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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Nuclear Energy Technology Corporation Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**(i) VERY SUBSTANTIAL ACQUISITIONS
IN RELATION TO THE EQUIPMENT PURCHASE AGREEMENTS,
THE FINANCE LEASE AGREEMENTS AND
THE MAIN CONSTRUCTION AGREEMENT;
(ii) PROPOSED RE-ELECTION OF DIRECTOR; AND
(iii) NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the SGM of China Nuclear Energy Technology Corporation Limited to be held at Regus Conference Centre, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Tuesday, 17 December 2019 at 10:30 a.m. is set out on pages 85 to 90 of this circular. Whether or not you are able to attend the SGM, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (i.e. not later than 10:30 a.m. on Sunday, 15 December 2019 or any adjournment thereof). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the SGM if they so wish.

27 November 2019

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DEFINITIONS

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

“Agreements”	the CMB Finance Lease Agreements, the Equipment Purchase Agreements and the Main Construction Agreement collectively
“Assessed Value of Works”	the value of the amount of works, which are completed by Xiexin Energy pursuant to the Main Construction Agreement and checked and accepted by Suining Wind Power, calculated based on the construction works price list(s) agreed upon between Suining Wind Power and Xiexin Energy
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company currently in force
“CMB Finance Lease Agreements”	the First CMB Finance Lease Agreement and the Second CMB Finance Lease Agreement collectively
“CMB Financial Leasing”	招銀金融租賃有限公司 (CMB Financial Leasing Co., Ltd.), a company established in the PRC with limited liability
“CNI Development”	中核能源發展有限公司 (CNI Energy Development Company Limited), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“CNI Nanjing”	中核(南京)能源發展有限公司 (CNI (Nanjing) Energy Development Company Limited), a company established in the PRC with limited liability and an indirect 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 under the Listing Rules
“Director(s)”	director(s) of the Company

DEFINITIONS

“Equipment”	the 15MW Equipment, the 35MW Equipment and the 95MW Equipment collectively
“Equipment Purchase Agreements”	the 15MW Equipment Purchase Agreement, the 35MW Equipment Purchase Agreement and the 95MW Equipment Purchase Agreement collectively
“Final Acceptance Check”	the signing of the certificates of completion of final acceptance check of each batch of the 15MW Assembled Units, the 35MW Assembled Units and the 95MW Assembled Units (as the case may be) by the relevant Purchasers after the end of the warranty period of five years of each batch of the relevant assembled units and the relevant assembled units are capable of meeting the technical standard and performance level as set out in the relevant Equipment Purchase Agreements
“First CMB Finance Lease Agreement”	the finance lease agreement entered into between Suining Wind Power and CMB Financial Leasing dated 6 November 2019 for the purpose of financing the purchase of the 35MW Equipment
“First Vendor”	中車株洲電力機車研究所有限公司 (CRRC Zhuzhou Electric Locomotive Research Institute Company Limited), a company established in the PRC with limited liability
“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
“kWh”	kilowatts per hour
“Latest Practicable Date”	25 November 2019, being the latest practicable date prior to the printing of this circular for ascertaining information contained therein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Construction Agreement”	the agreement entered into between Suining Wind Power and Xiexin Energy in relation to the construction and engineering works of the Wind Power Project

DEFINITIONS

“MW”	megawatts, which is equal to 1,000,000 watts
“PRC”	the People’s Republic of China and for the sole purpose of this circular, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Preliminary Acceptance Check”	the signing of the certificates of completion of preliminary acceptance check of each batch of the 15MW Assembled Units, the 35MW Assembled Units and the 95MW Assembled Units (as the case may be) by the relevant Purchasers after, among other things, completion of the installation and trial run of the relevant batch of the assembled units and the relevant batch of assembled units are capable of meeting the technical standard and performance level as set out in the relevant Equipment Purchase Agreements
“Purchasers”	CNI Nanjing and Suining Wind Power collectively
“RMB”	Renminbi, the lawful currency of the PRC
“Second CMB Finance Lease Agreement”	the finance lease agreement entered into between Suining Wind Power and CMB Financial Leasing dated 6 November 2019 for the purpose of financing the purchase of the 95MW Equipment
“Second Vendor”	湘電風能有限公司 (Xiangdian Wind Energy Company Limited), a company established in the PRC with limited liability
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“SGM”	a special general meeting of the Company to be convened and held at Regus Conference Centre, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Tuesday, 17 December 2019 at 10:30 a.m. for the purposes of, among other matters, considering and, if thought fit, approving the Equipment Purchase Agreements, the CMB Finance Lease Agreements, the Main Construction Agreement and the transactions contemplated thereunder
“Shanghai Stock Exchange”	Shanghai Stock Exchange (SSE), one of the exchanges in the PRC

DEFINITIONS

“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)
“Shenzhen Stock Exchange”	Shenzhen Stock Exchange (SZSE), one of the exchanges in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suining Wind Power”	睢寧核源風力發電有限公司 (Suining Nuclear Source Wind Power Electricity Generation Company Limited), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Supplemental 15MW Equipment Purchase Agreement”	the agreement entered into between CNI Nanjing as vendor and Suining Wind Power as purchaser in relation to the sale and purchase of the 15MW Equipment
“Supplemental 95MW Equipment Purchase Agreement”	the agreement entered into between CNI Nanjing as vendor and Suining Wind Power as purchaser in relation to the sale and purchase of the 95MW Equipment
“Vendors”	the First Vendor and Second Vendor collectively
“Wind Power Project”	the construction and development of (i) a 15 MW decentralised wind farm in Liangji Town in Jiangsu Province, the PRC; (ii) a 35MW wind farm in Liangji Town in Jiangsu Province, the PRC; and (iii) a 95MW wind farm in Weiji Town in Jiangsu Province, the PRC
“Xiexin Energy”	協鑫能源工程有限公司 (Xiexin Energy Engineering Company Limited), a company established in the PRC with limited liability
“15MW Assembled Units”	the individual functional wind power electricity generation units after assembling the parts of the 15MW Equipment through an integrated circuit

DEFINITIONS

“15MW Equipment”	the subject matter of the 15MW Equipment Purchase Agreement, being five sets of (i) wind power generation equipment and its ancillary equipment; (ii) wind power tower equipment; and (iii) anchor-shaped plate supporting material, and other accessory products and materials which will be used for the construction and development of a 15MW decentralised wind farm in Liangji Town in Jiangsu Province, the PRC
“15MW Equipment Purchase Agreement”	the agreement entered into between CNI Nanjing and the First Vendor in relation to the sale and purchase of the 15MW Equipment
“35MW Assembled Units”	the individual functional wind power electricity generation units after assembling parts of the 35MW Equipment through an integrated circuit
“35MW Equipment”	the subject matter of the 35MW Equipment Purchase Agreement, being twelve sets of (i) wind power generation equipment and its ancillary equipment; and (ii) steel mixing towers, and other accessory products and materials which will be used for the construction and development of a 35MW wind farm in Liangji Town in Jiangsu Province, the PRC
“35MW Equipment Purchase Agreement”	the agreement entered into between Suining Wind Power and the Second Vendor in relation to the sale and purchase of the 35MW Equipment
“95MW Assembled Units”	the individual functional wind power electricity generation units after assembling parts of the 95MW Equipment through an integrated circuit
“95MW Equipment”	the subject matter of the 95MW Equipment Purchase Agreement, being 36 sets of (i) wind power generation equipment and its ancillary equipment; (ii) wind power tower equipment; and (iii) anchor-shaped plate supporting material, and other accessory products and materials which will be used for the construction and development of a 95MW wind farm in Weiji Town in Jiangsu Province, the PRC

DEFINITIONS

“95MW Equipment Purchase Agreement” the agreement entered into between CNI Nanjing and the First Vendor in relation to the sale and purchase of the 95MW Equipment

“%” per cent.

In this circular, the English names of certain PRC entities are translation or transliteration of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

For the purposes of illustration only, any amount denominated in RMB in this circular and translated into HK\$ at a rate of HK\$1 = RMB0.90035. Such translation 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.

LETTER FROM THE BOARD



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)

Executive Directors:

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 Operating Officer*)
Mr. Wu Yuanchen

Independent Non-executive Directors:

Mr. Chan Ka Ling Edmond
Mr. Kang Xinquan
Mr. Tian Aiping
Mr. Wang Jimin

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Principal Place of Business in
Hong Kong:*

Room 2801 28th Floor
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

27 November 2019

To the Shareholders

Dear Sir or Madam,

**(i) VERY SUBSTANTIAL ACQUISITIONS
IN RELATION TO THE EQUIPMENT PURCHASE AGREEMENTS,
THE FINANCE LEASE AGREEMENTS AND
THE MAIN CONSTRUCTION AGREEMENT;
(ii) PROPOSED RE-ELECTION OF DIRECTOR; AND
(iii) NOTICE OF SPECIAL GENERAL MEETING**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 6 November 2019. The purpose of this circular is to provide you with, among other things, (i) information regarding the resolutions to be proposed at the SGM relating to, among other things, (a) the Equipment Purchase Agreements, the CMB Finance Lease Agreements and the Main Construction Agreement and the transactions contemplated thereunder; and (b) the re-election of retiring Director; (ii) a notice of SGM; and (iii) other information as required under the Listing Rules.

LETTER FROM THE BOARD

2. THE WIND POWER PROJECT

The Equipment Purchase Agreements

On 6 November 2019 (after trading hours of the Stock Exchange), each of the Purchasers (all being indirect wholly-owned subsidiaries of the Company) has entered into the relevant Equipment Purchase Agreements with the relevant Vendors in relation to the sale and purchase of the Equipment. The aggregate consideration under the Equipment Purchase Agreements is RMB649,452,850 (equivalent to approximately HK\$721,333,759).

The principal terms of the 15MW Equipment Purchase Agreement are set out as follows:-

Date

6 November 2019 (after trading hours of the Stock Exchange)

Parties

- (1) CNI Nanjing; and
- (2) the First Vendor.

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

Subject matter

Subject to the terms and conditions of the 15MW Equipment Purchase Agreement, CNI Nanjing has agreed to purchase and the First Vendor has agreed to sell the 15MW Equipment. The 15MW Equipment will be delivered in a number of batches in accordance with the delivery schedule set out in the 15MW Equipment Purchase Agreement. However, CNI Nanjing has the right to adjust the quantity and delivery time of the 15MW Equipment based on the actual circumstance of the Wind Power Project.

LETTER FROM THE BOARD

Consideration

The consideration for the 15MW Equipment is RMB61,056,250 (equivalent to approximately HK\$67,813,906), which shall be payable by CNI Nanjing to the First Vendor in the manner set out below:-

- (1) a refundable deposit representing 30% of the total consideration of the 15MW Equipment Purchase Agreement, will be paid after entering into of the 15MW Equipment Purchase Agreement and within 20 days from CNI Nanjing having received, among other things, a letter of guarantee issued by a designated bank in the PRC in the amount of 10% of the total consideration of the 15MW Equipment Purchase Agreement to guarantee the performance of the obligations of the First Vendor under the 15MW Equipment Purchase Agreement in favour of CNI Nanjing for such period as specified thereunder;
- (2) within 28 days after the delivery of each batch of the 15MW Equipment and subject to the First Vendor having produced to CNI Nanjing the relevant documents for each batch of the 15MW Equipment including, among other things, a certificate of quality, value added tax invoice and insurance invoice, CNI Nanjing shall pay to the First Vendor 40% of the total contract sum of the corresponding batch of the 15MW Equipment;
- (3) within 28 days from the completion of the Preliminary Acceptance Check of each batch of the 15MW Assembled Units and subject to the First Vendor, upon the delivery of the first batch of the 15MW Assembled Units, having produced to CNI Nanjing, among other things, a letter of guarantee issued by a designated bank in the PRC in the amount of 5% of the total consideration of the 15MW Equipment Purchase Agreement to guarantee the electricity generation output by the 15MW Assembled Units as set out in the 15MW Equipment Purchase Agreement in favour of CNI Nanjing for such period as specified thereunder, CNI Nanjing shall pay to the First Vendor 20% of the total contract sum of the corresponding batch of the 15MW Assembled Units; and
- (4) within 28 days from the completion of the Final Acceptance Check of each batch of the 15MW Assembled Units, CNI Nanjing shall pay to the First Vendor 10% of the total contract sum of the relevant batch of the 15MW Assembled Units.

LETTER FROM THE BOARD

The principal terms of the 35MW Equipment Purchase Agreement are set out as follows:-

Date

6 November 2019 (after trading hours of the Stock Exchange)

Parties

- (1) Suining Wind Power; and
- (2) the Second Vendor.

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

Subject matter

Subject to the terms and conditions of the 35MW Equipment Purchase Agreement, Suining Wind Power has agreed to purchase and the Second Vendor has agreed to sell the 35MW Equipment. The 35MW Equipment will be delivered in a number of batches in accordance with the delivery schedule set out in the 35MW Equipment Purchase Agreement. However, Suining Wind Power has the right to adjust the quantity and delivery time of the 35MW Equipment based on the actual circumstance of the Wind Power Project.

Consideration

The consideration for the 35MW Equipment is RMB148,791,600 (equivalent to approximately HK\$165,259,732), which shall be payable by Suining Wind Power to the Second Vendor in the manner set out below:-

- (1) a refundable deposit representing 30% of the total consideration of the 35MW Equipment Purchase Agreement, will be paid after the entering into of the 35MW Equipment Purchase Agreement and within 20 days from Suining Wind Power having received, among other things, a letter of guarantee issued by a designated bank in the PRC in the amount of 10% of the total consideration of the 35MW Equipment Purchase Agreement to guarantee the performance of the obligations of the Second Vendor under the 35MW Equipment Purchase Agreement in favour of Suining Wind Power for such period as specified thereunder;

LETTER FROM THE BOARD

- (2) within 28 days after the delivery of each batch of the 35MW Equipment and subject to the Second Vendor having produced to Suining Wind Power the relevant documents for each batch of the 35MW Equipment including, among other things, a certificate of quality, value added tax invoice and insurance invoice, Suining Wind Power shall pay to the Second Vendor 40% of the total contract sum of the corresponding batch of the 35MW Equipment;
- (3) within 28 days from the completion of the Preliminary Acceptance Check of each batch of the 35MW Assembled Units and subject to the Second Vendor, upon the delivery of the first batch of the 35MW Assembled Units, having produced to Suining Wind Power, among other things, a letter of guarantee issued by a designated bank in the PRC in the amount of 5% of the total consideration of the 35MW Equipment Purchase Agreement to guarantee the electricity generation output by the 35MW Assembled Units as set out in the 35MW Equipment Purchase Agreement in favour of Suining Wind Power for such period as specified thereunder, Suining Wind Power shall pay to the Second Vendor 10% of the total contract sum of the corresponding batch of the 35MW Assembled Units;
- (4) within 28 days from one year after the commencement of electricity generation of each batch of the 35MW Assembled Units if each batch of the 35MW Assembled Units is capable of meeting the relevant unit power curve and the guaranteed electricity generation output level, Suining Wind Power shall pay to the Second Vendor 10% of the total contract sum of the relevant batch of the 35MW Assembled Units; and
- (5) within 28 days from the completion of the Final Acceptance Check of each batch of the 35MW Assembled Units, Suining Wind Power shall pay to the Second Vendor 10% of the total contract sum of the relevant batch of the 35MW Assembled Units.

LETTER FROM THE BOARD

The principal terms of the 95MW Equipment Purchase Agreement are set out as follows:-

Date

6 November 2019 (after trading hours of the Stock Exchange)

Parties

- (1) CNI Nanjing; and
- (2) the First Vendor.

Subject matter

Subject to the terms and conditions of the 95MW Equipment Purchase Agreement, CNI Nanjing has agreed to purchase and the First Vendor has agreed to sell the 95MW Equipment. The 95MW Equipment will be delivered in a number of batches in accordance with the delivery schedule set out in the 95MW Equipment Purchase Agreement. However, CNI Nanjing has the right to adjust the quantity and delivery time of the 95MW Equipment based on the actual circumstance of the Wind Power Project.

Consideration

The consideration for the 95MW Equipment is RMB439,605,000 (equivalent to approximately HK\$488,260,121), which shall be payable by CNI Nanjing to the First Vendor in the manner set out below:-

- (1) a refundable deposit representing 30% of the total consideration of the 95MW Equipment Purchase Agreement, will be paid after entering into of the 95MW Equipment Purchase Agreement and within 20 days from CNI Nanjing having received, among other things, a letter of guarantee issued by a designated bank in the PRC in the amount of 10% of the total consideration of the 95MW Equipment Purchase Agreement to guarantee the performance of the obligations of the First Vendor under the 95MW Equipment Purchase Agreement in favour of CNI Nanjing for such period as specified thereunder;

LETTER FROM THE BOARD

- (2) within 28 days after the delivery of each batch of the 95MW Equipment and subject to the First Vendor having produced to CNI Nanjing the relevant documents for each batch of the 95MW Equipment including, among other things, a certificate of quality, value added tax invoice and insurance invoice, CNI Nanjing shall pay to the First Vendor 40% of the total contract sum of the corresponding batch of the 95MW Equipment;
- (3) within 28 days from the completion of the Preliminary Acceptance Check of each batch of the 95MW Assembled Units and subject to the First Vendor, upon the delivery of the first batch of the 95MW Assembled Units, having produced to CNI Nanjing, among other things, a letter of guarantee issued by a designated bank in the PRC in the amount of 5% of the total consideration of the 95MW Equipment Purchase Agreement to guarantee the electricity generation output by the 95MW Assembled Units as set out in the 95MW Equipment Purchase Agreement in favour of CNI Nanjing for such period as specified thereunder, CNI Nanjing shall pay to the First Vendor 20% of the total contract sum of the corresponding batch of the 95MW Assembled Units; and
- (4) within 28 days from the completion of the Final Acceptance Check of each batch of the 95MW Assembled Units, CNI Nanjing shall pay to the First Vendor 10% of the total contract sum of the relevant batch of the 95MW Assembled Units.

Conditions precedent

The transactions contemplated under each of the Equipment Purchase Agreements are conditional upon and subject to the following conditions:

- (1) the passing of the requisite resolution(s) by the Shareholders at a general meeting approving each of the relevant Equipment Purchase Agreements and the transactions contemplated thereunder;
- (2) all necessary consents and approvals required to be obtained on the part of each of the relevant Vendors, in respect of the relevant Equipment Purchase Agreements and the transactions contemplated thereunder, having been obtained;
- (3) all necessary consents and approvals required to be obtained on the part of each of the relevant Purchasers, in respect of the relevant Equipment Purchase Agreements and the transactions contemplated thereunder, having been obtained;

LETTER FROM THE BOARD

- (4) all necessary consents and approvals required to be obtained from the governmental departments in the PRC, the relevant regulatory authorities and independent third parties in respect of the relevant Equipment Purchase Agreements and the transactions contemplated thereunder having been obtained;
- (5) (applicable for the 15MW Equipment Purchase Agreement only) the satisfaction of all conditions precedent set out in the finance lease agreement entered into between Suining Wind Power and CNEC Financial Leasing (Shenzhen) Co. Ltd. (核建融資租賃(深圳)有限公司) (save for the condition in relation to the satisfaction of all conditions precedent of the 15MW Equipment Purchase Agreement);
- (6) (applicable for the 35MW Equipment Purchase Agreement only) the satisfaction of all conditions precedent set out in the First CMB Finance Lease Agreement (save for the condition in relation to the satisfaction of all conditions precedent of the 35MW Equipment Purchase Agreement); and
- (7) (applicable for the 95MW Equipment Purchase Agreement only) the satisfaction of all conditions precedent set out in the Second CMB Finance Lease Agreement (save for the condition in relation to the satisfaction of all conditions precedent of the 95MW Equipment Purchase Agreement).

