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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)**

**CONNECTED TRANSACTION  
ENTRY INTO PROPERTY LEASE CONTRACT**

The Board announces that, on 14 June 2022, **CNEC Financial Leasing** (an indirect wholly-owned subsidiary of the Company) entered into the Lease Contract with Nanshan Development, pursuant to which, **CNEC Financial Leasing** (as a lessee) leases the Property from Nanshan Development (as the lessor).

**LISTING RULES IMPLICATIONS**

In accordance with HKFRS 16 “Leases”, the Property leased under the Lease Contract will be recognised as right-of-use asset of the Group in its consolidated statement of financial position for an amount of approximately RMB3,009,129. Accordingly, the transaction contemplated under the Lease Contract will be regarded as an acquisition of right-of-use asset by the Group for the purpose of the Listing Rules.

Yahgee International is a substantial shareholder of the Company holding approximately 29.1% of the total number of the issued shares of the Company, and is therefore a connected person of the Company. Yahgee International is a wholly-owned subsidiary of Nanshan Holdings. Nanshan Development is the holding company of Nanshan Holdings (holding approximately 68.4% of equity interest in Nanshan Holdings) and is therefore a connected person of the Company. CNEC Financial Leasing is an indirect wholly-owned subsidiary of the Company. Accordingly, the transaction contemplated under the Lease Contract constitutes a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the total value of the right-of-use asset to be recognised by the Group under the Lease Contract is more than 0.1% but less than 5%, the transaction contemplated under the Lease Contract is subject to the reporting and announcement requirements and is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **BACKGROUND**

The Board announces that, on 14 June 2022, CNEC Financial Leasing (an indirect wholly-owned subsidiary of the Company) entered into the Lease Contract with Nanshan Development, pursuant to which, CNEC Financial Leasing (as a lessee) leases the Property from Nanshan Development (as the lessor).

## **PRINCIPAL TERMS OF THE LEASE CONTRACT**

Parties:	(a) CNEC Financial Leasing (as lessee)
	(b) Nanshan Development (as lessor)
Property:	Unit 02, Floor 19, Chiwan Headquarters Building, No.8 Chiwan 6th Road, Nanshan District, Shenzhen, the PRC, with a total gross floor area of 544.7 square metres as office premises.
Lease term:	5 years from 15 June 2022 to 14 June 2027 (both days inclusive).
Rent-free period:	15 June 2022 to 14 September 2022 (both days inclusive).
Rental payment:	From 15 September 2022 to 14 June 2025, the rent of the Property is RMB63,185.2 per month (tax included).
	From 15 June 2025 to 14 June 2026, the rent of the Property is RMB66,344.46 per month (tax included).
	From 15 June 2026 to 14 June 2027, the rent of the Property is RMB69,661.68 per month (tax included).

In accordance with HKFRS 16, the rental payment is capital in nature and the Property will be recognised as right-of-use asset of the Group on 15 June 2022 for an amount of approximately RMB3,009,129.

Payment arrangement: The rent shall be paid by CNEC Financial Leasing before the 15th day of each month from 15 September 2022. Upon receipt of the rent payment, Nanshan Development shall issue a payment receipt to CNEC Financial Leasing.

Payment of the above rent will be funded by the Group's internal resources.

Security Deposit: CNEC Financial Leasing will pay Nanshan Development a deposit of RMB126,370.4 equivalent to two months' rent within 5 days from the signing of the Lease Contract.

## **VALUE OF THE RIGHT-OF-USE ASSETS**

In accordance with HKFRS 16 "Leases", the total value of the right-of-use asset to be recognised by the Group in respect of the lease of Property under the Lease Contract is approximately RMB3,009,129, which is the present value of the total lease payments under the Lease Contract.

## **REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION**

The entering into of the Lease Contract can provide the Group with stable and necessary office premise to satisfy its daily business operation needs. The rent under the Lease Contract has been determined after arm's length negotiations between the parties with reference to the prevailing market rental of similar properties in the vicinity of the Property. The Company considers that the rent under the Lease Contract is fair and reasonable.

The Directors (including the independent non-executive Directors) consider that the Lease Contract is entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better, is fair and reasonable and in the interests of the Company and its shareholders as a whole. As Mr. Li Hongwei and Ms. Huang Yan are members of the senior management in Nanshan Development, they have abstained from voting on the relevant resolution of the Board to approve the transaction under the Lease Contract.

## **LISTING RULES IMPLICATIONS**

In accordance with HKFRS 16 “Leases”, the Property leased under the Lease Contract will be recognised as right-of-use asset of the Group in its consolidated statement of financial position for an amount of approximately RMB3,009,129. Accordingly, the transaction contemplated under the Lease Contract will be regarded as an acquisition of right-of-use asset by the Group for the purpose of the Listing Rules.

