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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 CHANGSHA FINANCE LEASE AGREEMENT**

**THE CHANGSHA FINANCE LEASE AGREEMENT**

On 29 September 2022, the Finance Lease Company entered into the Changsha Finance Lease Agreement with the Lessee. Pursuant to which, the Finance Lease Company had agreed to purchase the Changsha Leased Assets from 國網湖南綜合能源服務有限公司長沙分公司 (transliterated as State Grid Hunan Energy Conservation Service Ltd Changsha Branch) (“SGHECS”) at a total consideration of RMB69,000,000.00 (equivalent to approximately HK\$76,176,000.00) and lease the Changsha Leased Assets to the Lessee, for a term of twelve years at the estimated aggregate lease consideration of RMB96,666,964.14 (equivalent to approximately HK\$106,720,328.41). The period of lease under the Changsha Finance Lease Agreement will be twelve years commencing from the date of settlement of the consideration for the purchase of the Changsha Leased Assets by the Finance Lease Company from SGHECS. The ownership of the Changsha Leased Assets will lie with the Finance Lease Company throughout the lease period. At the end of the lease period and subject to the Lessee having duly and satisfactorily performed all of their obligations under, and upon the expiry of the Changsha Finance Lease Agreement, the Lessee have an option to purchase the Changsha Leased Assets at the nominal purchase price of RMB100.00 (equivalent to approximately HK\$110.40).

## **IMPLICATION UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Changsha Finance Lease Agreement exceed 5% but less than 25%, the transactions under the Changsha 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.

## **THE CHANGSHA FINANCE LEASE AGREEMENT**

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Date:	29 September 2022
Vendor:	SGHECS
Purchaser and lessor:	the Finance Lease Company
Lessee:	Changsha Wanghui New Energy

To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, each of SGHECS, Changsha Wanghui New Energy and their ultimate beneficial owners are Independent Third Parties.

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

### **Sale and purchase of the Changsha Leased Assets**

The carrying value of the Changsha Leased Assets was estimated to be RMB69,000,000.00 (equivalent to approximately HK\$76,176,000.00) under the Changsha Finance Lease Agreement. Pursuant to the Changsha Purchase Agreement, the Finance Lease Company shall purchase the Changsha Leased Assets from SGHECS at a total consideration of RMB69,000,000.00 (equivalent to approximately HK\$76,176,000.00), which shall be settled within five business days upon the fulfillment of the conditions precedent under the Changsha Purchase Agreement.

### **Direct lease arrangement for the Changsha Leased Assets**

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

### **Consideration for the lease of the Changsha Leased Assets**

Pursuant to the Changsha Finance Lease Agreement, the estimated aggregate lease consideration payable by the Lessee for the Changsha Leased Assets shall be approximately RMB96,666,964.14 (equivalent to approximately HK\$106,720,328.41), which represents: (i) the principal financing amount for the lease of the Changsha Leased Assets of approximately RMB69,000,000.00 (equivalent to approximately HK\$76,176,000.00); (ii) the total estimated aggregate interest of approximately RMB23,871,964.14 (equivalent to approximately HK\$26,354,648.41) for the full lease period of the Changsha Leased Assets which shall be paid in 48 instalments on a quarterly basis during the respective lease period. The interest payment to be paid by the Lessee is calculated at a floating rate, representing an addition of 70 basis points of the benchmark lending rate for loan tenor over five years promulgated by PBC, which is currently 5.0% 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 RMB3,795,000.00 (equivalent to approximately HK\$4,189,680.00), which shall be paid in two instalments during the lease period. The first installment of the handling fee of approximately RMB2,415,000.00 (equivalent to approximately HK\$2,666,160.00) shall be paid before the lease start date of the Changsha Finance Lease Agreement. The second installment of approximately RMB1,380,000.00 (equivalent to approximately HK\$1,523,520.00) shall be paid on the payment date of the 5th installment of the lease.

In the event that (i) the photovoltaic power station under the Changsha Leased Assets fails to complete on-grid connection in full capacity before 31 December 2022, or (ii) the Lessee fails to change the beneficiary of the insurance policy covering the photovoltaic power station to the Finance Lease Company before 31 January 2023, or (iii) both the Finance Lease Company and the Lessee choose to terminate the lease within three years of the lease term, or (iv) the power generation hours of the photovoltaic power station decreased by over 20% comparing to the power generation hours of year 2023, the Finance Lease Company shall have the right to request the Lessee to pay all the outstanding rental fees and other charges and to be liable for breach of contract.

