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CHINA NUCLEAR ENERGY TECHNOLOGY CORPORATION LIMITED

中國核能科技集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 611)

**DISCLOSEABLE TRANSACTION
IN RELATION TO
THE WEIFANG FINANCE LEASE AGREEMENT**

THE WEIFANG FINANCE LEASE AGREEMENT

On 18 August 2017, the Finance Lease Company entered into the Weifang Finance Lease Agreement with the Joint Lessees. Pursuant to which, the Finance Lease Company had agreed to purchase the Weifang Leased Assets from STEE at a total consideration of RMB36,000,000 (equivalent to approximately HK\$42,196,566) and lease the Weifang Leased Assets to the Joint Lessees, for a term of eight years at the estimated aggregate lease consideration of RMB46,855,800 (equivalent to approximately HK\$54,920,940). The period of lease under the Weifang Finance Lease Agreement will be eight years commencing from the date of settlement of the consideration for the purchase of the Weifang Leased Assets by the Finance Lease Company from STEE. The ownership of the Weifang Leased Assets will lie with the Finance Lease Company throughout the lease period. At the end of the lease period and subject to the Joint Lessees having duly and satisfactorily performed all of their obligations under, and upon the expiry of the Weifang Finance Lease Agreement, the Joint Lessees have an option to purchase the Weifang Leased Assets at the nominal purchase price of RMB100.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Weifang Finance Lease Agreement exceed 5% but less than 25%, the transactions under the Weifang Finance Lease Agreement constitute a discloseable transaction for the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Furthermore, as the ultimate beneficial owner of BCE Electricity is the same as the ultimate beneficial owner of the lessees under the BECE Finance Lease Agreements completed within a 12-month period, the entering into of the Weifang Finance Lease Agreement is required to aggregate with the BECE Finance Lease Agreements and be treated as if they were one transaction pursuant to Rule 14.22 of the Listing Rules. Nonetheless, given the applicable percentage ratios (as defined under the Listing Rules) in respect of the Weifang Finance Lease Agreement and the BECE Finance Lease Agreements in aggregate exceed 5% but less than 25%, the Weifang Finance Lease Agreement, in aggregate with the BECE Finance Lease Agreements, still constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Company would not be required to re-classify the transactions under the Weifang Finance Lease Agreement by aggregating it with the transactions under the BECE Finance Lease Agreements.

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Date: 18 August 2017

Vendor: STEE

Purchaser and lessor: the Finance Lease Company

Lessees: (1) BCE Electricity
(2) Weifang Mingfeng

To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, each of STEE, BCE Electricity, Weifang Mingfeng and their ultimate beneficial owners are Independent Third Parties.

The Weifang Finance Lease Agreement comprised (i) the purchase of the Weifang Leased Assets from STEE by the Finance Lease Company; and (ii) the direct lease arrangement of the Weifang Leased Assets from the Finance Lease Company to the Joint Lessees, details of which are as follows:

Sale and purchase of the Weifang Leased Assets

The carrying value of the Weifang Leased Assets was estimated to be RMB36,000,000 (equivalent to approximately HK\$42,196,566) under the Weifang Finance Lease Agreement.

Pursuant to the Weifang Purchase Agreement, the Finance Lease Company shall purchase the Weifang Leased Assets from STEE at a total consideration of RMB36,000,000 (equivalent to approximately HK\$42,196,566), which shall be settled within ten business days upon the fulfillment of the conditions precedent under the Weifang Purchase Agreement.

Direct lease arrangement for the Weifang Leased Assets

Pursuant to the Weifang Finance Lease Agreement, the Finance Lease Company agreed to lease the Weifang Leased Assets to the Joint Lessees for a term of eight years, commencing from the date of settlement of the consideration under the Weifang Purchase Agreement by the Finance Lease Company, which shall be settled within ten business days upon the fulfillment of the conditions precedent under the Weifang Purchase Agreement.