Each of the relevant Vendors shall use its best endeavors to procure the fulfillment of the conditions set out in (2) and (4) above under each of the relevant Equipment Purchase Agreements. Each of the relevant Purchasers shall use its best endeavors to procure the fulfillment of the conditions set out in (1), (3), (4), and (5) (applicable for the 15MW Equipment Purchase Agreement only), (6) (applicable for the 35MW Equipment Purchase Agreement only) and (7) (applicable for the 95MW Equipment Purchase Agreement only) above. None of the conditions set out above are capable of being waived.

If the conditions set out above have not been satisfied on or before the 31 December 2019, the Equipment Purchase Agreements shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof. The relevance Vendors shall refund the refundable deposit (representing 30% of the total consideration under relevance Equipment Purchase Agreements) paid under the relevant Equipment Purchase Agreements to the relevance Purchasers.

As at the Latest Practicable Date, conditions (2) to (5) had been satisfied so far.

LETTER FROM THE BOARD

Warranty

Under each of the Equipment Purchase Agreements, there is a warranty period of five years for each batch of the 15MW Assembled Units, the 35MW Assembled Units and the 95MW Assembled Units commencing from the date of completion of the Preliminary Acceptance Check of the relevant batch of assembled units, during which the relevant Vendors warrant that the 15MW Assembled Units, the 35MW Assembled Units and the 95MW Assembled Units will be able to meet the technical standard and performance level as set out in the relevant Equipment Purchase Agreements, and failing which the relevant Vendors will be responsible to promptly repair and fix any defect at their own costs. Under the 35MW Equipment Purchase Agreement, there is a warranty period of eight years in total for the main bearing, a major component of the 35MW Equipment, during which the Second Vendor warrants that such main bearing will be able to meet the technical standard and performance level as set out in the 35MW Equipment Purchase Agreement, and failing which the Second Vendor will be responsible to promptly repair and fix any defect at its own costs.

Direct lease arrangement

For the purposes of tax saving and facilitation of arrangement based on the actual negotiation with the First Vendor, CNI Nanjing has taken up the capacity of the purchaser under the 15MW Equipment Purchase Agreement and 95MW Equipment Purchase Agreement. CNI Nanjing then entered into the Supplemental 15MW Equipment Purchase Agreement and Supplemental 95MW Equipment Purchase Agreement (which are of substantially the same terms and conditions as the 15MW Equipment Purchase Agreement and the 95MW Equipment Purchase Agreement respectively) with Suining Wind Power, pursuant to which CNI Nanjing has agreed to sell, and Suining Wind Power has agreed to purchase, the 15MW Equipment and 95MW Equipment respectively. For the purpose of financing the purchase of the 15MW Equipment and 95MW Equipment, Suining Wind Power has entered into financial leasing agreements with the financial leasing companies (i.e. CNEC Financial Leasing (Shenzhen) Co., Ltd. (核建融資租賃(深圳)有限公司), being the Company's wholly-owned subsidiary and a financial leasing company, for the 15MW Equipment and CMB Financial Leasing for the 95MW Equipment), pursuant to which Suining Wind Power has conditionally agree to assign its rights and obligations under the Supplemental 15MW Equipment Purchase Agreement and Supplemental 95MW Equipment Purchase Agreement to the financial leasing companies. With the above arrangements, the ownership of the 15MW Equipment and 95MW Equipment will be vested on the financial leasing companies in the first place and the type of financial leasing for the Equipment will be direct lease from the financial leasing companies, which will enable the Group to enjoy a concessionary rate of value added tax chargeable to the Group in the PRC.

LETTER FROM THE BOARD

Reasons for and benefits of entering into the Equipment Purchase Agreements

The Group is principally engaged in new energy operations, included (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.

Since 2018, the Group has started to explore opportunities to participate in constructing and investing in wind power electricity generation facilities and has submitted its application to the PRC authorities for wind power electricity generation design, engineering and general contracting qualifications with a view to develop the new wind power business.

In December 2018, the Group successfully obtained the approval from the Development and Reform Commission of Xuzhou City, Jiangsu Province to develop (i) a 15MW decentralised wind farm in Liangji Town in Jiangsu Province, the PRC; (ii) a 35MW wind farm in Liangji Town in Jiangsu Province, the PRC; and (iii) a 95MW wind farm in Weiji Town in Jiangsu Province, the PRC. In July 2019, the Company conducted an open tender to invite for vendors for the Equipment and the Equipment Purchase Agreements were entered into after completion of the Company’s open tender process. The Equipment to be purchased under the Equipment Purchase Agreements will be used for the Wind Power Project.

As one of the key players in the new energy industry of the PRC, the Group has successfully established its position in the solar photovoltaic power industry in the PRC. The Directors consider that the development of the Wind Power Project will enable the Group to further extend its coverage and footprint in the PRC and tap into the wind power industry in the PRC which will become an additional source of profit for the Group in the field of new energy. Having considered the above, the Directors are of the view that the Wind Power Project would enable the Group to achieve sustainable development through diversification of business portfolio to broaden the Group’s revenue base and enhance its earning capabilities.

LETTER FROM THE BOARD

The terms of the Equipment Purchase Agreements were determined based on the terms of the aforesaid open tender and after arm's length negotiations among the parties thereto. The purchase of the Equipment is part and parcel of the Group's plan of development of the Wind Power Project which will benefit the Group as detailed above. The Directors (including the independent non-executive Directors) therefore consider that the terms of each of the Equipment Purchase Agreements are on normal commercial terms, fair and reasonable and in the interest of the Group and the Shareholders as a whole.

The open tender process was conducted by 江蘇省設備成套有限公司 (Jiangsu Equipment Chengtao Company Limited*), a tender agent duly appointed by the Company. After the appointment of the tender agent, a tender notice and other relevant tender documents were put up in the designated official media of the PRC. Parties who were interested in submitting bids for the tender were given the chance to perform site visit before submitting the bids. Participants for the open tender process must submit the bids for the tender before the designated deadline together with security monies in a specified amount. The tender agent then reviewed and assessed the eligibility of each bidder and announce the selection results after a careful deliberation process. The Equipment Purchase Agreements were then entered into between the relevant parties accordingly.

The tender agent is wholly owned by 中國江蘇國際經濟技術合作集團有限公司 (China Jiangsu International Economic Technology Cooperation Group Limited*), which is a state-owned enterprise. Its ultimate beneficial owner are third parties independent of the Company and its connected persons.

The parties eligible for submitting bids for the open tender must possess a total installation capacity of 4000MW or above within the PRC. The proposed equipment to be sold by them must be able to show (i) a design certificate issued by institutions with industry wide recognised authority; and (ii) installation capacity of 50MW or above as proven by signed sale and purchase agreements.

The independence of participants in the open tender process was assessed by the tender agent based on a list of pre-determined criteria provided by the Company. The pre-determined criteria provided by the Company include (i) bidder is required to have accumulated installation capacity in the PRC of more than 4000MW as at 30 June 2019; (ii) the bidding equipment model having obtained the design certificate issued by the relevant authority in the PRC; and (iii) the bidding equipment model has a contract performance of at least 50MW or above. For the open tenders for each of the 15MW Equipment, the 35MW Equipment and the 95MW Equipment, there were in total 5, 6 and 7 bidders respectively who participated in the open tenders. Based on the above pre-determined criteria, all the participants in the open tenders were third parties independent of and not connected with the Company and its connected person and they were independent with each other.

LETTER FROM THE BOARD

The successful bidders of the open tender process were selected based on a number of selection criteria, including their technological competence, the proposed sale price of equipment and their business reputation in the industry. For the purpose of selecting the successful bidders of the open tender, the tender agent had formed a selection panel consisting of five experts in the field with a majority of the members possessing expertise in the fields of technology and economics. The selection panel had calculated the overall score of each participant based on the aforesaid selection criteria and compared the score of all participants. The First Vendor and Second Vendor were ultimately chosen as the successful bidders of the tender process since they had the highest overall score with reference to the aforesaid selection criteria.

For the 15MW Equipment Purchase Agreement and the 95MW Equipment Purchase Agreement, the consideration were the same as the sale price of the 15MW Equipment and 95MW Equipment proposed by the First Vendor in the open tender process. For the 35MW Equipment Purchase Agreement, the consideration under the 35MW Equipment Purchase Agreement was slightly lower than the sale price of the 35MW Equipment proposed by the Second Vendor in the open tender process in the amount of RMB152,151,160 due to the voluntary concession made by the Second Vendor in the negotiation process with Suining Wind Power.

In view of the above, the Directors (including the independent non-executive Directors) consider that the consideration of each of the Equipment Purchase Agreements are on normal commercial terms, fair and reasonable and in the interest of the Group and the Shareholders as a whole.

The purchase of the 35MW Equipment and 95MW Equipment will be financed as to (i) 90% by way of financial leasing through the entering into of the First CMB Finance Lease Agreement and the Second CMB Finance Lease Agreement respectively as detailed below; and (ii) the remaining 10% by internal resources. The purchase of the 15MW Equipment will be financed by way of financial leasing arrangement with CNEC Financial Leasing (Shenzhen) Co., Ltd. (核建融資租賃(深圳)有限公司), being the Company's wholly-owned subsidiary and a financial leasing company, as lessor.

The CMB Finance Lease Agreements

For the purpose of financing 90% of the total consideration for the purchase of the 35MW Equipment and 95MW Equipment, on 6 November 2019 (after trading hours of the Stock Exchange), Suining Wind Power, as lessee, entered into the First CMB Finance Lease Agreement and the Second CMB Finance Lease Agreement with CMB Financial Leasing, as lessor.

LETTER FROM THE BOARD

The First CMB Finance Lease Agreement

Date

6 November 2019 (after trading hours of the Stock Exchange)

Parties

Lessor: CMB Financial Leasing

Lessee: Suining Wind Power

CMB Financial Leasing is a finance leasing company established in the PRC. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, CMB Financial Leasing and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Financing arrangement

Pursuant to the First CMB Finance Lease Agreement, CMB Financial Leasing has conditionally agreed to, among other things, (i) enter into a tripartite assignment agreement to take up the rights and obligations of Suining Wind Power as purchaser under the 35MW Equipment Purchase Agreement and take ownership of the 35MW Equipment upon the delivery of the 35MW Equipment to Suining Wind Power; (ii) pay a net amount of RMB133,912,440 (equivalent to approximately HK\$148,733,759), representing 90% of the total consideration under the 35MW Equipment Purchase Agreement, to the Second Vendor in stages in accordance with the terms of the 35MW Equipment Purchase Agreement; and (iii) lease back the 35MW Equipment to Suining Wind Power after taking up the ownership of the 35MW Equipment. The ownership of the 35MW Equipment under the First CMB Finance Lease Agreement will be first vested in CMB Financial Leasing. At the end of the lease period and subject to (i) fulfilment of all its payment obligations under the First CMB Finance Lease Agreement by Suining Wind Power; and (ii) payment by Suining Wind Power of a nominal consideration of RMB1 (equivalent to approximately HK\$1.1107), the ownership of the 35MW Equipment will be vested in Suining Wind Power.

LETTER FROM THE BOARD

Lease payments

Pursuant to the First CMB Finance Lease Agreement, the estimated aggregate lease payments payable by Suining Wind Power to CMB Financial Leasing shall be approximately RMB171,661,396 (equivalent to approximately HK\$190,660,738), being (i) the principal amount of RMB133,912,440 (equivalent to approximately HK\$148,733,759) which is equal to the total amount payable by CMB Financial Leasing to the Second Vendor as settlement of 90% of the consideration under the 35MW Equipment Purchase Agreement; and (ii) the estimated aggregate interest of approximately RMB37,748,956 (equivalent to approximately HK\$41,926,979). The interest is calculated at floating rate, representing 5% over the benchmark lending interest rate for RMB loans tenor of over five years as promulgated by the People's Bank of China, which may be adjusted according to the prevailing lending interest rate to be promulgated by People's Bank of China from time to time (the "**Interest Rate**").

The lease payments shall be payable by Suining Wind Power in 36 quarterly instalments.

Security deposit and handling fee

Under the First CMB Finance Lease Agreement, Suining Wind Power shall pay the following to CMB Financial Leasing two days before the end of the grace period:-

- (i) security deposit in the total sum of RMB6,026,059.8 (equivalent to approximately HK\$6,693,019) which bears no interest and at the end of the lease period, the balance of the security deposit will be used to set off the last instalment(s) of the lease payments payable by Suining Wind Power to CMB Financial Leasing upon Suining Wind Power having fulfilled all of its obligations under the First CMB Finance Lease Agreement; and
- (ii) handling fee in the total sum of RMB4,017,373.2 (equivalent to approximately HK\$4,462,013) which is non-refundable under the First CMB Finance Lease Agreement.

Security

The obligations of Suining Wind Power under the First CMB Finance Lease Agreement will be secured by (i) a pledge on the right to tariffs and account receivables of Suining Wind Power under a sale and purchase of electricity agreement entered into between Suining Wind Power and 國網江蘇省電力有限公司 (State Grid Jiangsu Electric Power Company Limited); and (ii) a corporate guarantee provided by CNI Nanjing, an indirect wholly-owned subsidiary of the Company; and (iii) share charges over 51% and 49% of the total issued share capital of Suining Wind Power held by CNI Nanjing and CNI Development respectively in favour of CMB Financial Leasing.

LETTER FROM THE BOARD

Lease period

The finance lease is for a period of nine years with the first year as grace period in which only the interest part, but not the principal part, of the lease payments are payable by Suining Wind Power to CMB Financial Leasing.

Conditions precedent

The transactions contemplated under the First CMB Finance Lease Agreement are conditional upon and subject to the following conditions:

- (1) the passing of the requisite resolution(s) by the Shareholders at a general meeting approving the First CMB Finance Lease Agreement and the transactions contemplated thereunder;
- (2) all necessary consents and approvals required to be obtained on the part of the CMB Financial Leasing, in respect of the First CMB Finance Lease Agreement and the transactions contemplated thereunder, having been obtained;
- (3) all necessary consents and approvals required to be obtained on the part of Suining Wind Power, in respect of the First CMB Finance Lease Agreement and the transactions contemplated thereunder, having been obtained;
- (4) all necessary consents and approvals required to be obtained from the governmental departments in the PRC, the relevant regulatory authorities and independent third parties, in respect of the First CMB Finance Lease Agreement and the transactions contemplated thereunder, having been obtained; and
- (5) the satisfaction of all conditions precedent set out in the 35MW Equipment Purchase Agreement (save for the condition in relation to the satisfaction of all conditions precedent of the First CMB Finance Lease Agreement).

CMB Financial Leasing shall use its best endeavors to procure the fulfillment of the conditions set out in (2) and (4) above. Suining Wind Power shall use its best endeavors to procure the fulfillment of the conditions set out in (1), (3), (4) and (5) above. None of the conditions set out above are capable of being waived.

If the conditions set out above have not been satisfied on or before the 31 December 2019, the First CMB Finance Lease Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

As at the Latest Practicable Date, conditions (2) to (4) had been satisfied so far.

LETTER FROM THE BOARD

The Second CMB Finance Lease Agreement

Date

6 November 2019 (after trading hours of the Stock Exchange)

Parties

Lessor: CMB Financial Leasing

Lessee: Suining Wind Power

Financing arrangement

Pursuant to the Second CMB Finance Lease Agreement, CMB Financial Leasing has conditionally agreed to, among other things, (i) enter into a tripartite assignment agreement to take up the rights and obligations of Suining Wind Power as purchaser under the Supplemental 95MW Equipment Purchase Agreement and take ownership of the 95MW Equipment upon delivery of the 95MW Equipment to Suining Wind Power; (ii) pay a net amount of RMB395,644,500 (equivalent to approximately HK\$439,434,109), representing 90% of the total consideration under the Supplemental 95MW Equipment Purchase Agreement, to CNI Nanjing in stages in accordance with the terms of the Supplemental 95MW Equipment Purchase Agreement; and (iii) lease back the 95MW Equipment to Suining Wind Power after taking up the ownership of the 95MW Equipment. The ownership of the 95MW Equipment under the Second CMB Finance Lease Agreement will be first vested in CMB Financial Leasing. At the end of the lease period and subject to (i) fulfilment of all its payment obligations under the Second CMB Finance Lease Agreement by Suining Wind Power; and (ii) payment by Suining Wind Power of a nominal consideration of RMB1 (equivalent to approximately HK\$1.1107), the ownership of the 95MW Equipment will be vested in Suining Wind Power.

Lease payments

Pursuant to the Second CMB Finance Lease Agreement, the estimated aggregate lease payments payable by Suining Wind Power to CMB Financial Leasing shall be approximately RMB507,173,845.37 (equivalent to approximately HK\$563,307,431), being (i) the principal amount of RMB395,644,500 (equivalent to approximately HK\$439,434,109) which is equal to the total amount payable by CMB Financial Leasing to CNI Nanjing as settlement of 90% of the consideration under the Supplemental 95MW Equipment Purchase Agreement; and (ii) the estimated aggregate interest of approximately RMB111,529,345 (equivalent to approximately HK\$123,873,322), which is calculated at the Interest Rate.

The lease payments shall be payable by Suining Wind Power in 36 quarterly instalments.

LETTER FROM THE BOARD

Security deposit and handling fee

Under the Second CMB Finance Lease Agreement, Suining Wind Power shall pay the following to CMB Financial Leasing two days before the end of the grace period:-

- (i) security deposit in the total sum of RMB17,804,002.5 (equivalent to approximately HK\$19,774,535), which bears no interest and at the end of the lease period, the balance of the security deposit will be used to set off the last instalment(s) of the lease payments payable by Suining Wind Power to CMB Financial Leasing upon Suining Wind Power having fulfilled all of its obligations under the Second CMB Finance Lease Agreement; and
- (ii) handling fee in the total sum of RMB11,869,335 (equivalent to approximately HK\$13,183,023) which is non-refundable under the Second CMB Finance Lease Agreement.

Security

The obligations of Suining Wind Power under the Second CMB Finance Lease Agreement will be secured by (i) a pledge on the right to tariffs and account receivables of Suining Wind Power under a sale and purchase of electricity agreement entered into between Suining Wind Power and 國網江蘇省電力有限公司 (State Grid Jiangsu Electric Power Company Limited); (ii) a corporate guarantee provided by CNI Nanjing, an indirect wholly-owned subsidiary of the Company; and (iii) share charges over 51% and 49% of the total issued share capital of Suining Wind Power held by CNI Nanjing and CNI Development respectively in favour of CMB Financial Leasing.

Lease period

The finance lease for a period of nine years with the first year as grace period in which only the interest part, but not the principal part, of the lease payments are payable by Suining Wind Power to CMB Financial Leasing.

Conditions precedent

The transactions contemplated under the Second CMB Finance Lease Agreement are conditional upon and subject to the following conditions:

- (1) the passing of the requisite resolution(s) by the Shareholders at a general meeting approving the Second CMB Finance Lease Agreement and the transactions contemplated thereunder;

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- (2) all necessary consents and approvals required to be obtained on the part of the CMB Financial Leasing, in respect of the Second CMB Finance Lease Agreement and the transactions contemplated thereunder, having been obtained;
- (3) all necessary consents and approvals required to be obtained on the part of Suining Wind Power, in respect of the Second CMB Finance Lease Agreement and the transactions contemplated thereunder, having been obtained;
- (4) all necessary consents and approvals required to be obtained from the governmental departments in the PRC, the relevant regulatory authorities and independent third parties, in respect of the Second CMB Finance Lease Agreement and the transactions contemplated thereunder, having been obtained; and
- (5) the satisfaction of all conditions precedent set out in the Supplemental 95MW Equipment Purchase Agreement (save for the condition in relation to the satisfaction of all conditions precedent of the Second CMB Finance Lease Agreement).

CMB Financial Leasing shall use its best endeavors to procure the fulfillment of the conditions set out in (2) and (4) above. Suining Wind Power shall use its best endeavors to procure the fulfillment of the conditions set out in (1), (3), (4) and (5) above. None of the conditions set out above are capable of being waived.

If the conditions set out above have not been satisfied on or before the 31 December 2019, the Second CMB Finance Lease Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

As at the Latest Practicable Date, conditions (2) to (4) had been satisfied so far.

