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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
THE DEVELOPMENT OF THE 19MW DISTRIBUTED
PHOTOVOLTAIC GENERATION FACILITIES
IN SUINING, PRC**

**DEVELOPMENT OF DISTRIBUTED PHOTOVOLTAIC GENERATION
FACILITIES IN SUINING**

On 18 December 2017, Suining Zhonghe (an indirect wholly-owned subsidiary of the Company) (as principal) entered into an EC Contracting Agreement and Purchasing Contract with Nanjing Zhonghe (an indirect non-wholly-owned subsidiary of the Company) (as contractor) and Jiangsu Zhongsheng (as supplier) respectively for the development of the Distributed Photovoltaic Generation Facilities with a capacity of 19MW in Suining, Xuzhou, Jiangsu Province of the PRC. The aggregate considerations of the EC Contracting Agreement and the Purchasing Contract are RMB25,318,435 (equivalent to approximately HK\$29,896,008) and RMB86,831,565 (equivalent to approximately HK\$102,530,712) respectively. It is expected that the Distributed Photovoltaic Generation Facilities will be on-grid on or before 30 December 2017 and the installation work shall be completed on or before 31 March 2018. Upon completion of the installation work, the Distributed Photovoltaic Generation Facilities shall be owned and operated by Suining Zhonghe.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the development of the Distributed Photovoltaic Generation Facilities exceeds 5% but is less than 25%, the development of the Distributed Photovoltaic Generation Facilities constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEVELOPMENT OF DISTRIBUTED PHOTOVOLTAIC GENERATION FACILITIES

On 18 December 2017, Suining Zhonghe (an indirect wholly-owned subsidiary of the Company) (as principal) entered into an EC Contracting Agreement and Purchasing Contract with Nanjing Zhonghe (an indirect non-wholly-owned subsidiary of the Company) (as contractor) and Jiangsu Zhongsheng (as supplier) respectively for the development of the Distributed Photovoltaic Generation Facilities with a capacity of 19MW in Suining, Xuzhou, Jiangsu Province of the PRC. The aggregate considerations of the EC Contracting Agreement and the Purchasing Contract are RMB25,318,435 (equivalent to approximately HK\$29,896,008) and RMB86,831,565 (equivalent to approximately HK\$102,530,712) respectively. It is expected that the Distributed Photovoltaic Generation Facilities will be on-grid on or before 30 December 2017 and the installation work shall be completed on or before 31 March 2018. Upon completion of the installation work, the Distributed Photovoltaic Generation Facilities shall be owned and operated by Suining Zhonghe.

PRINCIPAL TERMS OF THE EC CONTRACTING AGREEMENT

Date

18 December 2017

Parties

Suining Zhonghe (as principal)

Nanjing Zhonghe (as contractor)

Subject matter

Suining Zhonghe (as principal) agreed to engage Nanjing Zhonghe (as contractor) to provide engineering and construction services in relation to the development of the Distributed Photovoltaic Generation Facilities. It is expected that the Distributed Photovoltaic Generation Facilities will be on-grid on or before 30 December 2017 and the installation work will be completed on or before 31 March 2018.

Consideration

The total consideration under the EC Contracting Agreement is RMB25,318,435 (equivalent to approximately HK\$29,896,008), which shall be settled in cash and will be funded by internal cash resources and/or the proceeds from the proposed open offer as announced by the Company on 23 November 2017 (the “**Open Offer**”).

The total consideration under the EC Contracting Agreement was arrived at after arm’s length negotiations between Suining Zhonghe and Nanjing Zhonghe after taking into account of: (a) the construction and installation cost of approximately RMB20,274,700 (equivalent to approximately HK\$23,940,366); and (b) the design consultation fee of RMB5,043,735 (equivalent to approximately HK\$5,955,642).

Payment terms

The consideration for the services under the EC Contracting Agreement shall be paid by Suining Zhonghe to Nanjing Zhonghe by instalments in accordance with stages of completion of the Distributed Photovoltaic Generation Facilities.

First instalment	20% of the total consideration as prepayment payable within seven days after Nanjing Zhonghe has provided Suining Zhonghe with the invoice which has been verified by Suining Zhonghe
Second instalment	cumulative payment up to 80% of the total consideration payable monthly with reference to the construction progress before the 25th day of each month

Third instalment cumulative payment up to 97% of the total consideration payable within one month upon completion and satisfactory acceptance of the installation work and completion of the settlement of the construction

Fourth instalment the remaining balance of 3% of the total consideration as retention money payable without interest within one month after the expiration of a one-year warranty period from the date of the delivery of the construction work from Nanjing Zhonghe to Suining Zhonghe

PRINCIPAL TERMS OF THE PURCHASING AGREEMENT

Date

18 December 2017

Parties

Suining Zhonghe (as purchaser)

Jiangsu Zhongsheng (as supplier)

Subject matter

Suining Zhonghe (as purchaser) agreed to purchase the Equipment from Jiangsu Zhongsheng (as contractor) for the development of the Distributed Photovoltaic Generation Facilities.

Consideration

The total consideration under the Purchasing Contract is RMB86,831,565 (equivalent to approximately HK\$102,530,712), which shall be settled in cash and will be funded by internal cash resources and/or the proceeds from the Open Offer.

