

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in doubt about 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 securities in China Nuclear Energy Technology Corporation Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser, transferee or the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



**中国核建**

**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)**

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION  
IN RELATION TO DISPOSAL OF  
INTERESTS IN SUBSIDIARIES  
AND  
(2) NOTICE OF THE SPECIAL GENERAL MEETING**

Capitalised terms used in this cover have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 4 to 13 of this circular. A letter from the Independent Board Committee is set out on page 14 of this circular.

A letter from Proton Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 31 of this circular.

A notice convening the special general meeting of the Company to be held at Jade Terrace Restaurant, 2nd Floor, Peninsula Centre, 67 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Tuesday, 20 December 2016 at 10:00 a.m. is set out on pages SGM-1 to SGM-2 of this circular. Whether or not you are able to attend the special general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the office of the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited, at 22nd Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the special general meeting or any adjourned meeting (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the special general meeting or any adjourned meeting (as the case may be) should you so wish.

5 December 2016

# CONTENTS

	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	4
<b>Letter from the Independent Board Committee</b> .....	14
<b>Letter from Proton Capital</b> .....	15
<b>Appendix I — Property Valuation Report</b> .....	I-1
<b>Appendix II — General Information</b> .....	II-1
<b>Notice of the SGM</b> .....	SGM-1

## DEFINITIONS

*In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:*

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	board of Directors
“Company” or “Vendor”	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)
“Completion”	completion of the Disposal
“Condition(s)”	the condition(s) set out under the S&P Agreement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the consideration payable by the Purchaser to the Company for the Disposal, being the sum of HK\$110 million
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares, representing the entire issued share capital of each of Hurray Enterprises, Tack Hsin Holdings and Tack Hsin International, and the shareholder’s loan owed by the Target Group to the Company by the Company to the Purchaser pursuant to the S&P Agreement and the transactions contemplated thereunder including but not limited to the charge of the Sale Shares in favour of the Company to secure the due and punctual performance of payment obligations of the Purchaser under the S&P Agreement
“EPC”	the engineering, procurement and construction operations
“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
“Hurray Enterprises”	Hurray Enterprises Limited, a company incorporated under the laws of the British Virgin Islands

## DEFINITIONS

“Hurray Enterprises Share”	1 share of US\$1.00 each in the share capital of Hurray Enterprises, representing the entire issued share capital of Hurray Enterprises
“Independent Board Committee”	an independent board committee of the Company comprising all independent non-executive Directors, namely, Mr. Chan Ka Ling, Edmond, Mr. Wang Jimin, Mr. Tian Aiping and Mr. Li Dakuan, formed to advise the Independent Shareholders on the Disposal
“Independent Shareholders”	Shareholders other than Mr. Chan and his associates
“Jones Lang LaSalle”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professional property valuer
“Latest Practicable Date”	2 December 2016, being the latest practicable date prior to the despatch of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2017 or such later date as agreed by the Purchaser and the Company
“Mr. Chan” or “Purchaser”	Mr. Chan Shu Kit, a substantial Shareholder and an executive Director of the Company
“PRC”	the People’s Republic of China, excluding Hong Kong, Taiwan and Macau Special Administrative Region of the PRC
“Proton Capital” or “Independent Financial Adviser”	Proton Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the S&P Agreement and the transactions contemplated thereunder
“RMB”	Renminbi, the lawful currency in the PRC
“S&P Agreement”	the conditional sale and purchase agreement dated 1 November 2016 entered into among the Company and the Purchaser in relation to the sale and purchase of the Sale Shares and the shareholder’s loan owed by the Target Group to the Company

## DEFINITIONS

“Sale Shares”	collectively, the Hurray Enterprises Share, the Tack Hsin Holdings Shares and the Tack Hsin International Share
“SGM”	a special general meeting to be convened by the Company to consider and, if thought fit, to approve the S&P Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Charge”	the deed of share charge in respect of the Sale Shares which will be executed by the Purchaser (as chargor) in favour of the Company (as chargee) upon Completion
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tack Hsin Holdings”	Tack Hsin (BVI) Holdings Limited, a company incorporated under the laws of the British Virgin Islands
“Tack Hsin Holdings Shares”	177,632,020 shares of HK\$0.10 each in the share capital of Tack Hsin Holdings, representing the entire issued share capital of Tack Hsin Holdings
“Tack Hsin International”	Tack Hsin International Limited, a company incorporated under the laws of the British Virgin Islands
“Tack Hsin International Share”	1 share of US\$1.00 each in the share capital of Tack Hsin International, representing the entire issued share capital of Tack Hsin International
“Target Group”	Hurray Enterprises, Tack Hsin Holdings and Tack Hsin International and their respective subsidiaries
“US\$”	the United States dollars, the lawful currency of the United States of America
“Valuation Report”	the valuation report for the independent valuation of the three properties held by Tack Hsin Holdings as at 31 August 2016 and 30 September 2016 appraised by Jones Lang LaSalle
“%”	per cent.



