As at the date of this announcement and immediately prior to the entering into of the Sale and Purchase Agreement, (i) the Target Company is an indirect non-wholly owned subsidiary of the Company; and (ii) the Vendor is the beneficial owner of 19.1% of the total number of issued shares in the Target Company, the Vendor is therefore a connected person of the Company at the subsidiary level in relation to the Acquisition.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing 19.1% of the total number of issued shares in the Target Company as at the date of this announcement, free from all liens, charges and encumbrance and ranking pari passu with all shares of the Target Company then in issue in all respects. Upon Completion, the Target Company will be owned as to 100% by the Purchaser.

Repayment of the Shareholder's Loan

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to repay the outstanding shareholder's loan in the amount of RMB9,550,000 (equivalent to HK\$10,899,000) due from the Target Company to the Vendor for and on behalf of the Target Company (the "**Shareholder's Loan**"), subject to the terms and conditions as stipulated in the Sale and Purchase Agreement and the Vendor has conditionally agreed with such repayment arrangement. The repayment of the Shareholder's Loan shall be settled by the Purchaser in the following manner:

- (a) RMB4,775,000 (equivalent to HK\$5,449,500) shall be settled by way of bank transfer to the Vendor for and on behalf of the Target Company upon entering into of the Sale and Purchase Agreement; and
- (b) the remaining balance of RMB4,775,000 (equivalent to HK\$5,449,500) shall be settled by way of bank transfer to the Vendor for and on behalf of the Target Company on the Completion Date.

Upon full repayment of the Shareholder's Loan, the Shareholder's Loan due to the Vendor will be cancelled.

Consideration

The consideration for the Acquisition is RMB19,873,000 (equivalent to HK\$22,681,000) (subject to the confirmation from the relevant regulatory authority of the PRC), which shall be settled by the Purchaser in the following manner:

- (a) RMB9,936,500 (equivalent to HK\$11,340,500) shall be settled by way of bank transfer by the Purchaser payable to the Vendor upon entering into of the Sale and Purchase Agreement; and
- (b) the remaining balance of RMB9,936,500 (equivalent to HK\$11,340,500) shall be settled by way of bank transfer by the Purchaser payable to the Vendor on the Completion Date.

The consideration for the Sale Shares was arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement taking into consideration (i) the consolidated net asset value of the Target Company as at 30 September 2018; (ii) the Shareholder's Loan; and (iii) the expected return of the Target Company.

The Directors (including the independent non-executive Directors) consider that the consideration for the Acquisition is fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Conditions

Pursuant to the Sale and Purchase Agreement, Completion will be subject to the following Conditions:

- (a) (if required) the Shareholders having approved the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules;
- (b) all necessary approvals from the shareholders and board of directors of the Target Company regarding the Sale and Purchase Agreement and the transactions contemplated thereunder (including but not limited to the purchase of the Sale Shares by the Purchaser) having been obtained;
- (c) (if required) all necessary approvals regarding the Sale and Purchase Agreement and the transactions contemplated thereunder from the PRC, Hong Kong, the British Virgin Islands or other territories having been obtained;
- (d) there being no change in law that will have a material adverse impact on the financial position, operations, results, business prospects or asset value of the Target Company; and

- (e) all the representations, warranties and undertaking of the Vendor as contained in the Sale and Purchase Agreement remaining true and accurate and not misleading in all material respect.

Save for Conditions (a) to (c) above, the Purchaser shall have the right to waive any of the other Conditions at its discretion. If any of the Conditions have not been fulfilled or waived (as the case may be) by the Long Stop Date, the Sale and Purchase Agreement shall lapse and have no further effect and the Vendor shall forthwith return the consideration received and the Shareholder's Loan repaid by the Purchaser for and on behalf of the Target Company without interest to the Purchaser.

The Vendor and the Purchaser shall use their best endeavours to procure timely satisfaction of the above Conditions on or before the Long Stop Date.

Completion

Subject to all the Conditions being fulfilled (or where applicable waived by the Purchaser in writing), Completion shall take place at or before 5:00 p.m. on the Completion Date.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. Immediately prior to entering into of the Sale and Purchase Agreement, the Target Company is an indirect non-wholly owned subsidiary of the Company and the issued shares in the Target Company are owned as to (i) 80.9% by the Purchaser; and (ii) 19.1% by the Vendor.

The Target Company is the beneficial owner of 20% of the entire equity interest of CNI (Nanjing), which is principally engaged in the development and operation of new energy power stations; technical advisory and provision of technical services; development and sale of software; procurement and wholesale of electrical, environmental and public utility equipment; wholesale of solar power components; procurement, installation and commissioning of machinery and equipment; and investment management advisory.

Financial information of the Target Company

Set out below is a summary of the consolidated financial information of the Target Company for the two years ended 31 December 2017 and for the nine months ended 30 September 2018.