LETTER FROM THE BOARD

Reasons for and benefits of entering into The CMB Finance Lease Agreements

The entering into of the CMB Finance Lease Agreements provide financing for 90% of the total consideration for the purchase of the 35MW Equipment and the 95MW Equipment, while at the same time enable the Group to retain the right of use of the relevant equipment for the development of the Wind Power Project. The CMB Finance Lease Agreements and the transactions contemplated thereunder have been agreed under normal commercial terms and after arm's length negotiations between Suining Wind Power and CMB Financial Leasing. The Company approached five major financial leasing companies in the PRC (including CMB Financial Leasing) during the selection process of the provider of financing for the equipment purchase. CMB Financial Leasing was determined to be the most suitable provider of financing since the terms proposed by them were the most favourable taking into account a number of factors including the project scale, funding needs and duration of lease period as desired by the Company. The level of handling fee and interest rate proposed by CMB Financial Leasing (handling fee of 3% of the principal amount of the lease payments and interest rate of 5% over the benchmark lending interest rate for RMB loans tenor of over five years as promulgated by the People's Bank of China) were the most favourable among all the proposals received by the Company (with handling fees ranging from 5% to 9% of the principal amount of the lease payments and interest rates ranging from 15% to 30% over the benchmark leading interest rate for RMB loans tenor of over five years as promulgated by the People's Bank of China proposed by the financial leasing companies other than CMB Financial Leasing) and were adopted in the CMB Finance Lease Agreements subsequently. With reference to the above, and taking into particular consideration of the duration of the lease payment period as desired by the Company, the Directors consider that the lease payments as stipulated under the CMB Finance Lease Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors therefore consider that the terms of the CMB Finance Lease Agreements and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The Main Construction Agreement

On 6 November 2019 (after trading hours of the Stock Exchange), Suining Wind Power, as principal, has entered into the Main Construction Agreement with Xiexin Energy, as the main contractor, for the provision of construction and engineering works of the Wind Power Project.

The principal terms of the Main Construction Agreement are set out as follows:-

Date

6 November 2019 (after trading hours of the Stock Exchange)

Parties

- (1) Suining Wind Power; and
- (2) Xiexin Energy.

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

Subject matter

Pursuant to the Main Construction Agreement, Suining Wind Power as principal has conditionally agreed to engage Xiexin Energy as the main contractor, who has conditionally agreed to undertake, among other things, the construction of (i) a 15MW decentralised wind farm in Liangji Town in Jiangsu Province, the PRC; (ii) a 35MW wind farm in Liangji Town in Jiangsu Province, the PRC; and (iii) a 95MW wind farm in Weiji Town in Jiangsu Province, the PRC in accordance with the technical standards and specifications as set out in the Main Construction Agreement and be responsible for all related construction, civil engineering and installation works. Xiexin Energy shall also be responsible for the maintenance of (i) different parts of the construction works for different maintenance periods ranging from 2 years to 5 years; and (ii) the overall construction works of the Wind Power Project for the warranty period of one year commencing from the date of issue of the project completion acceptance certificate. Xiexin Energy shall be responsible for repairing and fixing any defects at its own costs within the aforesaid periods of maintenance and warranty.

It is expected that the wind farms will be connected to grid by 31 May 2020 and the construction will be completed by 31 August 2020. Upon completion of the construction, the wind farms of the Wind Power Project shall be owned and operated by Suining Wind Power.

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Consideration

The total consideration under the Main Construction Agreement is RMB386,899,370 (equivalent to approximately HK\$429,721,075), which shall be payable by Suining Wind Power to Xiexin Energy in the manner set out below:-

- (1) monthly progress payments in such amount equivalent to 50% of the Assessed Value of Works completed under the Main Construction Agreement during the relevant month;
- (2) payment of up to 70% of the aggregated Assessed Value of Works completed under the Main Construction Agreement to be made within one month after the completion of all construction works under the Main Construction Agreement;
- (3) payment of up to 97% of the total consideration under the Main Construction Agreement to be made within one month after the project completion acceptance and settlement audit of the works performed by Xiexin Energy under the Main Construction Agreement; and
- (4) payment in such amount equivalent to 3% of the total consideration under the Main Construction Agreement within thirty (30) days after one year from the date of issue of the project completion acceptance certificate under the Main Construction Agreement, which shall be applied as quality assurance fund (the “**Quality Assurance Fund**”) and subject to the deduction by Suining Wind Power as described in the paragraph “Warranty Period” below.

The payment of consideration under the Main Construction Agreement will be funded solely by internal resources of the Company.

Warranty Period

There is a warranty period of one year to warrant the quality of the overall construction works under the Main Construction Agreement from the date of issue of the project completion acceptance certificate under the Main Construction Agreement. Xiexin Energy shall be responsible for repairing and fixing any defects at its own costs within the warranty period. If Xiexin Energy fails to repair and fix the defects within eight days after receiving the notice from Suining Wind Power or the defects cannot be fixed after two times of repairment works performed by Xiexin Energy, Suining Wind Power is entitled to engage other personnel to repair and fix the defects and the costs incurred shall be deducted from the Quality Assurance Fund payable by Suining Wind Power to Xiexin Energy. If the overall quality of the construction works under the Main Construction Agreement is satisfactory within the warranty period of one year, Suining Wind Power shall pay to Xiexin Energy the Quality Assurance Fund in full.

LETTER FROM THE BOARD

Conditions precedent

The transaction contemplated under the Main Construction Agreement is conditional upon and subject to the following conditions:

- (1) the passing of the requisite resolution(s) by the Shareholders at a general meeting approving the Main Construction Agreement and the transactions contemplated thereunder;
- (2) all necessary consents and approvals required to be obtained on the part of Xiexin Energy, in respect of the Main Construction Agreement and the transactions contemplated thereunder, having been obtained;
- (3) all necessary consents and approvals required to be obtained on the part of Suining Wind Power, in respect of the Main Construction Agreement and the transactions contemplated thereunder, having been obtained; and
- (4) all necessary consents and approvals required to be obtained from the governmental departments in the PRC, the relevant regulatory authorities and independent third parties in respect of the Main Construction Agreement and the transactions contemplated thereunder having been obtained.

Xiexin Energy shall use its best endeavors to procure the fulfillment of the conditions set out in (2) and (4) above. Suining Wind Power shall use its best endeavors to procure the fulfillment of the conditions set out in (1), (3) and (4) above. None of the conditions set out above are capable of being waived.

If the conditions set out above have not been satisfied on or before the 31 December 2019, the Main Construction Agreement shall cease and terminate and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

As at the Latest Practicable Date, conditions (2) to (4) had been satisfied so far.

Reasons for and benefits of entering into the Main Construction Agreement

The Group conducted an open tender in September 2019 to invite for main contractor for the construction and engineering works of wind farms under the Wind Power Project and the Main Construction Agreement was entered into after completion of the open tender process.

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The open tender process was conducted by 江蘇省設備成套有限公司 (Jiangsu Equipment Chengtao Company Limited*), a tender agent duly appointed by the Company. After the appointment of the tender agent, a tender notice and other relevant tender documents were put up in the designated official media of the PRC. Parties who were interested in submitting bids for the tender were given the chance to perform site visit before submitting the bids. Participants for the open tender process must submit the bids for the tender before the designated deadline together with security monies in a specified amount. The tender agent then reviewed and assessed the eligibility of each bidder and announce the selection results after a careful deliberation process. The Main Construction Agreement was then entered into between the relevant parties accordingly.

The tender agent is wholly owned by 中國江蘇國際經濟技術合作集團有限公司 (China Jiangsu International Economic Technology Cooperation Group Limited*), which is a state-owned enterprise. Its ultimate beneficial owner are third parties independent of the Company and its connected persons.

The parties eligible for submitting bids for the open tender must possess (i) main constructor certification of level two or above; (ii) electricity facility installation permit of level four or above; and (iii) quality/environment/occupational safety health safety management system certification of industry wide recognised standard.

The independence of participants in the tender process was assessed by the tender agent based on a list of pre-determined criteria provided by the Company. The pre-determined criteria provided by the Company include (i) possession of power engineering construction general contracting qualification level 2 or above; (ii) possession of undertaking (repairing and testing) power facility license level 4 or above; and (iii) possession of quality/environmental/occupational safety health and safety management system certificate. For the open tender for the Main Construction Agreement, there were in total 3 bidders who participated in the open tender. Based on the above pre-determined criteria, all the participants in the open tender were independent of and not connected with the Company and its connected person and were independent with each other.

The successful bidder of the open tender process was selected based on a number of selection criteria, including its technological competence, the proposed consideration for the main construction works and their business reputation in the industry. For the purpose of selecting the successful bidder of the open tender, the tender agent had formed a selection panel consisting of five experts in the field with a majority of the members possessing expertise in the fields of technology and economics. The selection panel had calculated the overall score of each participant based on the aforesaid selection criteria and compared the score of all participants. Xiexin Energy was ultimately chosen as the successful bidder of the tender process since it had the highest overall score with reference to the aforesaid selection criteria.

LETTER FROM THE BOARD

The consideration under the Main Construction Agreement was the same as the consideration proposed by Xiexin Energy in the open tender process.

In view of the above, the Directors (including the independent non-executive Directors) consider that the consideration of the Main Construction Agreement is on normal commercial terms, fair and reasonable and in the interest of the Group and the Shareholders as a whole.

The terms of the Main Construction Agreement were determined in accordance with the terms of the aforesaid open tender and after arm's length negotiations among the parties thereto. The construction and engineering works of wind farms is vital for the development of the Wind Power Project which will benefit the Group as detailed in the section above. The Directors (including the independent non-executive Directors) therefore consider that the terms of the Main Construction Agreement are on normal commercial terms, fair and reasonable and in the interest of the Group and the Shareholders as a whole.

Relationship among the Agreements

The purpose of the First CMB Finance Lease Agreement is to provide funding for 90% of the total consideration of the 35MW Equipment Purchase Agreement and is therefore inter-conditional with the 35MW Equipment Purchase Agreement. The purpose of the Second CMB Finance Lease Agreement is to provide funding for 90% of the total consideration of the 95MW Equipment Purchase Agreement and is therefore inter-conditional with the 95MW Equipment Purchase Agreement. Save for the above, the Agreements are not inter-conditional with each other.

Notwithstanding the fact that the Agreements are not all inter-conditional with each other pursuant to the terms and conditions thereof, the Company is of the view that the Agreements are in fact inter-conditional with each other due to their relatedness and interdependency as explained below. As a result, the Company will put forward one resolution in the circular and the notice of SGM for the Shareholders to consider and if thought fit, approve all Agreements at the SGM. The reasons are as follows:-

- (i) the relatedness of the Agreements to the Wind Power Project. The Equipment Purchase Agreements are for the purpose of procuring the necessary equipment, products and materials for the construction of wind farms. The CMB Finance Lease Agreements are for the purpose of providing financing for the purchase of the 35MW Equipment and 95MW Equipment as described above. The Main Construction Agreement, on the other hand, is for the purpose of engaging a main contractor for the construction and engineering works of the Wind Power Project; and

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- (ii) the inter-dependency of the Agreements due to the practical execution of the Wind Power Project. If any one of the Agreements is not approved by the Shareholders at the SGM, the Company may not proceed with the Wind Power Project as the Group will have to conduct open tender process again to invite tenders for the provision of the required products and services, which may last for several months and during which the costs of the required products and services may fluctuate and exceed the budget of the Company originally contemplated for the Wind Power Project. The Company will also have to negotiate with the financier again regarding the terms of the financing. The termination of the agreements approved by the Shareholders at the SGM may also incur liability to the Group pursuant to the terms and conditions of these agreements when all the conditions precedent of these agreements have already been fulfilled.

In view of the above, notwithstanding the fact that the Agreements are not all inter-conditional with each other pursuant to the terms and conditions thereof, the Company is of the view that the Agreements are in fact inter-conditional with each other due to their relatedness and interdependency. The Company therefore considers it to be in the best interest of the Company and the Shareholders as a whole to approve the Agreements in one resolution at the SGM. If the resolution is not approved by the Shareholders at the SGM, the Company will terminate the Agreements and will not proceed with the Wind Power Project.

Information of the parties

The First Vendor is a company established in the PRC with limited liability. It is principally engaged in the design, manufacture, sale of large scale wind power electricity generation unit and the construction and operation of wind farm and provision of related consultancy service. The holding company of the First Vendor is 中國中車股份有限公司 (officially known as CRRC Corporation Limited), a company established in the PRC and listed on Shanghai Stock Exchange (stock code: 601766) and the Stock Exchange (stock code: 1766).

The Second Vendor is a company established in the PRC with limited liability. It is principally engaged in the development, manufacture, sale and maintenance of wind power electricity generators and related accessories and the construction and operation of wind farm. The holding company of the Second Vendor is 湘潭電機股份有限公司 (officially known as Xiangtan Electric Manufacturing Co Ltd), a company established in the PRC and listed on Shanghai Stock Exchange (stock code: 600416).

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Suining Wind Power is an indirect wholly-owned subsidiary of the Company and is principally engaged in wind power electricity generation, sale of electricity, wind power electricity generation engineering project design, construction, maintenance and provision of related management services.

CNI Nanjing is an indirect wholly-owned subsidiary of the Company and is principally engaged in the development of new energy projects.

CMB Financial Leasing is a company established in the PRC with limited liability. It is principally engaged in financial leasing business, transfer of financial leasing assets and fixed income securities investment business. The holding company of CMB Financial Leasing is 招商銀行股份有限公司 (officially known as China Merchants Bank Co., Ltd.), a company established in the PRC and listed on Shanghai Stock Exchange (stock code: 600036) and the Stock Exchange (stock code: 3968).

Xiexin Energy is a company established in the PRC with limited liability. It is principally engaged in the design, construction, installation and engineering of solar power plants, solar photovoltaic system technology development, technical consulting, technical services and technology transfer; electrical engineering design and construction; sales of electrical power station equipment and accessories, the import and export business of technology and various commodities. The holding company of Xiexin Energy is 協鑫集成科技股份有限公司 (officially known as GCL System Integration Technology Co Ltd), a company established in the PRC and listed on Shenzhen Stock Exchange (stock code: 002506).

Financial effects of the proposed transactions on the Group

Earnings

For illustration purpose only, upon completion of the Wind Power Project (assuming that it takes place in November 2019), the earnings of the Group for the financial year ending 31 December 2019 will be affected by (i) additions of interest expenses and amortisation charges of handling fee under the CMB Finance Lease Agreements, which would amount, in aggregate, to approximately RMB165,165,009 (equivalent to approximately HK\$183,445,337) during the term of the CMB Finance Lease Agreements; (ii) additions of depreciation charges in respect of the Wind Power Project (included the Equipment and the capitalised construction cost under the Main Construction Agreement); and (iii) possible tax impacts from the above effects.

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Assets and Liabilities

Upon completion of the Wind Power Project, the fixed assets of the Group will be increased by (i) the initial cost (i.e. being the acquisition cost) of the Equipment and (ii) the capitalised construction cost under the Main Construction Agreement in the total amount of RMB1,036,352,000 (equivalent to approximately HK\$1,151,055,000).

The liabilities of the Group will be increased by the amount of borrowing from CMB Financial Leasing (the lessor) under the CMB Finance Lease Agreements of RMB529,557,000 (equivalent to approximately HK\$588,168,000) and the amount of the consideration payable to the Vendors and Xiexin Energy (the main contractor under the Main Construction Agreement) of RMB506,795,000 (equivalent to approximately HK\$562,887,000).

It is expected that the Wind Power Project will result in a total cash outflow of approximately RMB1,201,517,229 (equivalent to approximately HK\$1,334,500,171) (i.e. the aggregate of (i) the lease payments, the interest amount to be accrued and the handling fee under the CMB Finance Lease Agreements, (ii) the usage of internal resources for the 10% purchase of the 35MW Equipment and 95MW Equipment, (iii) the usage of internal resources for the purchase of the 15MW Equipment, and (iv) the usage of internal resources for settlement of the Main Construction Agreement).

Listing Rules Implication

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in relation to the Equipment Purchase Agreements (when aggregated), the CMB Finance Lease Agreements (when aggregated) and the Main Construction Agreement (when aggregated with the Equipment Purchase Agreements and the CMB Finance Lease Agreements) exceed 100%, the Equipment Purchase Agreements, the CMB Finance Lease Agreements and the Main Construction Agreement and the transactions contemplated thereunder constitute very substantial acquisitions of the Company and is subject to reporting, announcement and shareholders' approval requirements thereunder.

Rule 14.69(4)(b) of the Listing Rules requires that a circular issued for a very substantial acquisition and on an acquisition of any revenue-generating assets (other than a business or a company) with an identifiable income stream or assets valuation must contain, among others, (i) a profit and loss statement and valuation (where available) for the 3 preceding financial years on the identifiable net income stream and valuation in relation to such assets; and (ii) a pro forma profit and loss statement and net assets statement on the enlarged group.

The transactions contemplated under the Agreements consist of the acquisition of Equipment under the Equipment Purchase Agreements, the obtaining of financing under the CMB Finance Lease Agreements and the construction of the Wind Power Project under the Main Construction Agreement. The only transaction relevant to Rule 14.69(4)(b) of the Listing Rules would be the acquisition of Equipment under the Equipment Purchase Agreements. However, since the Equipment are brand new, there is no identifiable income stream attributable to them. In addition, as the consideration for the purchase of the Equipment was determined based on open tenders and after arm's length negotiation among the parties thereto, no asset valuation was conducted in relation to the Equipment. Therefore, there is no acquisition of any revenue-generating assets with identifiable income stream or asset valuation. As such, Rule 14.69(4)(b) of the Listing Rules is not applicable to the transactions contemplated under the Agreements.

LETTER FROM THE BOARD

3. RE-ELECTION OF RETIRING DIRECTOR

Pursuant to bye-law 83(2) of the Bye-laws, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorisation by the members of the Company in general meeting, as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting.

Accordingly, Mr. Kang Xinquan shall retire from office as independent non-executive Director at the SGM and, being eligible, has offered himself for re-election at the SGM.

Biographical details of Mr. Kang Xinquan proposed for re-election at the SGM are set out in Appendix II to this circular as required under rule 13.51(2) of the Listing Rules.

4. SPECIAL GENERAL MEETING

A notice convening the SGM is set out on pages 85 to 90 of this circular. For the purpose of ascertaining Shareholders' right to attend and vote at the meeting, the register of members of the Company will be closed from Thursday, 12 December 2019 to Tuesday, 17 December 2019, both days inclusive, during which no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the meeting, all transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 11 December 2019.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Agreements nor the re-election of Director. As such, no Shareholders are required to abstain from voting on the relevant resolutions at the SGM.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof (as the case may be) (i.e. not later than 10:30 a.m. on Sunday, 15 December 2019). Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

5. RECOMMENDATION

The Directors consider that the terms of the Equipment Purchase Agreements, CMB Finance Lease Agreements and the Main Construction Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Shareholders are concerned, and that these transactions and the re-election of Director are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of the relevant ordinary resolutions at the SGM.

6. VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the shareholders at the general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. In compliance with the Listing Rules and pursuant to the Bye-laws, the votes at the SGM will be taken by poll and the result of which will be announced after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

Yours faithfully,

By order of the Board

China Nuclear Energy Technology Corporation Limited

Zhao Yixin

Chairman

FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three financial years ended 31 December 2016, 2017 and 2018 and details of the unaudited interim financial information of the Group for the six months ended 30 June 2019 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.cnetcl.com):

- annual report of the Group for the year ended 31 December 2016 published on 11 April 2017 (pages 32 to 113);
- annual report of the Group for the year ended 31 December 2017 published on 10 April 2018 (pages 37 to 121);
- annual report of the Group for the year ended 31 December 2018 published on 11 April 2019 (pages 36 to 139); and
- the interim report of the Company for the six months ended 30 June 2019 published on 9 September 2019 (pages 3 to 32).