**中国核建**

**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. Ai Yilun (*Chairman*)  
Mr. Chan Shu Kit (*Vice-Chairman*)  
Ms. Jian Qing  
Mr. Chung Chi Shing  
Mr. Li Jinying  
Ms. Liang Rong  
Mr. Li Feng  
Mr. Bai Xuefei (*Co-chief executive officer*)

*Independent Non-executive Directors:*

Mr. Chan Ka Ling, Edmond  
Mr. Wang Jimin  
Mr. Tian Aiping  
Mr. Li Dakuan

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head Office and Principal Place of  
Business:*

Room 2801, 28/F  
China Resources Building  
26 Harbour Road  
Wanchai  
Hong Kong

5 December 2016

*To the Shareholders,*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
IN RELATION TO DISPOSAL OF  
INTERESTS IN SUBSIDIARIES**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 1 November 2016 in relation to the Disposal. On 1 November 2016, the Company (as vendor) entered into the S&P Agreement with the Purchaser for the sale and purchase of the entire issued share capital of each of Hurray Enterprises Limited, Tack Hsin (BVI) Holdings Limited and Tack Hsin International Limited and the shareholder's loan owed by the Target Group to the Company. Pursuant to the S&P Agreement, the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares and the

## LETTER FROM THE BOARD

shareholder's loan owed by the Target Group to the Company from the Company at the Consideration of HK\$110 million, which is determined with reference to the aggregate of the unaudited net assets value of the Target Group of approximately HK\$19,298,000 as of 31 August 2016, having considered the independent property valuation of the three properties held by the Target Group as at 31 August 2016, details of which are set out in Appendix I to this circular, and the intended assignment of shareholder's loans owed by the Target Group to the Company of HK\$71,455,393 as at 1 November 2016, being the date of the S&P Agreement. The Consideration shall be satisfied by the Purchaser in cash.

The Disposal contemplated under the S&P Agreement constitutes a discloseable and connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements.

The Independent Board Committee, comprising all the independent non-executive Directors, namely, Mr. Chan Ka Ling, Edmond, Mr. Wang Jimin, Mr. Tian Aiping and Mr. Li Dakuan, has been formed to give recommendation to the Independent Shareholders in respect of the Disposal. Proton Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The purpose of this circular is to provide you with, among others, information in relation to (i) further information on the Disposal; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Disposal; (iii) the letter of advice from Proton Capital to the Independent Board Committee and the Independent Shareholders in respect of the terms of the S&P Agreement and the transactions contemplated thereunder; and (iv) a notice convening the SGM together with the form of proxy for the purpose of considering and, if thought fit, approving the Disposal.

### THE S&P AGREEMENT

The principal terms of the S&P Agreement are set out below:

**Date:** 1 November 2016 (after trading hours)

#### **Parties**

**Purchaser:** Mr. Chan Shu Kit

**Vendor:** the Company

#### **Assets to be disposed of**

(i) **Sale Shares:** collectively, the Hurray Enterprises Share, the Tack Hsin Holdings Shares and the Tack Hsin International Share

## LETTER FROM THE BOARD

- (ii) the shareholder's loan owed by the Target Group to the Company as at the date of the S&P Agreement which represents the advances paid by the Company to the Target Group for the settlement of administrative expenses and professional fees incurred by both the Target Group and the Company. Such arrangement has been in place since 1994. The shareholder's loan is non-interest bearing.

### The consideration for the Disposal

The aggregate consideration for the Sale Shares and the shareholder's loan owed by the Target Group to the Company shall be HK\$110 million. Under the S&P Agreement, the consideration for the Sale Shares shall be HK\$38,544,607, and the consideration for the shareholder's loan owed by the Target Group to the Company shall be HK\$71,455,393. The outstanding balance of the shareholder's loan owed by the Target Group to the Company as at the date of the S&P Agreement was HK\$71,455,393.