	For the year ended 31 December 2016 HK\$'000 (Unaudited)	For the year ended 31 December 2017 HK\$'000 (Unaudited)	For the nine months ended 30 September 2018 HK\$'000 (Unaudited)
Revenue	—	—	—
Profit before taxation	28,281	33,552	8,886
Profit after taxation	28,281	33,552	8,886
	As at 31 December 2016 HK\$'000 (Unaudited)	As at 31 December 2017 HK\$'000 (Unaudited)	As at 30 September 2018 HK\$'000 (Unaudited)
Net assets	32,366	70,375	76,046

Note: The consolidated financial information of the Target Company as set out above was prepared in RMB and was converted into HK\$ based on the Exchange Rate.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in new energy operations (such as provision of development, operation, engineering, construction and procurement services for solar power 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.

As at the date of this announcement, the Target Company is the beneficial owner of 20% of the entire equity interest of CNI (Nanjing). Since 2013, the Group, through CNI (Nanjing) and its subsidiaries, has been actively participating in the development, operation, engineering, construction and procurement of solar power plants with substantial scale which has provided a reliable and a major revenue source to the Company. During the years ended 31 December 2016 and 2017, sales to external customers generated by CNI (Nanjing) and its subsidiaries

were attributable to approximately 91.9% and 98.4% of the revenue of the Group. In view of the rapid development of new energy industry in the PRC and the growing of China's energy consumption, the Company strives to leverage on its expertise on the development, engineering, procurement, construction and operation of new energy power plants and continues to expand its business in the new energy industry in PRC and the other territories. The Board believes that the Acquisition enables the Group to consolidate its full control over the Target Company which eventually enhances the operational efficiency of CNI (Nanjing) and is more conducive to its future business development.

Taking into consideration of the above factors, the Directors (including the independent non-executive Directors) consider the terms of the Sale and Purchase Agreement are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement and immediately prior to the entering into of the Sale and Purchase Agreement, (i) the Target Company is an indirect non-wholly owned subsidiary of the Company; and (ii) the Vendor is the beneficial owner of 19.1% of the total number of issued shares in the Target Company. Accordingly, the Vendor is a connected person of the Company at the subsidiary level in relation to the Acquisition. As such, the Sale and Purchase Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules. As the Board has approved the Sale and Purchase Agreement and the transactions contemplated thereunder and the independent non-executive Directors have confirmed that the terms of the Sale and Purchase Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Sale and Purchase Agreement and the transactions contemplated thereunder are exempt from the circular, independent financial advice and independent Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

As all of the applicable percentage ratios as prescribed under Chapter 14 of the Listing Rules in respect of the Sale and Purchase Agreement are less than 5%, the Acquisition does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Shares under the Sale and Purchase Agreement;
“Board”	the board of Directors;
“CNI (Nanjing)”	中核(南京)能源發展有限公司(transliterated as 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, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;
“Completion”	completion of the transactions contemplated under the Sale and Purchase Agreement;
“Completion Date”	the earlier of (i) the date on which the last of the Conditions has been satisfied or otherwise waived in accordance with the Sale and Purchase Agreement or (ii) the Long Stop Date;
“Condition(s)”	the condition(s) precedent set out in the Sale and Purchase Agreement;
“connected person(s)”	has the same meaning ascribed thereto in the Listing Rules;
“Director(s)”	director(s) of the Company;
“Exchange Rate”	the applicable exchange rate for converting RMB into HK\$ for the purpose of the payment of consideration and Shareholder’s Loan in HK\$ is RMB0.8762 to HK\$1, which is the average exchange rate quoted by the People’s Bank of China on 28 December 2018;
“Group”	the Company and its subsidiaries;

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	31 March 2019 or such other date as the parties to the Sale and Purchase Agreement may agree in writing;
“PRC”	The People’s Republic of China and for the sole purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Purchaser”	CNE New Energy Limited (中國核能新能源有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company;
“Sale and Purchase Agreement”	the sale and purchase agreement entered into on 31 December 2018 between the Vendor and the Purchaser for the sale and purchase of the Sale Shares;
“Sale Shares”	191 shares of the Target Company;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“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);
“Target Company”	Guoxin Energy Limited (國鑫能源有限公司), a limited company incorporated in Hong Kong, which is owned as to 80.9% by the Purchaser and 19.1% by the Vendor as at the date of this announcement;

“Vendor”	Triple Delight Limited, a company incorporated in the British Virgin Islands with limited liability and is the beneficial owner of 19.1% of the total number of issued shares in the Target Company as at the date of this announcement;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC; and
“%”	per cent.

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

Hong Kong, 31 December 2018

Except for the purpose of the Sale and Purchase Agreement, the Exchange Rate 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.

As at the date of this announcement, the executive Directors are Mr. Ai Yilun (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, 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.