STATEMENT OF INDEBTEDNESS

As at the close of business on 30 September 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the total indebtedness of the Group was as follows:

Borrowings

As at the close of business on 30 September 2019, the Group's borrowings as follows:

	<i>HK\$'000</i>
Bank and other borrowings	2,314,579
Loan from holding company	<u>71,342</u>
	<u><u>2,385,921</u></u>

Capital commitment

The Group had capital commitment as follows:

	<i>HK\$'000</i>
Contracted but not provided for:	
– Acquisition of land and property, plant and equipment	<u> –</u>

Disclaimer

Save as aforesaid or as otherwise disclosed herein, as at the close of business on 30 September 2019, and apart from intra-group liabilities, the Group did not have any loan capital issued and outstanding or agreed to be issued, or any outstanding bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL SUFFICIENCY

The Directors are of the opinion that, taking into account the effect of the transactions contemplated under the Equipment Purchase Agreements, CMB Finance Lease Agreements and the Main Construction Agreement and the financial resources and banking facilities available to the Group, the Group will have sufficient working capital to satisfy its present requirements for the next twelve months from the date of this circular in the absence of unforeseen circumstances.

FINANCIAL AND TRADING PROSPECTS

The Group maintained steady revenue growth for the first half of 2019 notwithstanding the uncertainties and concerns over the national solar policy announced by the government of the People's Republic of China (the "PRC") on 31 May 2018 to terminate any approvals for new subsidised utility-scale photovoltaic power stations in 2018 (the "531 Policy"). For the six months ended 30 June 2019, the overall revenue of the Group increased 1.06% to HK\$1,037,388,000 (2018: HK\$1,026,496,000), mainly contributed by the engineering, procurement and construction (the "EPC") and consultancy segment.

In 2019, the Group continued to expand its EPC and consultancy portfolio. Apart from focusing on the traditional photovoltaic EPC projects, the Group had plans to explore business opportunities in other renewable energy segments such as wind energy and other general engineering, procurement and construction segment so as to attain the purpose of portfolio diversification.

Being one of the seasoned players of EPC and consultancy in PRC power generation industry and in view of the growth potential of the new energy market, the Group has secured and implemented a number of major solar photovoltaic power projects and is searching for other potential wind power projects aiming to expedite its development, enhance its competitiveness and optimize its production in order to cultivate new profits to the Group. The Group will endeavor to enhance its market competitiveness through precise management and risk mitigation efforts. In addition, the Group will proactively explore investment opportunities in other new energy and other EPC sector in PRC and the overseas to achieve positive returns and enable sustainability.

MANAGEMENT DISCUSSION AND ANALYSIS

Set out below are the management discussion and analysis of the Group for each of the three years ended 31 December 2018 and the six months ended 30 June 2019.

For the six months ended 30 June 2019

Business review

The Group maintained steady revenue growth for the first half of 2019 notwithstanding the uncertainties and concerns over the national solar policy announced by the government of the People's Republic of China (the "PRC") on 31 May 2018 to terminate any approvals for new subsidised utility-scale photovoltaic power stations in 2018 (the "531 Policy"). For the six months ended 30 June 2019, the overall revenue of the Group increased 1.06% to HK\$1,037,388,000 (2018: HK\$1,026,496,000), mainly contributed by the engineering, procurement and construction (the "EPC") and consultancy segment. Profit before income tax expense decreased 14.06% to HK\$49,335,000 (2018: HK\$57,407,000). Profit for the period increased 45.59% to HK\$41,081,000 (2018: HK\$28,217,000).

EPC and Consultancy

During the interim period, EPC and consultancy segment recorded segment sales to external customers of HK\$843,339,000 (2018: HK\$768,717,000) and segment result of HK\$61,494,000 (2018: HK\$74,727,000), representing an increase of 9.71% and a decrease of 17.71% respectively as compared to that of the last interim period. Revenue of the EPC and consultancy segment was recognised based on stage of completion of the projects. The improvement of segment revenue was primarily attributable to projects of larger scale were secured and with significant percentage of completion recognised during the period. Nevertheless, this business segment encountered strong headwinds in face of keen market competition, uncertainties of relevant PRC government policy and risk associated with concentration on one single market segment.

In 2019, the Group continued to expand its EPC and consultancy portfolio. Apart from focusing on the traditional photovoltaic EPC projects, the Group had plans to explore business opportunities in other renewable energy segments such as wind energy and other general engineering, procurement and construction segment so as to attain the purpose of portfolio diversification.

Manufacturing and Trading

The module plant of the Group in Peixian of Xuzhou commenced its operation in 2018 and recorded segment sales to external customers of HK\$94,177,000 (2018: HK\$200,003,000) and segment loss of HK\$7,964,000 (2018: segment result of HK\$5,126,000) for the six months ended 30 June 2019. The module plant was principally engaged in assembling silicon wafers and other components for the formation of solar photovoltaic modules. This business segment faced challenges during 2019, mainly due to keen market competition and decreased in number of sales contracts, which lead to the decrease in revenue and affected the segment performance. In order to minimise the impact of the 531 Policy, the module plant provided OEM services during 2019 and planned to explore overseas market and to strengthen its internal management.

Power Generation

As at 30 June 2019, the Group owned and operated a total installed capacity of 163.38MW solar photovoltaic power stations and rooftop distributed solar photovoltaic power facilities in Jiangsu, Hebei and Yunnan, generating electricity income for the Group. As a result, this segment recorded segment sales to external customers of HK\$86,715,000 (2018: HK\$45,708,000) and segment result of HK\$36,871,000 (2018: HK\$21,931,000) for the six months ended 30 June 2019. The solar power plants and facilities of the Group are located in China and most of the revenue is contributed by State Grid Corporation of China, which is a state-owned enterprise in China. On the other hand, the results of the power generation segment will be affected by the hours of daylight during the year.

Financing

For the six months ended 30 June 2019, the Group's finance leasing business recorded segment sales to external customers of HK\$13,157,000 (2018: HK\$12,068,000) and segment loss of HK\$10,218,000 (2018: loss of HK\$10,863,000) as the Group had focused on intragroup financial leasing projects during the interim period.

Business Prospect

Being one of the seasoned players of EPC and consultancy in PRC power generation industry and in view of the growth potential of the new energy market, the Group has secured and implemented a number of major solar photovoltaic power and wind power projects aiming to expedite its development, enhance its competitiveness and optimise its production in order to cultivate new profits to the Group. The Group will endeavour to enhance its market competitiveness through precise management and risk mitigation efforts. In addition, the Group will proactively explore investment opportunities in other new energy and other EPC sector in PRC and the overseas to achieve positive returns and enable sustainability.

Financial review

The Group's revenue increased 1.06% from HK\$1,026,496,000 for the six months ended 30 June 2018 to HK\$1,037,388,000 for the six months ended 30 June 2019. The increase was mainly due to EPC projects of larger scale were secured and completed during the period. Profit attributable to owners of the Company amounted to HK\$38,609,000 which represented an increase of 43.44% when compared to that of the corresponding period in 2018. Basic earnings per share for the period was at HK2.94 cents when compared with HK2.05 cents recorded for the six months ended 30 June 2018.

Financial Results

During the period under review, the Group achieved revenue of HK\$1,037,388,000 (2018: HK\$1,026,496,000), representing a growth rate of 1.06% as compared to that of the last corresponding period.

Composition of revenue for the six months ended 30 June 2019 and 2018 is shown in the following table:

	For six months ended 30 June 2019 (Unaudited)		For six months ended 30 June 2018 (Unaudited)		% Change
	HK\$'000	%	HK\$'000	%	
EPC and consultancy	843,339	81.29	768,717	74.89	9.71
Power generation	86,715	8.36	45,708	4.45	89.72
Financing	13,157	1.27	12,068	1.18	9.02
Manufacturing and trading	94,177	9.08	200,003	19.48	-52.91
Total	<u>1,037,388</u>	<u>100.00</u>	<u>1,026,496</u>	<u>100.00</u>	<u>1.06</u>

EPC and consultancy segment remained the major revenue generator of the Group which contributed HK\$843,339,000 to the Group's revenue for the period ended 30 June 2019, representing an increase of 9.71% as compared to that of the corresponding period last year. The notable increase in revenue was attributable to EPC projects of larger scale were secured and with significant percentage of completion recognised during the period ended 30 June 2019.

Benefited from an addition of 20.43MW self-owned and self-operated solar power facilities connected to the national grid in late 2018 to mid-2019 and the existing solar power facilities have formed certain scale, power generation recorded a revenue of HK\$86,715,000 for the period ended 30 June 2019, representing an increase of 89.72% as compared to that of the last corresponding period.

Revenue from financing segment recorded a growth of 9.02% to HK\$13,157,000 (2018: HK\$12,068,000) as the Group received interest income and handling fee during the period from certain financial leasing projects that were incepted last year.

Manufacturing and trading segment became the second largest revenue generator of the Group since its commencement of operation in 2018 and achieved revenue of HK\$94,177,000 (2018: HK\$200,003,000), contributing to 9.08% (2018: 19.48%) of the Group's overall revenue for the period. This business segment faced challenges during 2019, mainly due to keen market competition and decreased in number of sales contracts, which lead to the decrease in revenue.

Included in other revenue and gains of HK\$3,982,000 (2018: HK\$1,690,000) were mainly interest income and sundry income.

Notwithstanding the steady growth of revenue, the Group's profit recorded a growth of 45.59% to HK\$41,081,000 (2018: HK\$28,217,000). In 2018, significant increase in the PRC income tax expenses during the period as certain subsidiaries of the Company operating in the PRC were no longer accredited as "Advanced Technology Enterprise" by the Science and Technology Bureau of relevant provinces and other authorities after the three-year tax concessionary period (2014-2017) and accordingly the enterprise income tax rate increased from 15% to 25%; and certain income tax expenses for PRC for the year ended 31 December 2017 was charged in 2018 in order to make up the tax shortfall in 2017 for ceasing as an "Advanced Technology Enterprise". In 2019, certain subsidiaries of the Company operating in the PRC have re-applied for the "Advanced Technology Enterprise" accreditation, the enterprise income tax rate approved was 15%, it is subject to further approval by the Science and Technology Bureau of relevant provinces and other authorities at the year end.

The cost of inventories used and the construction costs for the period under review were HK\$641,752,000 (2018: HK\$787,803,000) and HK\$236,475,000 (2018: HK\$85,834,000) respectively, representing corresponding decrease of 18.54% and increase of 175.50%. Such changes was primarily due to EPC and consultancy projects of larger scale were secured and completed during the period which increased the respective projects construction costs and the decrease in number of sales contracts in the manufacturing and trading business caused the decrease in purchase size which lowered the cost of inventories.

The decrease in staff costs by 4.88% to HK\$18,601,000 (2018: HK\$19,555,000) was due to competitiveness in labour market conditions. Other operating expenses decreased 37.98% to HK\$23,952,000 (2018: HK\$38,622,000) which included primarily exchange difference, bank charges, professional fee, administrative expenses and research and development expenses.

Finance cost for the period under review escalated 16.32% to HK\$29,621,000 (2018: HK\$25,466,000) as compared to that of the last corresponding period as a result of increase in bank and other borrowings secured by the Group and the associated loan interests for the expansion of EPC and consultancy and power generation businesses.

Financial Position

As at 30 June 2019 total assets of the Group were HK\$5,036,875,000 (31 December 2018: HK\$4,338,666,000), representing an increase of 16.09% as compared to that of 31 December 2018. In particular, current assets increased by 27.21% to HK\$3,482,533,000 (31 December 2018: HK\$2,737,537,000) and non-current assets decreased by 2.92% to HK\$1,554,342,000 (31 December 2018: HK\$1,601,129,000). After a vigorous increase of property, plant and equipment in 2018 for the development of self-owned and self-operated rooftop distributed photovoltaic power generation facilities, the growth of assets for the Group slowed down during the first half of 2019 due to keen market competition and change of PRC government policy on subsidy and quota for solar photovoltaic sector.

Total liabilities at 30 June 2019 were HK\$4,143,114,000 (31 December 2018: HK\$3,456,997,000), an increase by 19.85% as compared to that of the last balance sheet date. In particular, current liabilities at 30 June 2019 were HK\$3,456,432,000 (31 December 2018: HK\$2,927,534,000), an increase of 18.07% as compared to that of 31 December 2018 which was principally due to the increase of trade and bills payables and bank and other borrowings. Non-current liabilities were HK\$686,682,000 (31 December 2018: HK\$529,463,000), an increase of 29.69% as compared to that of 31 December 2018 as a result of the increase in bank and other borrowings.

Total equity attributable to owners of the Company as at 30 June 2019 was HK\$890,291,000 (31 December 2018: HK\$866,872,000), an increase of 2.70% as compared with that of 31 December 2018.

Capital Raising Exercise

The Company did not conduct a capital raising exercise during the period under review.

Liquidity, Financial Resources and Gearing

As at 30 June 2019, net current assets of the Group amounted to HK\$26,101,000 (31 December 2018: net current liabilities of HK\$189,997,000). Besides, the Group maintained cash and cash equivalents of HK\$397,291,000 (31 December 2018: HK\$415,874,000), of which approximately 9% was in Hong Kong dollars, 47% was in Renminbi (“RMB”), 43% was in United States dollars (“USD”) and 1% was in Eurodollars (“EUR”) (31 December 2018: approximately 25% was in Hong Kong dollars, 61% was in RMB, 14% was in USD).

As at 30 June 2019, the Group had outstanding bank and other borrowings of HK\$2,206,829,000 (31 December 2018: HK\$1,676,470,000), of which approximately, 14% was in Hong Kong dollars, 71% was in RMB, 10% was in USD and 5% was in Euro (31 December 2018: approximately 24% was in Hong Kong dollars, 61% was in RMB, 13% was in USD and 2% was in Euro). All of the Group’s borrowings were arranged on floating rate basis with effective interest rates ranged from 2.0% to 5.8% per annum (31 December 2018: ranged from 2.0% to 5.9% per annum). Except for certain bank and other borrowings which were committed loan facilities with specific maturity dates, the Group’s borrowings contained repayment on demand clause at any time at the discretion of the banks. Under the Hong Kong Accounting Standards, the Group had separated and classified the bank and other borrowings as current and non-current liabilities in the consolidated statement of financial position as at 30 June 2019 in accordance with the settlement term. Of the total bank and other borrowings as at 30 June 2019, HK\$1,512,254,000 (31 December 2018: HK\$1,234,372,000) was loans repayable within one year and the balance of HK\$694,575,000 (31 December 2018: HK\$442,098,000) was repayable more than one year.

As at 30 June 2019, included in other payables of approximately HK\$73,747,000 (RMB64,881,000) (31 December 2018: approximately HK\$51,237,000 (RMB45,000,000)) which represents an unsecured interest bearing loan from 中核投資有限公司 (transliterated as China Nuclear Investment Company Limited), an intermediate holding company of the Company. The interest rate of the loan is at the prevailing benchmark lending interest rate to be promulgated by The People’s Bank of China (“PBOC”) multiplied by (1+20%) per annum.

As at 31 December 2018, included in other payables of approximately HK\$10,874,000 (RMB9,550,000) which represents the non-interest bearing shareholders’ loan from a non-controlling interest shareholder of Guoxin Energy Limited, a non-wholly owned subsidiary of the Company.

As at 30 June 2019, the Group’s gearing ratio was 2.55 (31 December 2018: 2.09), which was calculated on the basis of total debt over total equity of the Company. Total debt comprise loans included in other payables and accruals, bank and other borrowings and obligation under finance lease.

Charge on Assets

As at 30 June 2019, the Group had property, plant and equipment, trade receivables, finance lease receivables and pledged bank deposits amounting to HK\$355,370,000 (31 December 2018: HK\$127,116,000), HK\$336,948,000 (31 December 2018: HK\$Nil), HK\$261,165,000 (31 December 2018: HK\$280,169,000), and HK\$617,056,000 (31 December 2018: HK\$302,455,000) respectively which have been pledged to secure the bank and other facilities granted to the Group.

Save as disclosed above, the Group had no other charges on its assets as at 30 June 2019 (31 December 2018: Nil).

Capital Structure

The Group generally finances its operations with internally generated resources, bank and other borrowings and capital raising activities. The liquidity and financing requirements of the Group are reviewed regularly.

As the Group's bank balances and cash are mainly denominated in Hong Kong dollars, RMB and USD, the Directors considered the Group was exposed to limited exchange risk. During the period, the Group did not use any financial instruments for hedging purpose and the Group did not have any hedging instruments outstanding as at 30 June 2019 (31 December 2018: Nil).

The Group will monitor closely the exchange rate risk arising from the Group's existing operations and any new investments in future and will implement necessary hedging arrangement to mitigate any significant foreign exchange risk when and if appropriate.

Capital Expenditure and Commitments

During the six months ended 30 June 2019, the Group had capital expenditure of HK\$6,320,000 (2018: HK\$293,100,000) which was used for the acquisition of property, plant and equipment.

As at 30 June 2019, the Group did not have any capital commitments (31 December 2018: Nil).

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and Associated Companies, and Future Plans for Material Investments or Capital Assets

Save for the above-mentioned and those disclosed in note 11 to the unaudited condensed consolidated financial statements of interim report of the Company, there were no other significant investments held, nor were there any material acquisitions or disposals of subsidiaries during the six months ended 30 June 2019.

Specific Performance Obligations on Controlling Shareholder

On 17 May 2019, the ultimate beneficial owner of China He (HK) Limited, which was the controlling shareholder of the Company, was changed from China Nuclear Engineering & Construction Corporation Limited* (中國核工業建設集團有限公司) (“CNECC”) to China National Nuclear Corporation Limited* (中國核工業集團有限公司) (“CNNC”) (the “**Reorganisation**”).

On 9 June 2017, the Company, as borrower, entered into a facility agreement (the “**CEB Facility Agreement**”) with China Everbright Bank, as lender, pursuant to which a term loan facility of up to HK\$250,000,000 or its equivalent in USD (the “**CEB Facility**”) has been granted to the Company for a term of 24 months from the first drawdown date. The CEB Facility (a) is interest bearing and unsecured, (b) the principal of the loan is repayable in one lump sum at maturity, and (c) contain repayment on demand clause at the discretion of China Everbright Bank. Pursuant to the CEB Facility Agreement, the then controlling shareholder of the Company, CNECC was required, at all times, to remain as the single largest shareholder of the Company (directly or indirectly) owning not less than 30% of the issued share capital of the Company, otherwise it will cause an event of default and China Everbright Bank shall have the right to cancel the total facility commitments and declare that all or part of the CEB Facility, all accrued interest and all other sums payable under the CEB Facility Agreement be immediately due and repayable. As of 30 June 2019, the CEB Facility was fully repaid by the Company.

On 28 February 2018, the Company, as borrower, entered into a facility letter (the “**IBC Facility Letter**”) with Industrial Bank Co., Ltd., Hong Kong Branch, as lender, pursuant to which a revolving loan facility of up to HK\$100,000,000 (the “**IBC Facility**”) was made available to the Company within twelve months from and inclusive of the date of the IBC Facility Letter. Pursuant to the terms of the IBC Facility Letter, among others, the Company has undertaken to procure that the then controlling shareholder of the Company, CNECC maintains its direct or indirect shareholdings in the Company of not less than 30% and remains as a single major shareholder of the Company so long as the IBC Facility is made available or any sum thereunder are outstanding, otherwise it will constitute an event of default. On the occurrence of an event of default, Industrial Bank Co., Ltd., Hong Kong Branch shall be entitled to (a) make a demand for immediate repayment of the Company’s indebtedness, liabilities and/or obligations; and/or (b) terminate or cancel all or any part of the credit and other facilities and accommodation granted to the Company. As of 30 June 2019, the IBC Facility was fully repaid by the Company.