The Consideration of HK\$110 million was arrived at after arm's length negotiations between the Group and the Purchaser with reference to the aggregate of the unaudited net assets value of the Target Group of approximately HK\$19,298,000 as of 31 August 2016, having considered the independent property valuation of the three properties held by the Target Group as at 31 August 2016, details of which are set out in Appendix I to this circular, and the intended assignment of shareholders' loans owed by the Target Group to the Company of approximately HK\$71,455,393 as at 1 November 2016, being the date of the S&P Agreement. The Consideration shall be satisfied by the Purchaser in cash and payable in the following manner:

- (a) HK\$10 million has been paid on the date of the signing of the S&P Agreement;
- (b) HK\$50 million shall be paid upon Completion; and
- (c) the remaining balance of HK\$50 million (the "**Remaining Consideration**") shall be payable in three instalments as follows:
  - (i) HK\$10 million shall be paid on or before 28 April 2017;
  - (ii) HK\$20 million shall be paid on or before 31 May 2017; and
  - (iii) HK\$20 million shall be paid on or before 30 June 2017.

The settlement of the Consideration in tranches could facilitate the full and final settlement of the Consideration on or before 30 June 2017 by providing flexibility to the Purchaser in respect of his liquidity demand. On the other hand, the settlement of the Remaining Consideration by instalments instead of one lump sum payment could secure part payments of the Remaining Consideration based on the scheduled payment terms during the period from the date of Completion up to 30 June 2017 so as to bring the Company to a more secured position.



## LETTER FROM THE BOARD

Pursuant to the S&P Agreement, the Purchaser has agreed that he will execute the Share Charge in favour of the Company and will deposit the relevant title documents in respect of the Sale Shares to the Company on the date of Completion to secure the due and punctual performance of his payment obligations in respect of the Remaining Consideration under the S&P Agreement.

Under the Share Charge, in the event of default of any payment of the Remaining Consideration by the Purchaser under the terms of the S&P Agreement, the Company may enforce its security interest created under the Share Charge and may sell or dispose of the Sale Shares to cover any outstanding payment obligation in respect of the Remaining Consideration.

Having considered (i) the opportunity of realizing the Company's investment in the Target Group which has been loss-making for a prolonged period since the year ended 31 December 2013 and an interested buyer for the Sale Shares may not be readily available in the market; (ii) the scheduled payment terms in respect of the Remaining Consideration in three tranches will be settled on or before 30 June 2017 which is around seven months from the date of this circular and such period is relatively short; (iii) the first tranche of the Remaining Consideration in the amount of HK\$10 million will be due and payable on or before 28 April 2017, while the aggregate amount of the Consideration then paid will amount to HK\$70 million, representing approximately 64% of the total Consideration; and (iv) the execution of the Share Charge upon Completion could provide the Sale Shares to the Company as security to secure the due and punctual performance of the payment obligation in respect of the Remaining Consideration by the Purchaser, the Board is of the view that the settlement of the Remaining Consideration in three tranches is in the interests of the Company and the Shareholders as a whole.

### **Conditions**

Completion of the S&P Agreement shall be conditional upon satisfaction of the following Conditions before the Long Stop Date (or being waived pursuant to the S&P Agreement):

- (a) approval by the Independent Shareholders in respect of the S&P Agreement and the transactions contemplated thereunder having been obtained by the Company under the Listing Rules;
- (b) the warranties, representations and undertaking given by the Company under the S&P Agreement remaining true and accurate in all respects and not misleading; and
- (c) all necessary agreements, consents and approvals required by the S&P Agreement and the transactions contemplated thereunder having been obtained and not having been revoked or withdrawn at any time up to Completion.

## LETTER FROM THE BOARD

The Purchaser has absolute discretion to waive all or any of the Conditions (except the Conditions in paragraphs (a) and (c) above) by written notice to the Vendor. The Vendor has no rights to waive any of the Conditions. Each of the Vendor and the Purchaser shall use their respective best endeavours to procure the fulfillment of and assist each other to procure the fulfillment of the Conditions as soon as possible (in any event no later than the Long Stop Date). If any of the Conditions have not been fulfilled or waived on or before the Long Stop Date, the S&P Agreement shall lapse and have no further effect while each party's rights and obligations already accrued under the S&P Agreement will not be affected.