Consideration for the lease of the Weifang Leased Assets

Pursuant to the Weifang Finance Lease Agreement, the estimated aggregate lease consideration payable by the Joint Lessees for the Weifang Leased Assets shall be approximately RMB46,855,800 (equivalent to approximately HK\$54,920,940), which represents: (i) the principal financing amount for the lease of the Weifang Leased Assets of approximately RMB36,000,000 (equivalent to approximately HK\$42,196,566); (ii) the total estimated aggregate interest of approximately RMB8,731,800 (equivalent to approximately HK\$10,234,777) for the full lease period of the Weifang Leased Assets which shall be paid in 32 instalments on a quarterly basis during the respective lease period. The interest payment to be paid by the Joint Lessees is calculated at a floating rate, representing 110% of the benchmark lending rate for loan tenor over five years promulgated by PBC, which is currently 5.39% per annum. The interest rate may be adjusted according to the prevailing lending interest rate to be promulgated by PBC from time to time; and (iii) the total non-refundable handling fee in the sum of RMB2,124,000 (equivalent to approximately HK\$2,489,597), which shall be paid in seven instalments during the lease period. The first installment of the handling fee of approximately RMB936,000 (equivalent to approximately HK\$1,097,111) shall be paid on the commencement date of the Weifang Finance Lease Agreement. The second to fourth installments of approximately RMB216,000 (equivalent to approximately HK\$253,179) each shall be paid on the 8th, 12th and 16th installments of the lease and the remaining three instalments of approximately RMB180,000 (equivalent to approximately HK\$210,983) each shall be paid on the 20th, 24th and 28th instalments of the lease.

In the event that no agreement for purchase of electricity is entered into within six months after on-grid connection of the project which the Weifang Leased Assets are used for, the Finance Lease Company shall have the right to request the Joint Lessees to pay all the due and unpaid rental fees and other charges together with all outstanding amount of the principal rent.

The consideration for the purchase of the Weifang Leased Assets and the estimated aggregate lease consideration under the Weifang Finance Lease Agreement (including the principal financing amount for the lease of the Weifang Leased Assets) was determined after arm's length negotiations among the parties to the finance lease arrangement with reference to (i) the prevailing market price and rate for finance leases of comparable equipment and assets for construction and operation of photovoltaic power station; and (ii) similar finance lease services.

Ownership of the Weifang Leased Assets

Throughout the lease period, the Finance Lease Company will be entitled to the ownership of the Weifang Leased Assets under the Weifang Finance Lease Agreement. The Weifang Leased Assets may be registered under the name of the Joint Lessees solely for their operation of the Weifang Leased Assets during the lease period, but the ownership of the Weifang Leased Assets remains to the Finance Lease Company. At the end of the lease period and subject to the Joint Lessees having duly and satisfactorily performed all of their obligations under, and upon the expiry of the Weifang Finance Lease Agreement, the Joint Lessees have an option to purchase the Weifang Leased Assets from the Finance Lease Company at the nominal purchase price of RMB100.

Pledges and Guarantees of the Weifang Leased Assets

The obligations of the Joint Lessees under the Weifang Finance Lease Agreement will be secured by (i) pledge of the right to income generated by Weifang Mingfeng under its photovoltaic power plant in Shandong Province of the PRC; (ii) pledge of the Weifang Leased Assets by Weifang Mingfeng; (iii) corporate guarantee by Beiqing Clean Energy for the lease of the Weifang Leased Assets; (iv) the proposed pledge of the entire equity interest in Weifang Mingfeng; and (v) the irrevocable guarantee provided by BECE for a period of the lease period plus three years subsequent to the lease period for repurchase of the Weifang Leased Assets at the consideration of an amount equivalent to all the due and unpaid and undue rental fees and other relevant charges in case of an occurrence of an event of default.

Information on the Company and the Finance Lease Company

The Company is an investment holding company. The Finance Lease Company is an indirect wholly-owned subsidiary of the Company established in the PRC with limited liability. It is principally engaged in the financial leasing business, which specialises in organising and providing direct financial leasing services and sale-and-leaseback services to customers in the PRC, the customers of which are mainly companies in the new energy industry.

Information on BECE, BCE Electricity and Weifang Mingfeng

BECE is an investment holding company whose shares are listed on the Main Board of the Stock Exchange (Stock code: 1250). The principal operating subsidiaries of BECE is primarily engaged in the investment, development, construction, operation and management of photovoltaic power plants, photovoltaic power-related businesses and wind power-related businesses and the design, printing and sale of cigarette packages in the PRC. BCE Electricity is an indirect non wholly-owned subsidiary of BECE which is principally engaged in investment, development and operation of photovoltaic power generation projects.

Weifang Mingfeng is a company incorporated in the PRC with limited liability and is principally engaged in the development, construction, operation and maintenance of photovoltaic power generation projects and the provision of development and consultancy services in relation to photovoltaic power generation technologies.

Reasons for and benefits of entering into the Weifang Finance Lease Agreement

The Group is principally engaged in new energy operations (such as provision of development, operation, engineering and construction and procurement services for solar energy plants) and finance leasing services in the PRC. In addition, the Group has been participating in other businesses such as (i) inspection, maintenance, repair, construction, installation and provision of expertise in such works for nuclear power plants; and (ii) subcontracting of overseas engineering and construction projects via its subsidiaries and associated companies.