* For identification purpose only

On 1 June 2018, the Company, as borrower, entered into a general banking facility (the “**Facility Letter One**”) with a licensed bank in Hong Kong, as lender, pursuant to which the licensed bank has agreed to make available a facility up to the aggregate notional amounts of USD20,000,000 (the “**Facility One**”) to the Company for (a) term loan repayable in 36 months after the date of advance; (b) spot or forward foreign exchange contracts (deliverable and/or non-deliverable) up to one year; or (c) interest rate derivatives contracts up to three years. The interest rate for term loan shall be charged at 1.3% per annum over London Interbank Offered Rate based on an interest period of three months. Pursuant to the terms of the Facility Letter One, among others, the Company has undertaken to procure that (i) CNNC maintains its unencumbered beneficial shareholding in the Company of not less than 30.46% upon completion of the Reorganisation of CNECC and CNNC; and (ii) CNECC remains as the largest shareholder of the Company. The Facility One shall be subject to the overriding right of the licensed bank at any time to request immediate repayment and/or satisfaction by the Company of all debts, liabilities and outstanding amounts owing to the bank on demand. Since the completion of the Reorganisation has taken place on 17 May 2019, on 15 August 2019, both the Company and the licensed bank agreed to amend the terms of Facility Letter One to reflect the change of shareholding of the Company’s ultimate shareholder.

On 19 June 2019, the Company, as the borrower, entered into a facility letter (the “**Facility Letter Two**”) with a licensed bank in Hong Kong, as the lender, pursuant to which a committed term loan facility of up to HK\$250,000,000 (the “**Facility Two**”) has been granted to the Company for a term of twenty-four months from the date of first drawdown. Pursuant to the terms of the Facility Letter Two, among others, the Company has undertaken to ensure that CNNC is the single largest (direct or indirect) beneficial shareholder of the Company owning not less than 30% beneficial shareholding in the Company so long as the Facility Two or any sum thereunder are outstanding, otherwise it will constitute an event of default. On the occurrence of an event of default, the licensed bank shall be entitled to (a) demand immediate repayment of all outstanding indebtedness, liabilities and/or obligations due, owing, incurred and/or payable by the Company in respect of all credit and other facilities; and/or (b) terminate or cancel all credit and other facilities and accommodation granted to the Company by the licensed bank.

On 20 June 2019, the Company, as the borrower, entered into a facility letter (the “**Facility Letter Three**”) with a licensed bank in Hong Kong, as the lender, pursuant to which an uncommitted loan facility of up to HK\$100,000,000 (the “**Facility Three**”) has been granted to the Company for a term of twelve months from the date of the Facility Letter Three. Pursuant to the terms of the Facility Letter Three, among others, the Company has undertaken to procure that CNNC maintains its direct or indirect beneficial shareholdings in the Company of not less than 30% and remains as a single major shareholder of the Company so long as the Facility Three is made available or any sum thereunder is outstanding, otherwise it will constitute an event of default. On the occurrence of an event of default, the licensed bank shall be entitled to (a) demand immediate repayment of all outstanding indebtedness, liabilities and/or obligations due, owing, incurred and/or payable by the Company in respect of all credit and other facilities; and/or (b) terminate or cancel all or any of credit and other facilities and accommodation granted to the Company by the licensed bank.

As at 30 June 2019, the amount of loan outstanding under the Facility One, Facility Two and Facility Three was USD20,000,000 (31 December 2018: USD20,000,000), HK\$250,000,000 (31 December 2018: HK\$Nil), and HK\$Nil (31 December 2018: HK\$Nil) respectively. As at the date of the interim report of the Company, CNNC, through China He Investment (Hong Kong) Company Limited, is interested in approximately 30.46% of the issued shares of the Company and remained the single largest shareholder of the Company.

Employment and Remuneration Policy

As at 30 June 2019, total number of employees of the Group was 390 (31 December 2018: 406). During the six months ended 30 June 2019, staff costs (including Directors’ emoluments) amounted to HK\$18,601,000 (year ended 31 December 2018: HK\$53,833,000). Remuneration of the employees which included salary and discretionary bonus was based on the Group’s results and individual performance. Medical and retirement benefits schemes were made available to qualified personnel.

For the financial year ended 31 December 2018

Business Review

For the year ended 31 December 2018, overall revenue increased by approximately 14.9% to HK\$2,256,268,000 (2017: HK\$1,963,381,000), primarily generated by the EPC and consultancy business segment. The Group’s profit for the year was HK\$94,415,000 (2017: HK\$120,402,000), representing a decrease of approximately 21.6% as compared to that of last year. The decrease in profit was due to (i) the increase in enterprise income tax rate from 15% to 25% as certain subsidiaries of the Company operating in the PRC were no longer accredited as “Advanced Technology Enterprise” by the provincial Science and Technology Bureau and other PRC authorities after the three-year tax concessionary period (i.e. from 2014 to 2017); (ii) the significant increase in finance costs during the year resulting from the increase in bank and other borrowings as compared to that of 2017; and (iii) the financing segment of the Group had focused on intragroup financial leasing projects during 2018.

EPC and Consultancy

In 2018, revenue of this business segment encountered strong headwinds in face of keen market competition and uncertainties of the PRC government policy. The Group was forced to drop or postpone certain reported distributable solar projects under the 531 Policy which included but not limited to the reduction of feed-in tariff. Nevertheless, the EPC and consultancy segment recorded segment result (before tax and finance cost) of HK\$166,307,000 (2017: HK\$151,524,000) this year, representing a year-on-year increase of approximately 9.8%. The improvement of segment result was primarily attributable to the implementation of effective cost control. As a result of the 531 Policy, fewer EPC projects were secured and completed during the year and segment sales to external customers decreased by approximately 7.9% to HK\$1,731,036,000 (2017: HK\$1,880,031,000).

In 2019, the Group continues to actively diversify its EPC and consultancy segment to new business portfolios such as thermal power, wind power and other municipality construction work in an attempt to leverage the business and strategic risk associated with the change of global and local government regulations and policies. Since 2018, the Group has started to explore opportunities to participate in constructing and investing in wind power facilities and has submitted its application to the PRC authorities for wind power design, engineering and general contracting qualifications. The construction of the 100MW parabolic trough solar thermal power project in Inner Mongolia is underway and is expected to be completed by 2019. The newly acquired construction and engineering company qualified in building and municipal public works also generated revenue and profit to this business segment in 2018.

Manufacturing and Trading

The module plant of the Group in Xuzhou commenced its operation in 2018 and recorded segment sales to external customers of HK\$377,539,000 (2017: HK\$Nil) and segment results (before tax and finance cost) of HK\$9,893,000 (2017: loss of HK\$4,528,000) for the year ended 31 December 2018. The module plant was principally engaged in assembling silicon wafers and other components for the formation of solar photovoltaic modules. In order to minimise the impact of the 531 Policy, the module plant provided OEM services during the year and planned to explore overseas market and to strengthen its internal management. The module plant has obtained CQC certification, Frontrunner certification, ISO and OHSAS certifications and also implemented the ERP system to further enhance its market competitiveness.

Power Generation

As at 31 December 2018, the Group owned and operated a total installed capacity of 156MW solar photovoltaic power stations and rooftop distributed solar photovoltaic power facilities in Jiangsu, Hebei and Yunnan, generating electricity income for the Group. This segment achieved an impressive year-on-year revenue growth of approximately 129.1%, contributing HK\$119,206,000 (2017: HK\$52,037,000) to the Group's revenue in 2018 and segment result (before tax and finance cost) increased approximately 89.1% to HK\$58,001,000 (2017: HK\$30,671,000).

The solar power plants and facilities of the Group are located in China and most of the revenue is contributed by State Grid Corporation of China, which is a state-owned enterprise in China and the default risk is low. Therefore, the Directors considered that the credit risk was minimal. On the other hand, the results of the power generation segment will also be affected by the hours of daylight during the year.

Financing

For the year ended 31 December 2018, the Group's finance lease business recorded segment sale to external customers of HK\$28,487,000 (2017: HK\$31,313,000) as the Group had focused on intragroup financial leasing projects during the year. The Group minimises the credit risk of non-payment from customers by (i) adopting stringent credit check policy before accepting a new customer; and (ii) establishing a dedicated department to monitor the receivables of this business segment. During the year ended 31 December 2018, there was no default repayment by customers recorded for the Group's financing segment.

Business Prospect

In 2018, the national power consumption in China increased 8.5% yearly to 6.84 trillion kilowatt hours, with the growth rate 1.9 percentage points faster than the previous year, quoted the latest data of China Electricity Council. By the end of 2018, the national installed capacity totaled 1.9 billion kilowatts, a yearly increase of 6.5%. Amongst which, the total installed capacity of non-fossil energy power generation was 770 million kilowatts, accounting for 40.8% of the total installed capacity with an increase of 2.0 percentage points over the previous year, whereby the total installed capacity of thermal power, grid-connected wind power and grid-connected solar power were 1.14 billion kilowatts, 180 million kilowatts and 170 million kilowatts respectively. Being one of the seasoned players of EPC and consultancy in PRC power generation industry and in view of the growth potential of the new energy market, the Group has secured and implemented a number of major solar photovoltaic power and wind power projects aiming to expedite its development, enhance its competitiveness and optimise its production in order to cultivate new profits to the Group. The Group will endeavour to enhance its market competitiveness through precise management and risk mitigation efforts. In addition, the Group will proactively explore investment opportunities in other new energy and other EPC sector in PRC and the overseas to achieve positive returns and enable sustainability.

Financial Review

The Group's overall revenue increased by 14.9% from HK\$1,963,381,000 for the year ended 31 December 2017 to HK\$2,256,268,000 for the year ended 31 December 2018. The increase was primarily due to additional revenue generated from the business segments of manufacturing and trading and power generation during the year. Profit attributable to owners of the Company amounted to HK\$90,960,000, which represented a year-on-year decrease of 21.6% when compared with 2017. Basic earnings per share for the year ended 31 December 2018 was at HK6.93 cents when compared with HK9.48 cents recorded for the year ended 31 December 2017.

Financial Results

Year ended 31 December	2018	2017	Changes	
	HK\$'000	HK\$'000	HK\$'000	Percentage
Revenue	2,256,268	1,963,381	292,887	14.9%
Other income and gains	3,487	3,345	142	4.2%
Cost of sale	(1,692,097)	(1,422,320)	(269,777)	19.0%
Construction costs	(200,870)	(273,854)	72,984	-26.7%
Staff costs	(53,833)	(39,002)	(14,831)	38%
Depreciation	(58,883)	(17,743)	(41,140)	231.9%
Other operating expenses	(63,171)	(54,450)	(8,721)	16.0%
Finance costs	(62,243)	(22,832)	(39,411)	172.6%
Loss of disposal of a subsidiary	–	(20)	20	-100.0%
Share of results of associates, net	12,623	11,528	1,095	9.5%
Profit before income tax expense	141,281	148,033	(6,752)	-4.6%
Income tax expense	(46,866)	(27,631)	(19,235)	69.6%
Profit for the year	94,415	120,402	(25,987)	-21.6%

Revenue

For the year ended 31 December 2018, the Group achieved revenue of HK\$2,256,268,000 (2017: HK\$1,963,381,000), representing an increase of 14.9% as compared to that of last year. Composition of revenue for the year ended 31 December 2018 and 2017 is shown in the following table:

Year ended 31 December	2018		2017	
	HK\$'000	Percentage of the Group's total revenue	HK\$'000	Percentage of the Group's total revenue
EPC and consultancy	1,731,036	76.7%	1,880,031	95.8%
Power generation	119,206	5.3%	52,037	2.6%
Financing	28,487	1.3%	31,313	1.6%
Manufacturing and trading	<u>377,539</u>	<u>16.7%</u>	<u>–</u>	<u>–</u>
Total	<u>2,256,268</u>	<u>100.0%</u>	<u>1,963,381</u>	<u>100.0%</u>

For the year ended 31 December 2018, EPC and consultancy segment remained the principal source of the Group's revenue which contributed HK\$1,731,036,000 (2017: HK\$1,880,031,000), representing a decreased of approximately 7.9% as compared to that of 2017. The decrease was a result of the 531 Policy that the Group was forced to drop or delay certain reported EPC solar photovoltaic projects. Manufacturing and trading segment became the second largest revenue generator of the Group since its commencement of operation this year and achieved a revenue of HK\$377,539,000 (2017: HK\$Nil). Benefited from additional solar power plants and facilities of the Group being connected to the national grid during the year, revenue derived from power generation segment achieved a growth of approximately 129.1% to HK\$119,206,000 (2017: HK\$52,037,000). Revenue from financing segment dropped approximately 9.0% to HK\$28,487,000 (2017: HK\$31,313,000) as the Group has focused on intragroup financial leasing projects during the year.

Profit

Profit for the year ended 31 December 2018 amounted to HK\$94,415,000 (2017: HK\$120,402,000), representing a decrease of approximately 21.6% as compared to that of 2017. The decrease was mainly due to (i) the increase in enterprise income tax rate from 15% to 25% as certain subsidiaries of the Company operating in the PRC were no longer accredited as “Advanced Technology Enterprise” by the provincial Science and Technology Bureau and other PRC authorities after the three-year tax concessionary period (i.e. from 2014 to 2017); (ii) the significant increase in finance costs during the year resulting from the increase in bank and other borrowings as compared to that of 2017; and (iii) the financing segment of the Group recorded a net loss as the Group had focused on intragroup financial leasing projects during 2018. As such, net profit margin of the Group decreased to 4.2% (2017: 6.1%). Net profit margin of the Group varied in different segments depending on its business nature.

Profit attributable to owners of the Company for the year ended 31 December 2018 decreased by approximately 21.6% to HK\$90,960,000 (2017: HK\$116,081,000) and basic earnings per share was HK6.93 cents (2017: HK9.48 cents).

Other income and gains

Other income and gains for the year ended 31 December 2018 amounted to HK\$3,487,000 (2017: HK\$3,345,000) which was primarily derived from interest and sundry income.

Cost of sales and construction costs

Cost of sales and construction costs for the year ended 31 December 2018 amounted to HK\$1,692,097,000 (2017: HK\$1,422,320,000) and HK\$200,870,000 (2017: HK\$273,854,000) respectively. The increase in cost of sales was mainly due to the commencement of the manufacturing and trading business.

Staff Costs

The increase in staff costs by approximately 38.0% to HK\$53,833,000 (2017: HK\$39,002,000) was due to salary adjustment, inflation, competitiveness of labour market conditions and increase in recruitment for broadening the Group’s business horizons.

Depreciation

Depreciation of the Group increased by approximately 231.9% to HK\$58,883,000 (2017: HK\$17,743,000) as a result of the increase in number of solar photovoltaic power plants and facilities invested and constructed by the Group in recent years where depreciation was recorded.

Other operating expenses

Included in other operating expenses are primarily exchange difference, bank charges, professional fee, administrative expenses, research and development fees and travelling expenses which amounted to HK\$63,171,000 (2017: HK\$54,450,000) for the year ended 31 December 2018, representing an increase of approximately 16.0% as compared to that of last year.

Finance Costs

Finance costs for the year ended 31 December 2018 increased by approximately 172.6% to HK\$62,243,000 (2017: HK\$22,832,000) taking into account the capital intensive nature of the energy industry whereby (i) the Group enlarged its investment in possessing and operating solar photovoltaic power stations and facilities in PRC for power generation income; and (ii) the business practice of the EPC market in PRC that the Group is required to pay upfront the expenses for purchasing parts, components and equipment for customers. Finance cost for 2018 primarily represented by interest expenses on bank and other borrowings.

Income tax expense

For the year ended 31 December 2018, income tax expense of the Group increased by approximately 69.6% to HK\$46,866,000 (2017: HK\$27,631,000) as (i) certain subsidiaries of the Company operating in the PRC were no longer accredited as “Advanced Technology Enterprise” by the provincial Science and Technology Bureau and other PRC authorities after the three-year tax concessionary period (i.e. from 2014 to 2017); and (ii) certain income tax expenses for PRC for the year ended 31 December 2017 was charged in 2018 in order to make up the tax shortfall in 2017 for ceasing as an “Advanced Technology Enterprise”. The effective tax rate applicable to the profit of the Group for the year ended 31 December 2018 was 33.2% (2017: 18.7%).

APPENDIX I**FINANCIAL INFORMATION OF THE GROUP***Financial Position*

As at 31 December	2018	2017	Changes	
	HK\$'000	HK\$'000	HK\$'000	%
Non-current assets	1,601,129	1,457,698	143,431	9.8%
Current assets	<u>2,737,537</u>	<u>2,864,610</u>	<u>(127,073)</u>	<u>-4.4%</u>
Total assets	<u>4,338,666</u>	<u>4,322,308</u>	<u>16,358</u>	<u>0.4%</u>
Non-current liabilities	529,463	564,148	(34,685)	-6.1%
Current liabilities	<u>2,927,534</u>	<u>2,883,447</u>	<u>44,087</u>	<u>1.5%</u>
Total liabilities	<u>3,456,997</u>	<u>3,447,595</u>	<u>9,402</u>	<u>0.3%</u>
Net assets	881,669	874,713	6,956	0.8%
Share capital	131,309	131,309	–	N/A
Reserves	<u>735,563</u>	<u>731,660</u>	<u>3,903</u>	<u>0.5%</u>
Equity attributable to:				
– owners of the Company	866,872	862,969	3,903	0.5%
– non-controlling interests	<u>14,797</u>	<u>11,744</u>	<u>3,053</u>	<u>26.0%</u>
Total equity	<u>881,669</u>	<u>874,713</u>	<u>6,956</u>	<u>0.8%</u>

As at 31 December 2018, total assets of the Group were HK\$4,338,666,000 (2017: HK\$4,322,308,000), representing an increase of approximately 0.4% as compared to that of 2017. In particular, current assets decreased by approximately 4.4% to HK\$2,737,537,000 (2017: HK\$2,864,610,000) and non-current assets increased by approximately 9.8% to HK\$1,601,129,000 (2017: HK\$1,457,698,000). The increase in non-current assets was mainly attributable to the investment and development of rooftop distributed solar photovoltaic power generation facilities of the Group in 2018 which were included in property, plant and equipment as construction in progress.

Total liabilities at 31 December 2018 were HK\$3,456,997,000 (2017: HK\$3,447,595,000), an increase by approximately 0.3% as compared to that of 2017. In particular, current liabilities at 31 December 2018 were HK\$2,927,534,000 (2017: HK\$2,883,447,000), an increase of approximately 1.5% as compared to that of 2017, which was principally due to the increase in bank and other borrowings. Non-current liabilities were HK\$529,463,000 (2017: HK\$564,148,000), a decrease of approximately 6.1% as compared to that of 2017 as a result of the decrease in obligations under finance leases.

Total equity attributable to owners of the Company as at 31 December 2018 was HK\$866,872,000 (31 December 2017: HK\$862,969,000), an increase of 0.5% as compared with that of 2017, primarily resulting from the contribution of the total comprehensive income for the year.

Liquidity, Financial Resources and Gearing

As at 31 December 2018, net current liabilities of the Group amounted to HK\$189,997,000 (2017: HK\$18,837,000). Besides, the Group maintained cash and cash equivalents of HK\$415,874,000 (2017: HK\$320,285,000), of which approximately 25% was in Hong Kong dollars, 61% was in RMB and 14% was in United States dollars. As at 31 December 2018, the Group had outstanding bank and other borrowings of HK\$1,676,470,000 (2017: HK\$1,032,105,000), of which approximately 24% was in Hong Kong dollars, 61% was in RMB, 13% was in United States dollars and 2% was in Euro. All of the Group's borrowings were arranged on floating rate basis with effective interest rates ranged from 2.0% to 5.9% per annum (2017: ranged from 1.9% to 4.9% per annum). Except for certain bank and other borrowings which were committed loan facilities in the amount of HK\$1,012,957,000 with specific maturity dates ranged from within one year to nine years, the Group's borrowings contained repayment on demand clause at any time at the discretion of the banks. Under the Hong Kong Accounting Standards, the Group separated and classified the bank and other borrowings as current and non-current liabilities in the consolidated statement of financial position as at 31 December 2018 in accordance with the settlement term. Of the total borrowings as at 31 December 2018, HK\$1,234,372,000 was loans repayable within one year and the balance of HK\$442,098,000 was repayable more than one year.