### Completion

Completion of the Disposal shall take place on the fifth business day following the date on which the above Conditions have been fulfilled (or waived, if applicable) at the Vendor's head office in Hong Kong (or such date or location as the parties to the S&P Agreement may agree in writing).

Upon Completion, the Target Group will cease to be a subsidiary of the Company, and the Group will not consolidate the financial statements of each of companies within the Target Group thereafter.

### INFORMATION ON THE TARGET GROUP

#### Hurray Enterprises

Hurray Enterprises is a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company. It is principally engaged in the investment holding operation as at the Latest Practicable Date. There was not any business operation for Hurray Enterprises for the two years ended 31 December 2014 and 31 December 2015 and for the eight months ended 31 August 2016.

Set out below is the unaudited financial information of Hurray Enterprises for each of the two years ended 31 December 2014 and 31 December 2015 and for the eight months ended 31 August 2016:

	<b>For the eight months ended 31 August 2016 <i>Unaudited</i> HK\$'000</b>	<b>For the year ended 31 December 2015 <i>Unaudited</i> HK\$'000</b>	<b>For the year ended 31 December 2014 <i>Unaudited</i> HK\$'000</b>
Revenue	–	–	–
Profit/(Loss) before taxation	–	(1)	(20)
Net Profit/(Net loss) after taxation	–	(1)	(20)

<b>LETTER FROM THE BOARD</b>
------------------------------

	<b>As at 31 August 2016 <i>Unaudited</i> HK\$'000</b>	<b>As at 31 December 2015 <i>Unaudited</i> HK\$'000</b>	<b>As at 31 December 2014 <i>Unaudited</i> HK\$'000</b>
Net asset value attributable to the owner of the Company	500	500	500

### **Tack Hsin Holdings**

Tack Hsin Holdings is a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company. Tack Hsin Holdings and its subsidiaries are principally engaged in the restaurants and hotels operation, property investments and investment holding operation as at the Latest Practicable Date.

Set out below is the unaudited consolidated financial information of Tack Hsin Holdings and its subsidiaries for each of the two years ended 31 December 2014 and 31 December 2015 and for the eight months ended 31 August 2016:

	<b>For the eight months ended 31 August 2016 <i>Unaudited</i> HK\$'000</b>	<b>For the year ended 31 December 2015 <i>Unaudited</i> HK\$'000</b>	<b>For the year ended 31 December 2014 <i>Unaudited</i> HK\$'000</b>
Revenue	114,406	172,588	236,023
Profit/(Loss) before taxation	(12,768)	(17,648)	(10,038)
Net Profit/(Net loss) after taxation	(12,768)	(17,534)	(10,982)

  

	<b>As at 31 August 2016 <i>Unaudited</i> HK\$'000</b>	<b>As at 31 December 2015 <i>Unaudited</i> HK\$'000</b>	<b>As at 31 December 2014 <i>Unaudited</i> HK\$'000</b>
Net asset value attributable to the owner of the Company	18,798	31,581	49,192

## LETTER FROM THE BOARD

As at 31 August 2016, Tack Hsin Holdings held three properties through its indirect wholly-owned subsidiaries, which comprised 1) shop units and car parking spaces in an office building in Tsim Sha Tsui, Kowloon which are occupied by the Target Group (“**Property A**”); 2) a godown and portion of car ramp in an industrial building in Cheung Sha Wan, Kowloon which remains vacant (“**Property B**”); and 3) a 2-storey residential building held as investment property in Lantau Island, New Territories which are partly leased (“**Property C**”). Details of the above three properties are set out in Appendix I to this Circular.

For each of the two years ended 31 December 2014 and 2015 and for the eight months ended 31 August 2016, the major revenue stream of Tack Hsin Holdings was derived from restaurants operation, contributing over 85% of the total revenue. The remaining portion of the total revenue was contributed by hotel operation. Tack Hsin Holdings recorded a persistent loss for each of the two years ended 31 December 2014 and 31 December 2015 and for the eight months ended 31 August 2016 which was mainly attributable to the loss-making restaurant business. Since the whole of Property A and Property B are held for self-use by Tack Hsin Holdings and part of Property C is leased to fellow subsidiaries of Tack Hsin Holdings, no segment revenue was derived from them for each of the two years ended 31 December 2014 and 31 December 2015 and for the eight months ended 31 August 2016.