The consideration for the purchase of the Changsha Leased Assets and the estimated aggregate lease consideration under the Changsha Finance Lease Agreement (including the principal financing amount for the lease of the Changsha 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 Changsha Leased Assets**

Throughout the lease period, the Finance Lease Company will be entitled to the ownership of the Changsha Leased Assets under the Changsha Finance Lease Agreement. The Changsha Leased Assets may be registered under the name of the Lessee solely for their operation of the Changsha Leased Assets during the lease period, but the ownership of the Changsha Leased Assets remains to the Finance Lease Company. At the end of the lease period and subject to the Lessee having duly and satisfactorily performed all of their obligations under, and upon the expiry of the Changsha Finance Lease Agreement, the Lessee has an option to purchase the Changsha Leased Assets from the Finance Lease Company at the nominal purchase price of RMB100.00 (equivalent to approximately HK\$110.40).

### **Pledges and Guarantees of the Changsha Leased Assets**

The obligations of the Lessee under the Changsha Finance Lease Agreement will be secured by (i) pledge of the right to income generated by the Lessee under its photovoltaic power plant in Suntown Technology Industrial Park of Changsha City, Hunan Province of the PRC; (ii) pledge of the Changsha Leased Assets by the Lessee; (iii) joint liability guarantee by the controlling shareholder of the Lessee, 興能電力建設有限公司 (transliterated as Xingneng Electric Power Construction Ltd) and the beneficial owner of the Lessee Liu Yongqing for the lease of the Changsha Leased Assets; and (iv) pledge of the entire equity interest in the Lessee owned by 長沙沃湘新能源有限公司 (transliterated as Changsha Woxiang New Energy Ltd).

## **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 and factoring business, which specialises in organising and providing direct financial leasing services, sale-and-leaseback services and recourse factoring to customers in the PRC, the customers of which are mainly companies in the new energy industry.

## **Information on Changsha Wanghui New Energy**

Changsha Wanghui New Energy was incorporated in the PRC with limited liability in May 2022. Changsha Wanghui New Energy is principally engaged in investment, construction and management of distributed photovoltaic power stations and power storage station and related businesses. Changsha Wanghui New Energy is an indirect wholly-owned subsidiary of 興能電力建設有限公司 (transliterated as Xingneng Electric Power Construction Ltd). 興能電力建設有限公司 (transliterated as Xingneng Electric Power Construction Ltd) is a company incorporated in the PRC with limited liability and is principally engaged in power engineering design, construction, traditional energy, renewable energy investment, construction and operation related businesses.

## **Reasons for and benefits of entering into the Changsha Finance Lease Agreement**

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.

The Directors consider that the Finance Lease Company can obtain stable revenue and cashflow stream from the interest to be received from the Changsha Finance Lease Agreement, which is in the ordinary and usual course of business of the Group. The entering into of the Changsha Finance Lease Agreement will enable the Finance Lease Company to earn an estimated aggregate interest income of RMB23,871,964.14 (equivalent to approximately HK\$26,354,648.41) payable by the Lessee. The Finance Lease Company will also earn handling fees and nominal buy-back price of the Changsha Leased Assets under the Changsha Finance Lease Agreement.

The Directors consider that the terms of the Changsha 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.

## **IMPLICATION UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the CHangsha Finance Lease Agreement exceed 5% but less than 25%, the transactions under the Changsha 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.

*In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.1040. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.*

## **DEFINITIONS**

“Board”	board of Directors
“business day(s)”	a day (other than Saturdays, Sundays and statutory public holidays in the PRC)
“Changsha Finance Lease Agreement”	the finance lease agreement (direct lease) dated 29 September 2022 and entered into between the Finance Lease Company (as lessor) and the Lessee (as lessee)
“Changsha Leased Assets”	the equipment and assets for construction and operation of a 15.8MW distributed photovoltaic power plant and 10 MWh power storage plant in Changsha City, Hunan Province, the PRC pursuant to the Changsha Finance Lease Agreement
“Changsha Purchase Agreement”	the sale and purchase agreement of the Changsha Leased Assets dated 29 September 2022 entered into among the Finance Lease Company, SGHECS and Changsha Wanghui New Energy in relation to the sale and purchase of the Changsha Leased Assets under the Changsha Finance Lease Agreement

“Changsha Wanghui New Energy”	長沙望暉新能源有限公司 (transliterated as Changsha Wanghui New Energy Ltd, a company established in the PRC with limited liability, an indirect wholly-owned subsidiary of 興能電力建設有限公司 (transliterated as Xingneng Electric Power Construction Ltd)
“Changsha Woxiang New Energy”	長沙沃湘新能源有限公司 (transliterated as Changsha Woxiang New Energy Ltd) a company established in the PRC with limited liability holding 100% of shares of Changsha Wanghui New Energy
“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)
“Lessee”	Changsha Wanghui New Energy
“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
“SGHECS”	國網湖南綜合能源服務有限公司長沙分公司 (transliterated as State Grid Hunan Energy Conservation Service Ltd Changsha Branch), a company established in the PRC with limited liability
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

*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**  
*Chairman*  
**Shu Qian**

Hong Kong, 29 September 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.*