As at 31 December 2018, included in other payables of (i) approximately HK\$10,874,000 (equivalent to RMB9,550,000) (2017: approximately HK\$11,449,000 (equivalent to RMB9,550,000)) which represents the non-interest bearing shareholders' loan from a non-controlling interest shareholder of Guoxin Energy Limited, a non-wholly owned subsidiary of the Company, (ii) approximately HK\$Nil (RMBNil) (2017: HK\$59,945,000 (equivalent to RMB50,000,000)) which represents an unsecured interest bearing loan from immediate holding company of the Company. The interest rate of the loan is at the prevailing benchmark lending interest rate promulgated by People's Bank of China ("PBOC") multiplied by (1+20%) per annum, (iii) approximately HK\$51,237,000 (equivalent to RMB45,000,000) (2017: approximately HK\$119,890,000 (equivalent to RMB100,000,000)) which represents an unsecured interest bearing loan from 中核投資有限公司 (translated as China Nuclear Investment Company Limited ("CNICL")), an intermediate holding company of the Company. The interest rate of the loan is at the prevailing benchmark lending interest rate to be promulgated by PBOC multiplied by (1+20%) per annum.

The Group's gearing ratio was 2.09 (2017: 1.54), which was calculated on the basis of total debt over total equity of the Company. Total debt comprises loans included in other payables and accruals, bank and other borrowings and obligation under finance lease.

Charge on Assets

As at 31 December 2018, the Group had bills receivable, finance lease receivables and pledged bank deposits amounting to HK\$10,225,000 (2017: HK\$267,654,000), HK\$455,838,000 (2017: HK\$491,317,000) and HK\$302,455,000 (2017: HK\$194,260,000) respectively which have been pledged to secure banking facilities granted to the Group. Moreover, the finance leases obligations of the Group were secured by certain property, plant and equipment amounted to HK\$127,116,000 (2017: HK\$143,616,000). Certain assets of the Company was charged in respect of a bank loan of HK\$100,000,000 (2017: Nil) secured by the Company during the year.

Save as disclosed above, the Group had no other charges on its assets as at 31 December 2018 (2017: Nil).

Capital Structure

The Group generally finances its operations with internally generated resources, bank borrowings and capital raising activities. The liquidity and financing requirements of the Group are reviewed regularly.

As the Group's bank balances and cash are mainly denominated in Hong Kong dollars, RMB and United States dollars, the Directors considered the Group was exposed to limited exchange risk. During the year, the Group did not use any financial instruments for hedging purpose and the Group did not have any hedging instruments outstanding as at 31 December 2018 (2017: Nil).

The Group will monitor closely the exchange rate risk arising from the Group's existing operations and any new investments in future and will implement necessary hedging arrangement to mitigate any significant foreign exchange risk when and if appropriate.

Contingent Liabilities

As at 31 December 2018, the Group had no significant contingent liabilities.

Capital Expenditure and Commitments

During the year ended 31 December 2018, the Group had capital expenditure of HK\$293,100,000 (2017: HK\$405,438,000) which was used for the acquisition of property, plant and equipment.

As at 31 December 2018, the Group did not have any capital commitments (2017: HK\$Nil).

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and Associated Companies, and Future Plans for Material Investments or Capital Assets

The Group is principally engaged in new energy operations, included (a) the EPC and consultancy segment which comprises the Group's EPC and consulting services operations relating to construction of photovoltaic power plant; (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.

For the year ended 31 December 2018, the Company had investments in subsidiaries of HK\$464,056,000 and interest in associates of HK\$100,492,000. Overall revenue increased by approximately 14.9% to HK\$2,256,268,000 (2017: HK\$1,963,381,000), primarily generated by the EPC and consultancy business segment. Save as disclosed, the Group did not have any other significant investments as at 31 December 2018.

The Group disposed a subsidiary, 內蒙古中核龍騰新能源有限公司, on 16 August 2017. The subsidiary did not conduct any business activities during the year.

On 18 July 2018, the Group acquired 60% of the voting equity instruments of 江蘇中核寶原建設有限公司, a company whose principal activity is provision of construction services, at a consideration of approximately HK\$1,241,000 (RMB1,090,000). The acquisition was made with the aims to expand the Group's existing scale of operation and enlarge the Group's market presence.

Financial Ratios

The following table shows the key financial ratios indicating the performance of the Group for the last five financial years:

Year ended 31 December	2018	2017	2016	2015	2014
Net profit margin (%) ¹	4	6	4	1	(18)
Return on assets (%) ²	<u>2</u>	<u>3</u>	<u>3</u>	<u>0.5</u>	<u>(11)</u>
As at 31 December	2018	2017	2016	2015	2014
Gearing ratio ³	2.09	1.54	1.40	0.76	0.08
Current ratio ⁴	<u>0.94</u>	<u>0.99</u>	<u>1.25</u>	<u>1.16</u>	<u>2.96</u>

Notes:

- 1 Net profit margin = Net profit/Revenue x 100%
- 2 Return on assets = Net profit/Total assets x 100%
- 3 Gearing ratio = Total debt (Comprises convertible bonds, loans included in other payables and accruals, bank and other borrowings and obligation under finance lease)/total equity
- 4 Current ratio = Current assets/Current liabilities

Net profit margin decreased mainly due to the sudden change of PRC government policies in respect of solar photovoltaic industry and the commencement of manufacturing and trading business.

Return on assets dropped slightly. The increase in gearing ratio and the decrease in current ratio were mainly due to the increase in bank and other borrowings and obligations under finance leases.

Exposure to fluctuations in exchange rates

The Group's business mainly operates in the mainland China, accordingly, its revenue and transactions arising from its operations were generally settled in Renminbi. As the Group's reporting currency is Hong Kong dollars, any fluctuations in the value of Renminbi against Hong Kong dollars could affect the Group's performance. The Group monitored closely the exchange rate trend and responsively implement hedging arrangement to mitigate any significant foreign exchange risk when and if appropriate.

Employment and Remuneration Policy

As at 31 December 2018, total number of employees of the Group was 406 (2017: 274). During the year ended 31 December 2018, staff costs (including Directors' emoluments) amounted to HK\$53,833,000 (2017: HK\$39,002,000). Remuneration of the employees which included salary and discretionary bonus was based on the Group's results and individual performance. Medical and retirement benefits schemes were made available to qualified personnel. We provide ongoing training and development opportunities to enhance employees' career progression. During the year ended 31 December 2018, the Company did not adopt and/or maintain a share option scheme. At no time during the year ended 31 December 2018 were there rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or its subsidiary a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

For the financial year ended 31 December 2017*Business Review*

For the year ended 31 December 2017, the Group achieved profit from continuing operations of HK\$120,402,000 (2016: HK\$76,990,000), representing an increase of 56% as compared to that of last year. Overall revenue was HK\$1,963,381,000 (2016: HK\$2,041,543,000), primarily generated by the EPC and consultancy business segment. The increase in profit was due to effective cost control measures adopted by the Group that lowered the cost for EPC projects and the improved performance of the solar power generation and financial leasing businesses.

EPC and Consultancy

This year, EPC and consultancy segment achieved segment result of HK\$151,524,000 (2016: HK\$114,976,000), representing a year-on-year increase of 32%, which was mainly attributable to the implementation of effective cost control that enabled the Group to attain lower cost of inventories used and construction cost. Nevertheless, this business segment encountered strong headwind in face of keen market competition, belated publication of targeted photovoltaic installation capacity by the government of the PRC and slowdown of work progress due to complexity of work site condition and late deliveries of construction materials from suppliers. In addition, the Group had allocated more resources to develop self-owned and self-operated solar photovoltaic stations for the generation of electricity income. Accordingly, fewer EPC projects were secured and completed during the year and income derived from this business segment narrowed down to HK\$1,880,031,000 (2016: HK\$2,010,939,000), representing a drop of 7% as compared to 2016.

In 2017, the Group continued to expand its EPC and consultancy portfolio. Through collaboration with seasoned industry players, the Group participated in developing and constructing a 100MW parabolic trough solar thermal power project in Inner Mongolia which is under the first batch of national demonstration projects list. The construction of the solar thermal power project is underway and is expected to be completed by 2019.

Manufacturing and Trading

For the purpose of diversifying our business vertically, a wholly-owned subsidiary of the Group agreed to acquire a piece of land and the structure (including a manufacturing plant) erected thereon in Peixian of PRC in 2016. Following the completion of land ownership transfer and the obtaining of 不動產權證 (translated as Certificate of Real Estate Ownership) for the land in 2017, the Group modified the manufacturing plant and purchased machinery in order to set up the production lines. The modification work to the manufacturing plant has been completed in early 2018 and it is expected that it will contribute to the Group's revenue in the short run.

Solar Power Generation

In 2015, the Group started to develop its first 20MW self-owned and self-operated agricultural photovoltaic power station in Taizhou of PRC, and in the past years has continued to invest and expand self-owned and self-operated solar photovoltaic power stations. As at 31 December 2017, the Group operated a total installed capacity of 40MW solar photovoltaic power stations in Taizhou. As a result, this segment achieved an impressive year-on-year growth of 109%, contributing HK\$52,037,000 to the Group's revenue in 2017.

The Group further broadened its horizon by developing rooftop distributed solar photovoltaic projects. During the year ended 31 December 2017, the Group completed an additional of 60MW grid-connected distributed solar photovoltaic projects which are expected to generate electricity income in 2018.

Financing

For the year ended 31 December 2017, revenue of the Group's finance leasing business boosted 451% to HK\$31,313,000 (2016: HK\$5,678,000). The Group carries out its financial leasing business through its wholly-owned subsidiary, 核建融資租賃(深圳)有限公司 (transliterated as CNEC Financial Leasing (Shenzhen) Company Limited) ("CNEC Shenzhen"). This year, the Group has further injected HK\$109,075,000 to fully pay up the registered capital of CNEC Shenzhen. The performance of CNEC Shenzhen recorded a significant improvement during the year and attained a segment result of HK\$5,274,000 (2016: loss of HK\$971,000).

Business Prospect

Following the maturity of solar photovoltaic technology and the reduction of installation costs, it became more popular for the general public to install distributed solar photovoltaic system for domestic, industrial and commercial use. Pursuant to the statistics from National Energy Administration, the capacity of newly installed distributed solar photovoltaic system in PRC reached 19.44 million kW in 2017, representing a surge of 3.7 times as compared to that of 2016. As such, the Group has stepped up its effort in developing distributed solar photovoltaic systems for external customers and self-operation. It is expected that completion of the construction of the Group's self-owned and self-operated solar power stations and facilities will generate stable power generation income for the Group. Apart from focusing on solar photovoltaic power system, the Group has been actively exploring opportunities in other renewables in China and the overseas in recent years. It is expected that the Group will expand its renewable portfolio when suitable projects are identified. Financial leasing industry in China has grown rapidly over the past decade. The Group shall expand its financial leasing business with caution in order to control the associated risks effectively. We shall continue to pay extra attention to the changes in external environment and strive to advance our cost control and supply chain management so as to maintain a sustainable development for the Group.

Financial Review

The Group's revenue generated from continuing operations decreased by 4% from HK\$2,041,543,000 for the year ended 31 December 2016 to HK\$1,963,381,000 for the year ended 31 December 2017. The decrease was mainly due to fewer EPC projects for photovoltaic power generation were secured and completed and the Group had placed emphasis on investing self-owned and self-operated solar power projects during the year. Profit attributable to owners of the Company amounted to HK\$116,081,000 which represented a year-on-year increase of 48% when compared with 2016. Basic earnings per share from continuing operations for the year ended 31 December 2017 was at HK9.48 cents when compared with HK6.44 cents recorded for the year ended 31 December 2016.

Financial Results

Year ended 31 December	2017 HK\$'000	2016 HK\$'000	Changes HK\$'000	%
Continuing operations				
Revenue	1,963,381	2,041,543	(78,162)	(4)
Other income and gains	3,345	3,035	310	10
Cost of sales	(1,422,320)	(1,540,652)	118,332	(8)
Construction costs	(273,854)	(309,451)	35,597	(12)
Staff costs	(39,002)	(34,341)	(4,661)	14
Depreciation	(17,743)	(10,813)	(6,930)	64
Other operating expenses	(54,450)	(38,436)	(16,014)	42
Finance costs	(22,832)	(25,930)	3,098	(12)
Loss on disposal of a subsidiary	(20)	–	(20)	N/A
Gain on deemed disposal of an associate	–	2,893	(2,893)	(100)
Share of results of associates, net	11,528	7,712	3,816	49
Income tax expense	(27,631)	(18,570)	(9,061)	49
Profit for the year from continuing operations	<u>120,402</u>	<u>76,990</u>	<u>43,412</u>	<u>56</u>
Discontinued operations				
Profit for the year from discontinued operations	<u>–</u>	<u>5,549</u>	<u>(5,549)</u>	<u>(100)</u>
Profit for the year	<u><u>120,402</u></u>	<u><u>82,539</u></u>	<u><u>37,863</u></u>	<u><u>46</u></u>

Revenue

For the year ended 31 December 2017, revenue of the Group mainly derived from three segments, namely, EPC and consultancy, solar power generation and financing. EPC and consultancy remained the principal source of the Group's revenue. This year, revenue generated from EPC and consultancy segment decreased by 7% to HK\$1,880,031,000 (2016: HK\$2,010,939,000). Revenue derived from solar power generation and financing were HK\$52,037,000 (2016: HK\$24,926,000) and HK\$31,313,000 (2016: HK\$5,678,000) respectively, each comprised approximately 3% (2016: approximately 1%) and 2% (2016: approximately 0.3%) of the Group's total revenue.

Profit

Profit from continuing operations for the year ended 31 December 2017 amounted to HK\$120,402,000 (2016: HK\$76,990,000), representing an increase of 56% as compared to that of 2016. The increase was mainly due to effective cost control implemented by the Group and the strategic allocation of resources. Accordingly, net profit margin of the Group increased to 6% (2016: 4%). Net profit margin of the Group varied in different segments depending on its business nature.

Profit attributable to owners of the Company for the year ended 31 December 2017 increased by 48% to HK\$116,081,000 (2016: HK\$78,571,000) and basic earnings per share from continuing operations was HK9.48 cents (2016: HK6.44 cents).

Other income and gains

Other income and gains for the year ended 31 December 2017 amounted to HK\$3,345,000 (2016: HK\$3,035,000) which was primarily derived from bank interest income.

Cost of sales and construction costs

Cost of sales and construction costs for the year ended 31 December 2017 amounted to HK\$1,422,320,000 (2016: HK\$1,540,652,000) and HK\$273,854,000 (2016: HK\$309,451,000) respectively. The decrease was mainly due to fewer EPC projects were secured and effective cost control implemented by the Group.

Finance Costs

Finance costs for the year ended 31 December 2017 decreased by 12% to HK\$22,832,000 (2016: HK\$25,930,000). Finance cost for 2017 primarily represented by interest expenses on bank and other borrowings.

Other operating expenses

Included in other operating expenses are mainly legal and professional fees, bank charges, rental, research and development fees and travelling expenses which amounted to HK\$54,450,000 for the year ended 31 December 2017, representing an increase of 42% as compared to that of last year.

Gain on deemed disposal of an associate

An exceptional gain on deemed disposal of an associate amounted to HK\$2,893,000 was recorded last year.

Share of results of associates, net

The Group's share of results of associates increased by 49% to HK\$11,528,000 (2016: HK\$7,712,000) during the year ended 31 December 2017. The increase in results contribution from associates was mainly attributable to the improvement of operating performance during the year.

Income tax expense

The effective tax rate applicable to the profit of the Group for the year ended 31 December 2017 was 19% (2016: 19%).

Financial Position

As at 31 December	2017	2016	Changes	
	HK\$'000	HK\$'000	HK\$'000	%
Non-current assets	1,457,698	496,336	961,362	194
Current assets	<u>2,864,610</u>	<u>2,100,636</u>	<u>763,974</u>	<u>36</u>
Total assets	<u>4,322,308</u>	<u>2,596,972</u>	<u>1,725,336</u>	<u>66</u>
Non-current liabilities	564,148	402,517	161,631	40
Current liabilities	<u>2,883,447</u>	<u>1,685,666</u>	<u>1,197,781</u>	<u>71</u>
Total liabilities	<u>3,447,595</u>	<u>2,088,183</u>	<u>1,359,412</u>	<u>65</u>
Net assets	874,713	508,789	365,924	72
Share capital	131,309	113,309	18,000	16
Reserves	<u>731,660</u>	<u>388,114</u>	<u>343,546</u>	<u>89</u>
Equity attributable to:				
– owners of the Company	862,969	501,423	361,546	72
– non-controlling interests	<u>11,744</u>	<u>7,366</u>	<u>4,378</u>	<u>59</u>
Total equity	<u>874,713</u>	<u>508,789</u>	<u>365,924</u>	<u>72</u>

As at 31 December 2017, total assets of the Group were HK\$4,322,308,000 (2016: HK\$2,596,972,000), representing an increase of 66% as compared to that of 2016. In particular, current assets increased by 36% to HK\$2,864,610,000 (2016: HK\$2,100,636,000) and non-current assets increased by 194% to HK\$1,457,698,000 (2016: HK\$496,336,000). The significant increase in non-current assets was mainly attributable to the development of self-owned and self-operated rooftop distributed photovoltaic power generation facilities in 2017 which were included in property, plant and equipment as construction in progress.

Total liabilities at 31 December 2017 were HK\$3,447,595,000 (2016: HK\$2,088,183,000), an increase by 65% as compared to that of 2016. In particular, current liabilities at 31 December 2017 were HK\$2,883,447,000 (2016: HK\$1,685,666,000), an increase of 71% as compared to that of 2016, which was principally due to the increase in trade and bills payables. Non-current liabilities were HK\$564,148,000 (2016: HK\$402,517,000), an increase of 40% as compared to that of 2016 as a result of the increase in bank and other borrowings and obligations under finance leases.

Total equity attributable to owners of the Company as at 31 December 2017 was HK\$862,969,000 (31 December 2016: HK\$501,423,000), an increase of 72% as compared with that of 2016, primarily resulting from the completion of share placement on 29 June 2017 and the contribution of the total comprehensive income for the year.

Liquidity, Financial Resources and Gearing

As at 31 December 2017, net current liabilities of the Group amounted to HK\$18,837,000 (2016: net current assets of HK\$414,970,000). Besides, the Group maintained cash and cash equivalents of HK\$320,285,000 (2016: HK\$472,711,000), of which approximately 15% was in Hong Kong dollars, 48% was in RMB and 37% was in United States dollars.

As at 31 December 2017, the Group had outstanding bank and other borrowings of HK\$1,032,105,000 (2016: HK\$682,724,000), of which approximately 30% was in Hong Kong dollars, 56% was in RMB, 10% was in United States dollars and 4% was in EURO. All of the Group's borrowings were arranged on floating rate basis with effective interest rates ranged from 1.9% to 4.9% per annum (2016: ranged from 1.9% to 4.9% per annum). Except for certain bank and other borrowings which were committed loan facilities in the amount of HK\$577,958,000 with specific maturity dates ranged from within one year to nine years, the Group's borrowings contained repayment on demand clause at any time at the discretion of the bank. Under the Hong Kong Accounting Standards, the Group had separated and classified the bank and other borrowings as current and non-current liabilities in the consolidated statement of financial position as at 31 December 2017 in accordance with the settlement term. Of the total borrowings as at 31 December 2017, HK\$324,039,000 was loans repayable within one year and the balance of HK\$708,066,000 was repayable more than one year.