### Tack Hsin International

Tack Hsin International is a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company. Tack Hsin International and its subsidiary are principally engaged in the investment holding operation as at the Latest Practicable Date. There was not any business operation for Tack Hsin International for the two years ended 31 December 2014 and 31 December 2015 and for the eight months ended 31 August 2016.

Set out below is the unaudited consolidated financial information of Tack Hsin International and its subsidiary for each of the two years ended 31 December 2014 and 31 December 2015 and for the eight months ended 31 August 2016:

	For the eight months ended 31 August 2016 <i>Unaudited</i> HK\$'000	For the year ended 31 December 2015 <i>Unaudited</i> HK\$'000	For the year ended 31 December 2014 <i>Unaudited</i> HK\$'000
Revenue	–	–	–
Profit/(Loss) before taxation	(11)	(18)	(19)
Net Profit/(Net loss) after taxation	(11)	(18)	(19)
	<b>As at 31 August 2016 <i>Unaudited</i> HK\$'000</b>	<b>As at 31 December 2015 <i>Unaudited</i> HK\$'000</b>	<b>As at 31 December 2014 <i>Unaudited</i> HK\$'000</b>
Net asset value attributable to the owner of the Company	–	–	–

## LETTER FROM THE BOARD

### REASONS FOR THE DISPOSAL AND USE OF PROCEEDS

The Group is principally engaged in new energy operations (such as provision of EPC services for solar energy plant developers) in the PRC, restaurants and hotels operation and property investments in Hong Kong. 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 subsidiaries and associated companies.

As set out in the annual report of the Group for the year ended 31 December 2015 (the “**2015 Annual Report**”), the Group has outlined its future business strategy and has stepped into the strategic transmission of becoming the international advanced clean energy investment corporation and service provider. Since the financial year ended 31 December 2012, the Group has started to diversify its businesses into the new energy operations (such as provision of EPC services for solar energy plant developers). In the year ended 31 December 2015, the Group expanded in the market of new energy as the core business. According to the 2015 Annual Report, revenue from EPC and consultancy (formerly known as new energy) segment had materially increased from approximately HK\$86.50 million in the year ended 31 December 2014 (“**YE2014**”) to approximately HK\$1,503.74 million in the year ended 31 December 2015 (“**YE2015**”). In the YE2015 and the six months ended 30 June 2016, more than 89% of the revenue of the Group was generated from the EPC and consultancy/ new energy segment. Although a segment loss of approximately HK\$34.24 million was recorded in the YE2014, this business segment turned around and successfully achieved segment profit of approximately HK\$65.84 million and approximately HK\$30.83 million in the YE2015 and for the six months ended 30 June 2016, respectively.

Revenue from the Target Group (derived from the hotel, restaurant and property segments) had decreased by approximately 26.88% from approximately HK\$236.02 million in the YE2014 to approximately HK\$172.59 million in the YE2015. The Group’s restaurant and property segments recorded persistent segment losses since the year ended 31 December 2013 whereas the hotel segment was loss-making in the six months ended 30 June 2016.

Upon Completion, the Company will focus on its new energy operations (such as provision of EPC services for solar energy plant developers) in the PRC. Besides, the Consideration will be settled in cash which would enrich the internal resources of the Company for further development of its remaining business and/or financing the Group’s future investment projects once suitable targets are identified.

Therefore, the Directors (excluding Mr. Chan who had abstained from voting on the Board resolutions) consider that the Disposal represents an opportunity for the Company to realise its loss-making businesses and re-direct its resources to other businesses with growth potential, the terms of the Disposal are fair and reasonable and the entering into of the S&P Agreement and the transactions contemplated thereunder is in the interest of the Company and the Independent Shareholders as a whole.

## LETTER FROM THE BOARD

### FINANCIAL EFFECTS OF THE DISPOSAL

Upon Completion, the Group will not have any interest in the Target Group (other than the security interest under the Share Charge which will be released after fulfillment of all payment obligations of the Purchaser under the S&P Agreement). Each of the companies within the Target Group shall cease to be a subsidiary of the Company since then. Therefore, the profit and loss and assets and liabilities of the Target Group will no longer be consolidated to the accounts of the Group.