Yahgee International is a substantial shareholder of the Company holding approximately 29.1% of the total number of issued shares of the Company, and is therefore a connected person of the Company. Yahgee International is a wholly-owned subsidiary of Nanshan Holdings. Nanshan Development is the holding company of Nanshan Holdings (holding approximately 68.4% of equity interest in Nanshan Holdings) and is therefore a connected person of the Company. CNEC Financial Leasing is an indirect wholly-owned subsidiary of the Company. Accordingly, the transaction contemplated under the Lease Contract constitutes a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the total value of the right-of-use asset to be recognised by the Group under the Lease Contract is more than 0.1% but less than 5%, the transaction contemplated under the Lease Contract is subject to the reporting and announcement requirements and is exempted from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

## INFORMATION OF THE PARTIES TO THE CONNECTED TRANSACTION

### **Nanshan Development**

China Nanshan Development Group Co. Limited (“**Nanshan Development**”), a company incorporated in the PRC with limited liability, is principally engaged in the provision of modern integrated logistics services, integrated development of industrial cities, and the provision of financial services, asset management services. The largest shareholder of Nanshan Development is 招商局(南山)控股有限公司 (transliterated as China Merchants (Nanshan) Holdings Co., Ltd.\*) (“**China Merchants (Nanshan)**”), holding approximately 36.52% of Nanshan Development, while the rest of the shareholding is held by other shareholders. The parent company of China Merchants (Nanshan) is China Merchants Port Holdings Company Limited (“**China Merchants Port**”), a company incorporated in Hong Kong with limited liability and listed on the Stock Exchange (stock code: 144), which is ultimately controlled by the SASAC. China Merchants Port is principally engaged in ports operation, bonded logistics operation and property investment.

### **The Group**

The Group is principally engaged in new energy operations, including (a) the engineering, procurement and construction (“**EPC**”) and consultancy segment which comprises the Group’s EPC and consulting services operations relating to construction of photovoltaic power plant and other general construction and engineering services; (b) the power generation segment which comprises the Group’s power generation operations; (c) the financing segment which comprises the Group’s financing operations; and (d) the other segments which comprise the Group’s corporate management, investment and treasury services.

### **CNEC Financial Leasing**

CNEC Financial Leasing is an indirect wholly-owned subsidiary of the Company, which is primarily engaged in developing the financial leasing business in the clean energy and energy-saving sectors and is capable of providing a variety of financing solutions, specialising in the nuclear power, clean power and energy-saving industries.

## DEFINITIONS

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

“Board”	the board of Directors 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 (Stock Code: 611)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Nanshan Holdings”	深圳市新南山控股(集團)股份有限公司 (transliterated as Shenzhen New Nanshan Holdings Group Co. Ltd*), a company incorporated in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002314)
“Nanshan Development”	中國南山開發(集團)股份有限公司 (transliterated as China Nanshan Development Group Co. Limited*), a company incorporated in the PRC with limited liability
“CNEC Financial Leasing”	核建融資租賃(深圳)有限公司(transliterated as CNEC Financial Leasing (Shenzhen) Co. Ltd*), a company incorporated in the PRC with limited liability
“Yahgee International”	Yahgee International (Hong Kong) Co., Limited (雅致國際(香港)有限公司), a company incorporated in Hong Kong with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lease Contract”	the property lease contract entered into between CNEC Financial Leasing and Nanshan Development on 14 June 2022

“HKFRS 16”	Hong Kong Financial Reporting Standards 16 "Leases", which includes standards and interpretations promulgated by the Hong Kong Institute of Certified Public Accountants.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Property”	Unit 02, Floor 19, Chiwan Headquarters Building, No. 8 Chiwan 6th Road, Nanshan District, Shenzhen, the PRC, with a total gross floor area of 544.7 square metres
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	The State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

By Order of the Board  
**China Nuclear Energy Technology Corporation Limited**  
**Shu Qian**  
*Chairman*

Hong Kong, 14 June 2022

*As at the date of this announcement, the executive Directors of the Company are Mr. Shu Qian (Chairman), Mr. Wu Yuanchen (Vice Chairman), Mr. Li Hongwei (Vice Chairman), Mr. Liu Genyu (Co-Chief Executive Officer), Ms. Huang Yan, Ms. Liu Jianrong; and the independent non-executive Directors of the Company are Dr. Xu Shiqing, Mr. Kang Xinquan and Dr. Su Lixin.*

\* *For identification purpose only*