As at 31 December 2017, included in other payables of (i) approximately HK\$11,449,000 (RMB9,550,000) (2016: approximately HK\$10,612,000 (RMB9,550,000)) which represents the non-interest bearing shareholders' loan from a non-controlling interest shareholder of Guoxin Energy Limited, a non-wholly owned subsidiary of the Company, (ii) approximately HK\$59,945,000 (RMB50,000,000) (2016: Nil) which represents an unsecured interest bearing loan from immediate holding company of the Company. The interest rate of the loan is at the prevailing benchmark lending interest rate to be promulgated by PBOC multiplied by (1+20%) per annum, (iii) approximately HK\$119,890,000 (RMB100,000,000) (2016: Nil) which represents an unsecured interest bearing loan from 中核投資有限公司 (transliterated as China Nuclear Investment Co., Ltd.), an intermediate holding company of the Company. The interest rate of the loan is at the prevailing benchmark lending interest rate to be promulgated by PBOC multiplied by (1+20%) per annum.

The Group's gearing ratio was 1.54 (2016: 1.4), which was calculated on the basis of total debt over total equity of the Company. Total debt comprises loans included in other payables and accruals, bank and other borrowings and obligation under finance lease.

Charge on Assets

As at 31 December 2017, the Group had bills receivable, finance lease receivables and pledged bank deposits amounting to HK\$Nil (2016: HK\$33,337,000), HK\$331,570,000 (2016: HK\$114,492,000) and HK\$194,260,000 (2016: Nil) respectively which have been pledged to secure banking facilities granted to the Group. Moreover, the finance leases obligations of the Group were secured by certain property, plant and equipment amounted to HK\$143,616,000 (2016: Nil).

Save as disclosed above, the Group had no other charges on its assets as at 31 December 2017 (2016: Nil).

Capital Structure

The Group generally finances its operations with internally generated resources, bank borrowings and capital raising activities. The liquidity and financing requirements of the Group are reviewed regularly.

As the Group's bank balances and cash are mainly denominated in Hong Kong dollars, RMB and United States dollars, the Directors considered the Group was exposed to limited exchange risk. During the year, the Group did not use any financial instruments for hedging purpose and the Group did not have any hedging instruments outstanding as at 31 December 2017 (2016: Nil).

The Group will monitor closely the exchange rate risk arising from the Group's existing operations and any new investments in future and will implement necessary hedging arrangement to mitigate any significant foreign exchange risk when and if appropriate.

Contingent Liabilities

As at 31 December 2017, the Group had no significant contingent liabilities.

Capital Expenditure and Commitments

During the year ended 31 December 2017, the Group had capital expenditure of HK\$405,438,000 (2016: HK\$236,630,000) which was used for the acquisition of property, plant and equipment.

As at 31 December 2017, the Group did not have any capital commitments (2016: HK\$7,778,000).

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and Associated Companies, and Future Plans for Material Investments or Capital Assets

The Group is principally engaged in new energy operations, included (a) the engineering, procurement and construction and consultancy segment which comprises the Group's EPC and consulting services operations relating to construction of photovoltaic power plant; (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.

For the year ended 31 December 2017, the Company had investments in subsidiaries of HK\$360,114,000 and interest in associates of HK\$95,781,000. Overall revenue was HK\$1,963,381,000 (2016: HK\$2,041,543,000), primarily generated by the engineering, procurement and construction and consultancy business segment. Save as disclosed, the Group did not have any other significant investments as at 31 December 2017.

On 1 November 2016, the Group entered into a sale and purchase agreement pursuant to which the Group has agreed to sell the entire issued share capital of each of the wholly-owned subsidiaries, Hurray Enterprises Limited, Tack Hsin (BVI) Holdings Limited and Tack Hsin International Limited (together the “**Target Group**”) and the shareholder’s loan owed by the Target Group to the Company, to an executive director and a substantial shareholder interested in approximately 10.08% of the issued share capital of the Company, for a consideration of HK\$110 million. The principal activities of the Target Group are restaurant operations, property investment and hotel operations. The transaction was completed on 28 December 2016.

Financial Ratios

The following table shows the key financial ratios indicating the performance of the Group for the last five financial years:

Year ended 31 December	2017	2016	2015	2014	2013
Net profit margin (%) ¹	6	4	1	(18)	(7)
Return on assets (%) ²	<u>3</u>	<u>3</u>	<u>0.5</u>	<u>(11)</u>	<u>(5)</u>
As at 31 December	2017	2016	2015	2014	2013
Gearing ratio ³	1.54	1.40	0.76	0.08	0.19
Current ratio ⁴	<u>0.99</u>	<u>1.25</u>	<u>1.16</u>	<u>2.96</u>	<u>1.95</u>

Notes:

- 1 Net profit margin = Net profit/Revenue x 100%
- 2 Return on assets = Net profit/Total assets x 100%
- 3 Gearing ratio = Total debt (Comprises convertible bonds, loans included in other payables and accruals, bank and other borrowings and obligation under finance lease)/total equity
- 4 Current ratio = Current assets/Current liabilities

Net profit margin increased mainly due to stringent cost control implemented by the Group and the strategic allocation of resources. Return on assets remained stable. The increase in gearing ratio and the decrease in current ratio were mainly due to the increase in bank and other borrowings and obligations under finance leases.

Employment and Remuneration Policy

As at 31 December 2017, total number of employees of the Group was 274 (2016: 194). During the year ended 31 December 2017, staff costs (including Directors' emoluments) amounted to HK\$39,002,000 (2016: HK\$34,341,000). Remuneration of the employees which included salary and discretionary bonus was based on the Group's results and individual performance. Medical and retirement benefits schemes were made available to qualified personnel. We provide ongoing training and development opportunities to enhance employees' career progression. During the year ended 31 December 2017, the Company did not adopt and/or maintain a share option scheme. At no time during the year ended 31 December 2017 were there rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or its subsidiary a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

For the financial year ended 31 December 2016*Business Review*

At the end of 2016, the Group has formed the diversified business architecture of photovoltaics EPC, photovoltaics power generation and financial services, and held equity interests in a professional company specialized in the maintenance of nuclear power stations and nuclear projects in the PRC.

On 8 December 2016, the National Energy Administration published the "13th Five-year Plan for the Solar Photovoltaic Industry". According to the plan, installed capacity of solar power generation will reach 110GW by the end of 2020. It is expected that the photovoltaics industry will still develop rapidly in the next few years.

Steady growth of traditional business

Through the introduction of excellent experience in the management of nuclear power construction project and the rich working capital, the Group's photovoltaic EPC business had enhanced its market competitiveness significantly. In 2016, the photovoltaic EPC business recorded double digit growth in both earnings and profits, with all projects achieving a quality acceptability of 100%. During the reporting year, the Group established environmental engineering (water pollution preventing project) specialized design B Class qualification and electricity main contractor three-tier qualification, laying the foundation for expanding engineering fields such as biomass energy and pollution control. In the following years, the Group will devote more efforts on market development and strive to become the leader enterprise in the industry.

Initial success of business transformation

During the reporting year, the first and second phase projects of Jiangsu Taizhou 20MW agricultural photovoltaics power station I which was solely developed by the Group were completed in succession and put into operation, generating a stable income. The Jiangsu Taizhou agricultural photovoltaics station II with the total installed capacity of 20MW started the construction and was added to grid connection at the end of 2016; the construction of Xuzhou Peixian Assembly Plant will be launched in 2017. Above projects have formed the initial new roadmap of the Group's photovoltaics power station operation, which would bring steady earnings and profits for the Group. Besides, the Group's Concentrated Solar Power Project of Nuclear Longteng (中核龍騰) located in Wulate Medium Banner in Inner Mongolia was selected into the first national solar power generation demonstrative project list. In the field of new energy, the business model of the Group has transformed from original single engineering construction into the integrated model of "development, investment, construction and operation".

Steady Development of Finance Lease

Relying on the internal photovoltaics power station investment plan, the finance lease business of the Group was started and developed steadily. Business development mainly faced the "clean energy" field benefiting from national macro policy and with a large number of high-quality assets, and the "energy conservation and environmental protection" field with a larger market space. At the same time, it helped the Group's EPC projects to get more business opportunities.

The participation in China Nuclear Industry Maintenance Co., Ltd. developed well, and its operation revenue amounted to HK\$590,011,000, representing an increase of HK\$98,873,000 or 20%. During the reporting period, the share of its net results amounted to HK\$7,497,000.

The Group completed the disposal of restaurant, hotel operations and property investment business on 28 December 2016 and would focus on the development of new energy and related industrial finance in the future.

Financial Review

The Group's consolidated revenue from continuing operations for the year ended 31 December 2016 amounted to HK\$2,041,543,000 representing an increase of HK\$537,801,000 compared to the consolidated revenue from continuing operations of HK\$1,503,742,000 recorded for the year ended 31 December 2015. Consolidated profit attributable to owners of the Company for the current year was HK\$78,571,000 (consolidated profit for the year ended 31 December 2015: HK\$3,559,000). Basic earnings per share from continuing operations amounted to HK cent 6.44 (for the year ended 31 December 2015: basic earnings per share from continuing operations HK cent 1.84).

The final results of the Group for the year ended 31 December 2016 recorded a significant increase of net profit as compared to the net profit for the year ended 31 December 2015, among other things, the improvement is mainly due to the combined effect of the following: (i) the EPC and consultancy segment of the Group brought positive impact to the Group, mainly due to the contribution from projects revenue, which was benefited from extensive market development and new business growth plan in the relevant business. Therefore, the relevant business of the Group recorded a net profit for the year ended 31 December 2016; and (ii) the Group recognised a one-off gain from the disposal of interests in subsidiaries. The disposal has been completed on 28 December 2016. Details of which are set out in the announcements of the Company dated 1 November 2016, 25 November 2016, 2 December 2016 and 28 December 2016 respectively and the circular of the Company dated 5 December 2016. Net profit for the year amounted to HK\$82,539,000, representing an increase of HK\$72,541,000 compared to the net profit of HK\$9,998,000 recorded for the year ended 31 December 2015.

The Board considers that the Group remains in a healthy and solid financial condition and is continuing to pursue in various investment opportunities.

Liquidity and financial resources

As at 31 December 2016, the Group had cash and cash equivalents of approximately HK\$472,711,000 (31 December 2015: HK\$310,851,000), most of which were unsecured bank deposits, with their original maturities within three months. Net assets were approximately HK\$508,789,000 (31 December 2015: HK\$474,941,000). The ratio of debt (included bank borrowings, convertible bonds and loans included in other payables and accruals) to total equity was 1.40 (31 December 2015: 0.76).

As at 31 December 2016, the Group's bank borrowings balance amounted to HK\$682,724,000 (2015: HK\$Nil). There were HK\$280,207,000 repayable within one year, HK\$356,650,000 repayable within two to five years and HK\$45,867,000 repayable after five years. The bank borrowings as at 31 December 2016 included Hong Kong Dollar bank borrowings of HK\$300,000,000 and Renminbi bank borrowings equivalent to HK\$382,724,000.

The bank loans are secured by corporate guarantee provided by the ultimate holding company and fellow subsidiaries of the Company, the Group's bills receivables amounted to HK\$33,337,000 and finance lease receivables amounted to HK\$114,492,000. All bank loans bear interest at floating rates, with effective interest rates ranging from 1.9% to 4.9% per annum.

On 26 May 2015, the Company issued an aggregated principal amount of HK\$350,000,000 3% convertible bonds, which are due on 25 May 2016. The Company received net proceeds of HK\$346,114,000 after deducting the commissions and expenses of the offering. Since the date of issuance and up to 25 May 2016, HK\$55,000,000 of the convertible bonds were converted into shares of the Company by the bondholders. The remained convertible bonds were redeemed by the Company on the maturity date.

As at 31 December 2016, included in other payables of (i) RMB9,550,000 (approximately HK\$10,612,000) represent the non-interest bearing shareholders' loan from a non-controlling interest shareholder of Guoxin Energy Limited, a non-wholly owned subsidiary of the Company; and (ii) RMB15,000,000 (approximately HK\$16,669,000) represent an unsecured interest bearing loan from a fellow subsidiary of the Company and the interest rate of the loan is at the PRC benchmark rate plus 10% per annum.

The Group has adopted the prudent and healthy fiscal policies and imposed strict control over its cash and risk management. The Group's bank balances and cash are mainly denominated in Hong Kong dollars and Renminbi, and hence it is not exposed to significant exchange risk. The Group has not used any financial instruments for hedging purpose.

Contingent liabilities

As at 31 December 2016, the Group had no significant contingent liabilities.

Capital commitments

As at 31 December 2016, the Group committed capital expenditure of HK\$7,778,000 (2015: Nil) in respect of acquisition of land and property, plant and equipment of which was contracted for but not provided in the Group's consolidated financial statements.

Number of employees and remuneration policy

As at 31 December 2016, the Group had 194 employees, the remuneration packages of whom are reviewed annually with reference to the prevailing market condition.

Capital Structure

The Group has adopted the prudent and healthy fiscal policies and imposed strict control over its cash and risk management. The Group's bank balances and cash are mainly denominated in Hong Kong dollars and Renminbi, and hence it is not exposed to significant exchange risk. The Group has not used any financial instruments for hedging purpose.

Prospect for New Business

At the end of 2016, the Group has formed the diversified business architecture of photovoltaics EPC, photovoltaics power generation and financial services, and held equity interests in a professional company specialized in the maintenance of nuclear power stations and nuclear projects in the PRC.

On 8 December 2016, the National Energy Administration published the "13th Five-year Plan for the Solar Photovoltaic Industry". According to the plan, installed capacity of solar power generation will reach 110GW by the end of 2020. It is expected that the photovoltaics industry will still develop rapidly in the next few years.

As we writing this report, the national 13th Five-Year Plan has expressly emphasized the development of energy reform, among which the orderly construction of photovoltaic projects was listed as one of the priority. The nation plans to accelerate the progress of developing distributed photovoltaic power stations in the mid-eastern and south regions and select some as pilot projects for solar thermal electric power generation, so as to implement the photovoltaic poverty alleviation arrangement. The 13th Five-year Plan for Energy Industry (能源發展「十三五」規劃) and the 13th Five-year Plan for the Solar Photovoltaic Industry (太陽能發展「十三五」規劃) make the target more clear that the non-fossil energy consumption proportion shall be raised to above 15% and the scale of solar power shall over 110 GW by 2020. The implement of all these macro policy are believed to boost economic development of photovoltaic and clean energy industries. The Group will endeavor to grasp the development trend of national economy and industry, especially the historic opportunity brought by the implementation of national development strategy of "One Belt, One Road", insist on the thought of capital lead and production and financing combination, follow the trend and ride on the momentum. We will further optimize and integrate the Group's resources and continuously improve the governance and risk control level of the Company. In addition, we will continue to expand and strengthen the solar energy generation and financial services business while actively seeking the investment opportunities in the nuclear field, so as to reward our public investors with better development achievements.

Significant Investments Held

For the continuing operations, the Group is principally engaged in new energy operations, included (a) the EPC and consultancy segment which comprises the Group's EPC and consulting services operations relating to construction of photovoltaic power plant; (b) the power generation segment which comprises the Group's power generation operations; (c) the financing segment which comprises the Group's financing operations; and (d) 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.

For the year ended 31 December 2016, the Company had investments in subsidiaries of HK\$463,314,000 and interest in associates of HK\$82,215,000. The Group's consolidated revenue from continuing operations for the year ended 31 December 2016 amounted to HK\$2,041,543,000 representing an increase of HK\$537,801,000 compared to the consolidated revenue from continuing operations of HK\$1,503,742,000 recorded for the year ended 31 December 2015, primarily generated by the EPC and consultancy business segment. Save as disclosed, the Group did not have any other significant investments as at 31 December 2016.

Material Acquisitions and Disposals and Associated Companies

On 1 November 2016, the Group entered into a sale and purchase agreement (“**SPA**”) pursuant to which the Group has agreed to sell the entire issued share capital of each of the wholly-owned subsidiaries, Hurray Enterprises Limited, Tack Hsin (BVI) Holdings Limited and Tack Hsin International Limited (together the “**Target Group**”) and the shareholder's loan owed by the Target Group to the Company, to an executive director and a substantial shareholder interested in approximately 10.08% of the issued share capital of the Company, for a consideration of HK\$110 million. The principal activities of the Target Group are restaurant operations, property investment and hotel operations. The transaction was completed on 28 December 2016. Save as disclosed, during the year ended 31 December 2016, there was no other material acquisition or disposal of subsidiaries, associated companies and joint ventures by the Group.

Charges on Assets

As at 31 December 2016, the Group had bills receivable, finance lease receivables and pledged bank deposits amounting to HK\$33,337,000, HK\$114,492,000 and HK\$Nil respectively which have been pledged to secure banking facilities granted to the Group. Save as disclosed above, the Group had no other charges on its assets as at 31 December 2016.

Future Plans for Material Investments

The Group will endeavor to grasp the development trend of national economy and industry, especially the historic opportunity brought by the implementation of national development strategy of “One Belt, One Road”, insist on the thought of capital lead and production and financing combination, follow the trend and ride on the momentum. We will further optimize and integrate the Group’s resources and continuously improve the governance and risk control level of the Company. In addition, we will continue to expand and strengthen the solar energy generation and financial services business while actively seeking the investment opportunities in the nuclear field, so as to reward our public investors with better development achievements. Save as disclosed herein, there was no specific plan for material investments or capital assets as at 31 December 2016.

Gearing Ratio

The gearing ratio at the end of reporting period was as follows:

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Debt [#]	710,005	358,594
Total equity	508,789	474,941
Gearing ratio	<u>1.40</u>	<u>0.76</u>

Exposure to Fluctuations in Exchange Rates

The Group’s interest rate risk arises primarily from bank borrowings, loan from related parties and loan receivable. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group will review whether bank borrowings and loan from related parties bearing fixed or floating rates should be drawn from time to time with reference to the trend of changes in interest rates. The Group does not have an interest rate hedging policy. However, the directors monitor interest rate change exposure and will consider hedging significant interest rate exchange exposure should the need arise.

The details of the Director proposed to be re-elected at the SGM are set out as follows:

Mr. Kang Xinquan (“**Mr. Kang**”), aged 65, graduated in computer science from East China Institute of Engineering (華東工程學院) (currently known as Nanjing University of Science and Technology (南京理工大學)) in 1980. Mr. Kang was recognised as a senior engineer in computer science by China National Nuclear Corporation (中國核工業總公司) in 1996. During the period from July 1998 to April 2014, Mr. Kang had served as a researcher and deputy director of System Engineering Division II for Committee of Science, Technology and Industry for National Defence (國防科學技術工業委員會) of the People’s Republic of China and successively as a researcher and deputy director of System Engineering Division II for State Administration of Science, Technology and Industry for National Defence (國家國防科技工業局). He retired in April 2014. Mr. Kang has over 30 years of experience in China nuclear industry.

The Company has entered into a letter of appointment with Mr. Kang for a term of three years commencing on the date of his appointment and is subject to retirement by rotation and reelection by the Shareholders as well as other related provisions as stipulated in the bye-laws of the Company and Listing Rules. Pursuant to the letter of appointment, the directorship may be terminated by either party thereto by giving to the other three months’ prior notice in writing. Mr. Kang does not receive a director fee for being the Independent Non-executive Director.