The Group expects to recognise a one-off gain of approximately HK\$19.2 million which represents the difference between the Consideration of HK\$110 million, the unaudited net asset value of the Target Group of approximately HK\$19,298,000 as at 31 August 2016 and the shareholder's loan owed by the Target Group to the Company of approximately HK\$71,455,393 as at the date of the S&P Agreement.

It is intended that the net proceeds from the Disposal will be used by the Group for general working capital purposes and to fund the Group's future project investments once suitable targets are identified.

### IMPLICATIONS UNDER THE LISTING RULES

As certain applicable percentage ratios for the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Besides, as Mr. Chan is an executive Director and a substantial Shareholder interested in approximately 10.08% of the issued share capital of the Company as at the Latest Practicable Date, he is a connected person of the Company. Accordingly, the Disposal also constitutes a connected transaction of the Company and is subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Chan and his associates are regarded as having material interest in the Disposal and therefore they are required to abstain from voting on the resolution to be proposed at the SGM for approving the Disposal. Mr. Chan had abstained from voting on the Board resolutions in respect of the S&P Agreement, the Share Charge and the Disposal.

The Independent Board Committee, comprising all the independent non-executive Directors, namely, Mr. Chan Ka Ling, Edmond, Mr. Wang Jimin, Mr. Tian Aiping and Mr. Li Dakuan, has been formed to give recommendation to the Independent Shareholders in respect of the Disposal. Proton Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the S&P Agreement and the transactions contemplated thereunder.

## LETTER FROM THE BOARD

### SGM

A notice convening the SGM at which ordinary resolution will be proposed to consider and, if thought fit, to approve the Disposal to be held at Jade Terrace Restaurant, 2nd Floor, Peninsula Centre, 67 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Tuesday, 20 December 2016 at 10:00 a.m., is set out on pages SGM-1 to SGM-2 of this circular.

The form of proxy for use by the Shareholders at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM in person, please complete and return 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 22nd Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for holding the SGM or any adjourned meeting (as the case may be). Completion and return of the accompanying form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting (as the case may be) should you so wish.

In accordance with the requirements of the Listing Rules, the ordinary resolution to be proposed at the SGM will be voted on by the Independent Shareholders by way of poll. Mr. Chan and his associates are regarded as having material interest in the Disposal and therefore they are required to abstain from voting on the resolution to be proposed at the SGM for approving the Disposal. Except as disclosed above, to the best of the knowledge, information and belief of the Directors having made reasonable enquiries, no Shareholder is required to abstain from voting on the resolution to be proposed at the SGM.

### RECOMMENDATION

The Board (including all of the independent non-executive Directors after taking into account the opinion of the Independent Financial Adviser) considers that the terms of the Disposal and the Share Charge are fair and reasonable so far as the Independent Shareholders are concerned and the entering into of the S&P Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board (including all of the independent non-executive Directors after taking into account the opinion of the Independent Financial Adviser) recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Disposal.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this circular and the notice of the SGM as set out on pages SGM-1 to SGM-2, which form part of this circular.

Yours faithfully,  
For and on behalf of the Board  
**China Nuclear Energy Technology Corporation Limited**  
**AI Yilun**  
*Chairman*





**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)**

5 December 2016

*To the Independent Shareholders,*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
IN RELATION TO DISPOSAL OF  
INTERESTS IN SUBSIDIARIES**

We refer to the circular issued by the Company to its Shareholders dated 5 December 2016 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall bear the same meanings when used herein unless the context requires otherwise.

We have been appointed by the Board as the Independent Board Committee to advise you as to whether, in our opinion, terms of the S&P Agreement are fair and reasonable so far as the Independent Shareholders are concerned. Details of the S&P Agreement, the Disposal and the transactions contemplated thereunder are set out in the letter from the Board contained in the Circular. Proton Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal and the transactions contemplated thereunder. Details of its advice and the principal factors taken into consideration in arriving at its recommendations are set out in the letter from Proton Capital contained in the Circular.

Having considered (i) terms of the S&P Agreement; and (ii) taking into account the information contained in the Circular and the advice of Proton Capital, we are of the opinion that the entering into of the S&P Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole although not in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be put forward at the SGM to approve the Disposal.