The Directors consider that the Finance Lease Company can obtain stable revenue and cashflow stream from the interest to be received from the Weifang Finance Lease Agreement, which is in the ordinary and usual course of business of the Group. The entering into of the Weifang Finance Lease Agreement will enable the Finance Lease Company to earn an estimated aggregate interest income of RMB8,731,800 (equivalent to approximately HK\$10,234,777) payable by the Joint Lessees. The Finance Lease Company will also earn handling fees and nominal buy-back price of the Weifang Leased Assets under the Weifang Finance Lease Agreement.

The Directors consider that the terms of the Weifang Finance Lease Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

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Furthermore, as the ultimate beneficial owner of BCE Electricity is the same as the ultimate beneficial owner of the lessees under the BECE Finance Lease Agreements completed within a 12 month period, the entering into of the Weifang Finance Lease Agreement is required to aggregate with the BECE Finance Lease Agreements and be treated as if they were one transaction pursuant to Rule 14.22 of the Listing Rules. Nonetheless, given the applicable percentage ratios (as defined under the Listing Rules) in respect of the Weifang Finance Lease Agreement and the BECE Finance Lease Agreements in aggregate exceed 5% but less

than 25%, the Weifang Finance Lease Agreement, in aggregate with the BECE Finance Lease Agreements, still constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Company would not be required to re-classify the transactions under the Weifang Finance Lease Agreement by aggregating it with the transactions under the BECE Finance Lease Agreements.

DEFINITIONS

“BCE Electricity”	Beikong Clean Energy Electricity Co., Ltd.* (北控清潔能源電力有限公司), a company established in the PRC with limited liability and an indirect non wholly-owned subsidiary of BECE
“BECE”	Beijing Enterprises Clean Energy Group Limited (北控清潔能源集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1250)
“BECE Finance Lease Agreements”	the finance lease agreements entered into between the Finance Lease Company and certain subsidiaries of BECE as set out in the Company’s announcement dated 9 June 2017
“Beiqing Clean Energy”	Beiqing Clean Energy Investment Company Limited* (北清清潔能源投資有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of BECE
“Board”	board of Directors
“business day(s)”	a day (other than Saturdays, Sundays and statutory public holidays in the PRC)
“Company”	China Nuclear Energy Technology Corporation Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 611)
“Director(s)”	director(s) of the Company
“EPC”	engineering, procurement and construction

“Finance Lease Company”	CNEC Financial Leasing (Shenzhen) Co., Ltd.* (核建融資租賃(深圳)有限公司), an indirect wholly-owned subsidiary of the Company established in the PRC
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	Party(ies) who is/are independent of the Company and its connected person(s) (as defined in the Listing Rules)
“Joint Lessees”	BCE Electricity and Weifang Mingfeng
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	Megawatts, which is equal to 1,000,000 watts
“PBC”	People’s Bank of China (中國人民銀行)
“PRC”	The People’s Republic of China and for the sole purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency in the PRC
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“STEE”	Sichuan Tongyilai Electricity Engineering Company Limited* (四川通藝來電力工程有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of BECE, which is an EPC contractor
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Weifang Finance Lease Agreement”	the finance lease agreement (direct lease) dated 18 August 2017 and entered into between the Finance Lease Company (as lessor) and the Joint Lessees (as lessees)

“Weifang Leased Assets”	the equipment and assets for construction and operation of a 6MW photovoltaic power plant in Pingdu City* (平度市), Shandong Province, the PRC pursuant to the Weifang Finance Lease Agreement
“Weifang Mingfeng”	Weifang Mingfeng New Energy Technology Company Limited* (潍坊明峰新能源科技有限公司), a company established in the PRC with limited liability
“Weifang Purchase Agreement”	the sale and purchase agreement of the Weifang Leased Assets dated 18 August 2017 entered into among the Finance Lease Company, STEE and Weifang Mingfeng in relation to the sale and purchase of the Weifang Leased Assets under the Weifang Finance Lease Agreement
“%”	per cent.

* for identification purpose only

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

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

Hong Kong, 18 August 2017

For the purposes of illustration only, any amount denominated in RMB in this announcement and translated into HK\$ at the rate of RMB0.85315 = HK\$1. 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.

As at the date of this announcement, the Directors are: Mr. Ai Yilun, who is the chairman; Mr. Liu Genyu, who is the vice chairman; Ms. Jian Qing, Mr. Chung Chi Shing, Mr. Li Jinying, Mr. Li Feng, Mr. Bai Xuefei, who is a co-chief executive officer and Mr. Tang Jianhua, all of whom are executive Directors; and Mr. Chan Ka Ling, Edmond, Mr. Wang Jimin, Mr. Tian Aiping and Mr. Li Dakuan, all of whom are independent non-executive Directors.