Mr. Kang did not hold any directorship in any other listed public companies in Hong Kong or overseas during the past three years and save as disclosed above, he does not hold any other position with the Company or other members of the Group or major appointments and qualifications. Mr. Kang does not have any relationship with any other Director, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Kang does not have any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

Save as disclosed above, there is no other information relating to Mr. Kang that is required to be disclosed pursuant to rules 13.51(2)(h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (“**Model Code**”), to be notified to the Company and the Stock Exchange, were as follows:

Name of director	Capacity	Number of ordinary shares	Approximate % of shareholding
Fu Zhigang	Beneficial owner	100,000	0.01%

Save as disclosed above, none of the Directors or chief executives of the Company had, as at the Latest Practicable Date, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Interests of Substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, each of the following persons and entities (other than a Director or chief executive of the Company) had or was deemed to have interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Capacity/nature of interest	Number of issued Shares/ underlying Shares held	Approximate percentage of shareholding in issued share capital <i>(Note 1)</i>
中國核工業集團有限公司 (transliterated as China National Nuclear Corporation Limited) ("CNNC")	Controlled corporation	400,000,000 <i>(Note 2)</i>	30.46%
中核投資有限公司 (transliterated as China Nuclear Investment Company Limited) ("CNICL")	Controlled corporation	400,000,000 <i>(Note 2)</i>	30.46%

Name of Shareholder	Capacity/nature of interest	Number of issued Shares/ underlying Shares held	Approximate percentage of shareholding in issued share capital <i>(Note 1)</i>
China He Investment (Hong Kong) Company Limited ("China He (HK)")	Beneficial owner	400,000,000 <i>(Note 2)</i>	30.46%
Zhao Xu Guang ("Mr. Zhao")	Controlled corporation	84,676,000 <i>(Note 3)</i>	6.45%

Note:

1. China He (HK) is a wholly-owned subsidiary of CNICL, which in turn is wholly-owned by CNNC. As at the Latest Practicable Date, China He (HK) held 400,000,000 shares of the Company and accordingly, both CNICL and CNNC were deemed to be interested in the same block of shares of the Company which was registered under China He (HK) by virtue of SFO.
2. Mr. Zhao was beneficially interested in the entire issued share capital of Prosper Alliance Investments Limited and Rui Tong Investments Limited which in turn were directly interested in 60,000,000 shares and 24,676,000 shares respectively. By virtue of SFO, Mr. Zhou was deemed to be interested in 84,676,000 shares.

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified by any person or entity who had or was deemed to have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, all Directors have entered into letters of appointment or service contracts with the Company. None of the Directors had entered, or proposed to enter into a service contract with any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

4. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date:

- (a) none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2018, being the date to which the latest published audited accounts of the Company were made up. As at the Latest Practicable Date, four Directors are also senior management of the substantial shareholder of 中核建融資租賃股份有限公司 (transliterated as China Nuclear E&C Financial Leasing Co., Ltd.) (“CNECFL”), or its associate, namely:
- (i) Mr. Zhao Yixin is a party committee secretary and a chairman of 中核投資有限公司 (transliterated as China Nuclear Investment Co., Ltd.) (“CNICL”);
 - (ii) Mr. Tang Jianhua is an assistant to general manager of CNICL;
 - (iii) Mr. Wu Yuanchen is a deputy general manager of CNICL;
 - (iv) Mr. Fu Zhigang is a deputy chief accountant and a director of finance department of CNICL; and

hence are interested in the a factoring contract dated 23 January 2019 entered into between CNECFL and 南京中核能源工程有限公司 (transliterated as Nanjing CNI Energy Engineering Company Limited) and a factoring contract dated 23 January 2019 entered into between CNECFL and 核建融資租賃(深圳)有限公司 (transliterated as CNEC Financial Leasing (Shenzhen) Co. Ltd.) (collectively the “**Factoring Agreements**”).

- (b) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and was significant in relation to the business of the Group.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates had any direct or indirect interest in a business which competes or may compete with the business of the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Company were made up.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

8. MATERIAL CONTRACTS

Save for the Agreements and the agreements set out below, no contract (not being contract in the ordinary course of business), which is or may be material, has been entered into by the Company or any of its subsidiaries within the two years immediately preceding the Latest Practicable Date:

- (a) a purchasing contract dated 18 December 2017 entered into between 南京中核能源工程有限公司 (transliterated as Nanjing CNI Energy Engineering Company Limited) (as contractor) and 江蘇中盛創新機電科技有限公司 (transliterated as Jiangsu Zhongsheng Chuangxin Electrical Technology Company Limited) (“**Jiangsu Zhongsheng**”) (as supplier) for the purchase of equipment for the development of the rooftop distributed photovoltaic power generation facilities with an installed capacity of 19MW located in Suining, Xuzhou, Jiangsu Province of the PRC with an aggregate consideration of RMB86,831,565;

- (b) 16 purchasing contracts each dated 20 December 2017 entered into between certain project subsidiaries of the Company (as purchasers) and 江蘇中盛創新機電科技有限公司 (transliterated as Jiangsu Zhongsheng Chuangxin Electrical Technology Company Limited) (as supplier) for the purchase of equipment for the development of 15 distributed solar photovoltaic power generation projects with an aggregate installed capacity of 46.29MW and a solar cells module plant with annual production capacity of 500MW all located in Jiangsu Province, PRC with an aggregate consideration of RMB187,771,575.71;
- (c) the termination agreement dated 24 January 2018 entered into between the Company and China He (HK) in relation to terminate the underwriting agreement dated 23 November 2017;
- (d) the cooperation agreement dated 29 May 2018 entered into between Nanjing CNI and the Agricultural Bank of China, Zaozhuang Branch, whereby the Agricultural Bank of China, Zaozhuang Branch agreed to provide a loan facility in the amount up to RMB200,000,000 to the borrowers and Nanjing CNI agreed to provide the guarantee for the due performance of the repayment obligations of the borrowers to the Agricultural Bank of China, Zaozhuang Branch in respect of the entire amount of the guaranteed indebtedness;
- (e) the equipment and materials purchasing contract dated 31 May 2018 entered into between 臨滄核潤新能源有限公司 (transliterated as Lincang Herun New Energy Limited) (an indirect non-wholly-owned subsidiary of the Company) (as principal) and 北京漢能薄膜太陽能電力工程有限公司 (translated as Beijing Hanergy Thin Film Solar Energy Electricity Engineering Limited) (as supplier) for the purchase of equipment for the development of the poverty alleviation photovoltaic power station with a total capacity of 30MW in Linxiang District, Lincang City, Yunnan Province of the PRC with an aggregate consideration of RMB136,487,457.6;
- (f) the agreement dated 5 June 2018 entered into among 四川通藝來電力工程有限公司 (transliterated as Sichuan Tongyilai Electricity Engineering Company Limited) (“**STEE**”), 核建融資租賃(深圳)有限公司 (transliterated as CNEC Financial Leasing (Shenzhen) Co. Ltd.) (“**Shenzhen CNE**”) and 寶豐北控清潔能源電力有限公司 (transliterated as Baofeng Beikong Clean Energy Electricity Co., Ltd.) (“**Baofeng Beikong**”), pursuant to which, among other things, STEE, Shenzhen CNE and Baofeng Beikong agreed to restate the principal amount of the finance lease to RMB64,000,000;

- (g) the agreement dated 5 June 2018 entered into among STEE, 北控清潔能源電力有限公司 (transliterated as Beikong Clean Energy Electricity Co., Ltd.) and 濰坊明峰新能源科技有限公司 (transliterated as Weifang Mingfeng New Energy Technology Company Limited) (the “**Joint Lessees**”) pursuant to which, among other things, STEE, Shenzhen CNE and Joint Lessees agreed to increase the total non-refundable handling fee to RMB2,952,000;
- (h) the sale and purchase agreement dated 31 December 2018 entered into between CNE New Energy Limited (“**CNE New Energy**”) and Triple Delight Limited (“**Triple Delight**”) in relation to, among other things, the acquisition of 19.1% of the total number of issued shares in Guoxin Energy Limited (“**Guoxin**”) by CNE New Energy at a total consideration of RMB29,423,000 and CNE New Energy has conditionally agreed to repay the outstanding shareholder’s loan in the amount of RMB9,550,000 due from Guoxin to Triple Delight for and on behalf of Guoxin;
- (i) the Factoring Agreements;
- (j) the supplemental agreement dated 1 April 2019 entered into between CNE New Energy, Triple Delight and Guoxin, pursuant to which the parties thereto agreed, among other things, (i) to adjust the consideration for the acquisition from RMB19,873,000 to RMB19,577,405; and (ii) the remaining balance of the consideration for the acquisition in the amount of RMB9,640,905 be settled by way of bank transfer by the purchaser payable to the vendor on the completion date; and
- (k) the finance lease agreement dated 14 June 2019 entered into between Suining China Nuclear and CMB Financial Leasing, pursuant to which CMB Financial Leasing agreed to purchase the Leased Asset from Suining China Nuclear at a total transfer consideration of RMB90,304,890.32, which will be leased back to Suining China Nuclear for a term of 60 months commencing from the settlement of the total transfer consideration (after deduction of the first lease payment) by CMB Financial Leasings.

10. GENERAL

- (a) the company secretary of the Company is Ms. Cheung Tin Shu. Ms. Cheung Tin Shu is an associate member of the Hong Kong Institute of Chartered Secretaries;
- (b) the registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda;
- (c) the Hong Kong principal office of the Company is at Room 2801, 28/F, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong;
- (d) the address of the Company’s branch share registrar in Hong Kong is Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong; and

- (e) in the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Company at Room 2801, 28th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong during normal business hours from 9:30 a.m. to 5:00 p.m. on any weekday, except public holidays from the date of this circular up to and including the date of the SGM (being not less than 14 days):

- (a) the Agreements;
- (b) the memorandum of association of the Company and the Bye-laws;
- (c) the annual reports of the Company for each of the three years ended 31 December 2016, 2017 and 2018;
- (d) the interim report of the Company for the six months ended 30 June 2019;
- (e) the material contracts as referred to in the section headed “MATERIAL CONTRACTS” in this appendix;
- (f) the letter from the Board to the Shareholders, the text of which is set out from pages 7 to 35 of this circular; and
- (g) this circular.

NOTICE OF SGM



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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (the “**SGM**”) of China Nuclear Energy Technology Corporation Limited (the “**Company**”) will be held at Regus Conference Centre, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Tuesday, 17 December 2019, at 10:30 a.m. to consider and, if thought fit, passing, with or without modifications, the following resolutions (unless otherwise indicated, capitalised terms used in this notice shall have the same meanings as those defined in the circular (the “**Circular**”) of the Company dated 27 November 2019):

ORDINARY RESOLUTIONS

1. “**THAT**

- (i) the equipment purchase agreement dated 6 November 2019 entered into between 中核(南京)能源發展有限公司 (for transliteration purpose only, CNI (Nanjing) Energy Development Company Limited) (“**CNI Nanjing**”) as purchaser and 中車株洲電力機車研究所有限有限公司 (for transliteration purpose only, CRRC Zhuzhou Electric Locomotive Research Institute Company Limited) (the “**First Vendor**”) as vendor, pursuant to which the First Vendor will provide CNI Nanjing with the equipment, materials and other accessory products which will be used for the construction and development of a 15MW decentralized wind farms (the “**15MW Wind Farm**”) in Liangji Town in Jiangsu Province, the PRC (the “**15MW Equipment Purchase Agreement**”) (a copy of which marked “A” has been produced to the SGM and initialed by the chairman of the SGM for identification purpose), the transactions contemplated thereunder and all other transactions in connection therewith and any other ancillary documents, be and are hereby confirmed, approved and ratified, subject to such addition or amendment as any director(s) of the Company (the “**Director(s)**”) may consider necessary, desirable or appropriate;

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- (ii) the equipment purchase agreement dated 6 November 2019 entered into between 睢寧核源風力發電有限公司 (for transliteration purpose only, Suining Nuclear Source Wind Power Electricity Generation Company Limited) (“**Suining Wind Power**”) as purchaser and 湘電風能有限公司 (for transliteration purpose only, Xiangdian Wind Energy Company Limited) as vendor (the “**Second Vendor**”), pursuant to which the Second Vendor will provide Suining Wind Power with the equipment, materials and other accessory products (the “**35MW Equipment**”) which will be used for the construction and development of a 35MW wind farm (the “**35MW Wind Farm**”) in Liangji Town in Jiangsu Province (the “**35MW Equipment Purchase Agreement**”) (a copy of which marked “B” has been produced to the SGM and initialed by the chairman of the SGM for identification purpose), the transactions contemplated thereunder and all other transactions in connection therewith and any other ancillary documents, be and are hereby confirmed, approved and ratified, subject to such addition or amendment as any Director(s) may consider necessary, desirable or appropriate;
- (iii) the equipment purchase agreement dated 6 November 2019 entered into between CNI Nanjing as purchaser and the First Vendor as vendor, pursuant to which the First Vendor will provide CNI Nanjing with the equipment, materials and other accessory products (the “**95MW Equipment**”) for the construction and development of a 95MW wind farm (the “**95MW Wind Farm**”) in Weiji Town in Jiangsu Province, the PRC (the “**95MW Equipment Purchase Agreement**”) (a copy of which marked “C” has been produced to the SGM and initialed by the chairman of the SGM for identification purpose), the transactions contemplated thereunder and all other transactions in connection therewith and any other ancillary documents, be and are hereby confirmed, approved and ratified, subject to such addition or amendment as any Director(s) may consider necessary, desirable or appropriate;
- (iv) finance lease agreement dated 6 November 2019 entered into between Suining Wind Power as lessee and 招銀金融租賃有限公司 (for transliteration purpose only, CMB Financial Leasing Co., Ltd.) (“**CMB Financial Leasing**”) as lessor, pursuant to which CMB Financial Leasing provides financing to Suining Wind Power for the purchase of the 35MW Equipment (the “**First CMB Finance Lease Agreement**”) (a copy of which marked “D” has been produced to the SGM and initialed by the chairman of the SGM for identification purpose), the transactions contemplated thereunder and all other transactions in connection therewith and any other ancillary documents, be and are hereby confirmed, approved and ratified, subject to such addition or amendment as any Director(s) may consider necessary, desirable or appropriate;

NOTICE OF SGM

- (v) finance lease agreement dated 6 November 2019 entered into between Suining Wind Power as lessee and CMB Financial Leasing as lessor, pursuant to which CMB Financial Leasing provides financing to Suining Wind Power for the purchase of the 95MW Equipment (the “**Second CMB Finance Lease Agreement**”) (a copy of which marked “E” has been produced to the SGM and initialed by the chairman of the SGM for identification purpose), the transactions contemplated thereunder and all other transactions in connection therewith and any other ancillary documents, be and are hereby confirmed, approved and ratified, subject to such addition or amendment as any Director(s) may consider necessary, desirable or appropriate;
- (vi) the latest draft of the main construction agreement (the “**Main Construction Agreement**”) dated 6 November 2019 entered into between Suining Wind Power and 協鑫能源工程有限公司 (for transliteration purpose, Xiexin Energy Engineering Company Limited) in relation to the construction and engineering works of the 15MW Wind Farm, 35MW Wind Farm and the 95MW Wind Farm (the “**Wind Power Project**”) (a copy of which marked “F” has been produced to the SGM and initialed by the chairman of the SGM for identification purpose), the transactions contemplated thereunder and all other transactions in connection therewith and any other ancillary documents, be and are hereby confirmed, approved and ratified, subject to such addition or amendment as any Director(s) may consider necessary, desirable or appropriate; and

(Documents in (i) to (vi) are referred collectively as the “**Agreements**”)

- (vii) any one Director be and is authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company, including under seal of the Company, where applicable, and to do such other things and to take all such actions as he/she considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Agreements (including any supplemental agreement thereto) and all transactions contemplated thereunder, and to agree to such variation, amendments or waiver or matters relating thereto as he/she sees fit.”

NOTICE OF SGM

2. “**THAT** Mr. Mr. Kang Xinquan be re-elected as an independent non-executive Director.”

Yours faithfully,

By order of the Board

China Nuclear Energy Technology Corporation Limited

Zhao Yixin

Chairman

Hong Kong, 27 November 2019

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal Place of Business in Hong Kong:

Room 2801, 28th Floor

China Resources Building,

26 Harbour Road

Wanchai

Hong Kong

Notes:

1. The purpose of the First CMB Finance Lease Agreement is to provide funding for 90% of the total consideration of the 35MW Equipment Purchase Agreement and is therefore inter-conditional with the 35MW Equipment Purchase Agreement. The purpose of the Second CMB Finance Lease Agreement is to provide funding for 90% of the total consideration of the 95MW Equipment Purchase Agreement and is therefore inter-conditional with the 95MW Equipment Purchase Agreement. Save for the above, the Agreements are not inter-conditional with each other.

Notwithstanding the fact that the Agreements are not all inter-conditional with each other pursuant to the terms and conditions thereof, the Company is of the view that the Agreements are in fact inter-conditional with each other due to their relatedness and interdependency as explained below. As a result, the Company will put forward one resolution in the circular and the notice of SGM for the Shareholders to consider and if thought fit, approve all Agreements at the SGM. The reasons are as follows:-

- (i) the Agreements are all related to the Wind Power Project. The 15MW Equipment Purchase Agreement, the 35MW Equipment Purchase Agreement and the 95MW Equipment Purchase Agreement are for the purpose of procuring the necessary equipment, products and materials for the construction of wind farms. The CMB Finance Lease Agreements are for the purpose of providing financing for the purchase of the 35MW Equipment and 95MW Equipment as described above. The Main Construction Agreement, on the other hand, is for the purpose of engaging a main contractor for the construction and engineering works of the Wind Power Project; and

NOTICE OF SGM

- (ii) the inter-dependency of the Agreements due to the practical execution of the Wind Power Project. If any one of the Agreements is not approved by the Shareholders at the SGM, the Company may not proceed with the Wind Power Project as the Group will have to conduct open tender process again to invite tenders for the provision of the required products and services, which may last for several months and during which the costs of the required products and services may fluctuate and exceed the budget of the Company originally contemplated for the Wind Power Project. The Company will also have to negotiate with the financier again regarding the terms of the financing. The termination of the agreements approved by the Shareholders at the SGM may also incur liability to the Group pursuant to the terms and conditions of these agreements when all the conditions precedent of these agreements have already been fulfilled.

In view of the above, notwithstanding the fact that the Agreements are not all inter-conditional with each other pursuant to the terms and conditions thereof, the Company is of the view that the Agreements are in fact inter-conditional with each other due to their relatedness and interdependency. The Company therefore considers it to be in the best interest of the Company and the Shareholders as a whole to approve the Agreements in one resolution at the SGM. If the resolution is not approved by the Shareholders at the SGM, the Company will terminate the Agreements and will not proceed with the Wind Power Project.

2. A member of the Company (the “**Shareholder**”) entitled to attend and vote at the SGM convened by the above notice is entitled to appoint one or, if such Shareholder is a holder of more than one share, more proxies to attend and vote in his stead. A proxy need not be a Shareholder.
3. For the purpose of ascertaining Shareholders’ right to attend and vote at the meeting, the register of members of the Company will be closed from Thursday, 12 December 2019 to Tuesday, 17 December 2019, both days inclusive, during which no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the meeting, all transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 11 December 2019.
4. Where there are joint registered holders of any share of the Company, any one of such holders may vote at the SGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such holders be present at the SGM personally or by proxy, that one of such holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
6. Completion and delivery of the form of proxy will not preclude the Shareholder from attending and voting in person at the SGM if the Shareholder so desires and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

NOTICE OF SGM

7. In order to be valid, the form of proxy must be deposited with Tricor Tengis Limited, the share registrar of the Company, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney, not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof (i.e. not later than 10:30 a.m. on Sunday, 15 December 2019, or any adjournment thereof).
8. This notice is prepared in both English and Chinese. In the event of inconsistency, the English text of the notice shall prevail over the Chinese text.
9. In this notice, the English names of certain PRC entities are translation or transliteration of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.
10. If tropical cyclone warning signal no. 8 or above, "extreme conditions" caused by super typhoons or a black rainstorm warning is in effect at any time after 8:30 a.m. on 17 December 2019, the meeting will be postponed and further announcement for details of alternative meeting arrangements will be made. The meeting will be held as scheduled even when tropical cyclone warning signal no. 3 or below is hoisted, or an amber or red rainstorm warning signal is in force. You should make your own decision as to whether you would attend the meeting under bad weather conditions and if you should choose to do so, you are advised to exercise care and caution.

As at the date of this notice, the executive Directors 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 Operating Officer), Mr. Wu Yuanchen; and the independent non-executive Directors are Mr. Chan Ka Ling Edmond, Mr. Kang Xinquan, Mr. Tian Aiping and Mr. Wang Jimin.