The procurement for the Equipment will be made in accordance with normal procurement procedures between Suining Zhonghe and Jiangsu Zhongsheng on an arm's length basis and on normal commercial terms with reference to the market price for similar types of Equipment.

Payment terms

The consideration for the purchase of the Equipment under the Purchasing Agreement shall be paid by Suining Zhonghe to Jiangsu Zhongsheng by instalments.

First instalment	50% of the total consideration payable upon the delivery of the first batch of the Equipment to the site
Second instalment	the remaining 50% of the total consideration payable within one month after the delivery of all the Equipment to the site

REASONS FOR AND BENEFITS OF THE DEVELOPMENT OF THE DISTRIBUTED PHOTOVOLTAIC GENERATION FACILITIES

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 Group has started to build, maintain and operate its own solar photovoltaic plant in Taizhou, PRC since 2015. Taking into account the target growth of the national solar photovoltaic policy formulated by the Chinese Government for the years 2016 to 2020, the Group committed to enlarge its solar power generation segment by installing, possessing and operating rooftop distributed solar photovoltaic facilities in Jiangsu, PRC. It is expected that the completion of the installation of the Distributed Photovoltaic Generation Facilities and after the commencement of its power generation will enable the Group's solar power generation segment to generate additional revenue.

The Directors believe and consider that the development of the Distributed Photovoltaic Generation Facilities, the EC Contracting Agreement and the Purchasing Contract are on normal commercial terms, the terms are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON NANJING ZHONGHE AND SUINING ZHONGHE

Nanjing Zhonghe is a company established in the PRC and an indirectly non-wholly owned subsidiary of the Company. As at the date of this announcement, Nanjing

Zhonghe is indirectly owned as to 96.18% by the Company and 3.82% by Triple Delight Limited, an Independent Third Party. Nanjing Zhonghe is principally engaged in new energy projects contracting, construction, installation, maintenance and supervision and engineering design and consultation, sale of project equipment and materials.

Suining Zhonghe is a company established in the PRC and an indirect wholly-owned subsidiary of the Company. It is principally engaged in solar power generation, solar power projects development, construction and operation and provision of engineering management services. The major assets of the Distributed Photovoltaic Generation Facilities will comprise the Equipment. As the Distributed Photovoltaic Generation Facilities have not yet been put into operation and accordingly, no book value, revenue or profits associated with the Distributed Photovoltaic Generation Facilities were recorded in the financial statements of Suining Zhonghe.

INFORMATION ON JIANGSU ZHONGSHENG

Jiangsu Zhongsheng is a company established in the PRC and an Independent Third Party. It is principally engaged in the research and development and trading of mechanical equipment, photovoltaic equipment, electricity equipment.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the development of the Distributed Photovoltaic Generation Facilities exceeds 5% but is less than 25%, the development of the Distributed Photovoltaic Generation Facilities constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	board of the Directors
“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

“Director(s)”	director(s) of the Company
“Distributed Photovoltaic Generation Facilities”	the roof top distributed photovoltaic power generation facilities with an installed capacity of 19MW located in Suining, Xuzhou, Jiangsu Province of the PRC
“EC Contracting Agreement”	the engineering and construction contracting agreement dated 18 December 2017 entered into between Suining Zhonghe and Nanjing Zhonghe in relation the engineering and installation of the Distributed Photovoltaic Generation Facilities
“Equipment”	the equipment and assets including but not limited to solar modules, frames, inverters, transformers and cables for installation and operation of the Distributed Photovoltaic Generation Facilities
“Group”	the Company and its subsidiaries
“HK\$”	the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons
“Jiangsu Zhongsheng”	江蘇中盛創新機電科技有限公司 (transliterated as Jiangsu Zhongsheng Chuangxin Electrical Technology Company Limited), a company established in the PRC with limited liability and is an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on the main board of the Stock Exchange
“MW”	Megawatt (1,000,000 watts), the commonly used unit of power in quantifying the electricity generation

“Nanjing Zhonghe”	南京中核能源工程有限公司 (transliterated as Nanjing Zhonghe Energy Engineering Company Limited), a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, and for the purposes of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchasing Contract”	the purchasing contract dated 18 December 2017 entered into between Suining Zhonghe and Jiangsu Zhongsheng in relation the purchase of the Equipment
“RMB”	the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suining Zhonghe”	睢寧中核太陽能有限公司 (transliterated as Suining Zhonghe Solar Energy Company Limited), a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company

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

Hong Kong, 18 December 2017

For illustration purposes only, any amount denominated in RMB in this announcement and translated in HK\$ at the rate of RMB1 = HK\$1.1808. 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 executive Directors Mr. Ai Yilun (Chairman), Mr. Liu Genyu (Vice Chairman), Mr. Bai Xuefei (Co-chief Executive Officer), Ms. Jian Qing, Mr. Chung Chi Shing, Mr. Li Jinying, Mr. Li Feng and Mr. Tang Jianhua, and independent non-executive directors Mr. Chan Ka Ling Edmond, Mr. Wang Jimin, Mr. Tian Aiping and Mr. Li Dakuan.