Yours faithfully,

**Mr. Chan Ka Ling, Edmond    Mr. Wang Jimin    Mr. Tian Aiping    Mr. Li Dakuan**  
*Independent Non-executive Directors*



## LETTER FROM PROTON CAPITAL

*The following is the full text of a letter of advice from Proton Capital to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in the Circular.*



普頓資本有限公司  
PROTON CAPITAL LIMITED

Unit 1001, 10th Floor, Chuang's Tower,  
30-32 Connaught Road Central, Hong Kong

5 December 2016

To: *The Independent Board Committee and the Independent Shareholders of  
China Nuclear Energy Technology Corporation Limited*

Dear Sirs,

### **DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF INTERESTS IN SUBSIDIARIES**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal, the details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 5 December 2016 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 1 November 2016, the Company (as vendor) entered into the S&P Agreement with the Purchaser for the sale and purchase of the entire issued share capital of each of Hurray Enterprises Limited, Tack Hsin (BVI) Holdings Limited and Tack Hsin International Limited and the shareholder’s loan owed by the Target Group to the Company. Pursuant to the S&P Agreement, the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares and the shareholder’s loan owed by the Target Group to the Company from the Company at the Consideration of HK\$110 million, subject to the terms and conditions of the S&P Agreement.

As disclosed in the Letter from the Board, as certain applicable percentage ratios for the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Besides, as Mr. Chan (the Purchaser) is an executive Director and a substantial Shareholder interested in approximately 10.08% of the issued share capital of the Company as at the Latest Practicable Date, he is a connected person of the Company. Accordingly, the Disposal also constitutes a connected transaction of the Company and is subject to the reporting, announcement and the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

## LETTER FROM PROTON CAPITAL

Mr. Chan and his associates are regarded as having material interest in the Disposal and therefore they are required to abstain from voting on the resolution to be proposed at the SGM for approving the Disposal. Mr. Chan had abstained from voting on the Board resolutions in respect of the S&P Agreement, the Share Charge and the Disposal.

The Independent Board Committee, comprising all the independent non-executive Directors, namely, Mr. Chan Ka Ling, Edmond, Mr. Wang Jimin, Mr. Tian Aiping and Mr. Li Dakuan, has been formed to give recommendation to the Independent Shareholders in respect of the Disposal. We, Proton Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Proton Capital is not connected with the directors, chief executive and substantial shareholders of the Company or the Purchaser or any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and therefore is considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. During the last two years, we were engaged as independent financial adviser to provide independent opinion to the independent non-executive directors of the Company at late 2014, late 2015 and mid 2016, respectively in respect of the Company's connected transactions for their internal reference and acted as independent financial adviser in respect of the continuing connected transactions as detailed in the Company's circulars dated 2 April 2015 and 2 December 2015, respectively (collectively, the "**Previous Engagements**"). Apart from normal professional fees payable to us by the Company in connection with the Previous Engagements and this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the directors, chief executive and substantial shareholders of the Company or any of their subsidiaries or their respective associates.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the management of the Company (the "**Management**"). We have assumed that all information and representations that have been provided by the Management, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

## LETTER FROM PROTON CAPITAL

We have not made any independent evaluation or appraisal of the assets and liabilities of the Target Group and we have not been furnished with any such evaluation or appraisal, save as and except for the Valuation Report on the market value of three properties owned by Tack Hsin Holdings (the “**Properties**”) prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (the “**Valuer**”). Since we are not experts in valuation, we have relied solely upon the Valuation Report for the market value of the Properties as at 31 August 2016 (the “**Valuation**”). Independent Shareholders should also note that the Valuation involves various basis and assumptions and it may be changed if those basis and assumptions are modified.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief, the information contained in the 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 the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Target Group, the Purchaser or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Disposal. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic condition) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Proton Capital is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources.

# LETTER FROM PROTON CAPITAL

## PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Disposal, we have taken into consideration the following principal factors and reasons:

### 1. Background of and reasons for the Disposal

#### *Business overview of the Group*

The Group is principally engaged in new energy operations (such as provision EPC services for solar energy plant developers) in the PRC, restaurants and hotels operation and property investments in Hong Kong. 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. As advised by the Management, the Disposal involves the disposal of the Group's interests in the business segments of restaurant, property and hotel.

Set out below is the financial information of the Group for each of the two years ended 31 December 2015 as extracted from the Company's annual report for the year ended 31 December 2015 (the "2015 Annual Report") and the six months ended 30 June 2016 as extracted from the Company's interim report for the six months ended 30 June 2016 (the "2016 Interim Report"):

	<b>For the six months ended 30 June 2016 <i>(unaudited)</i> HK\$'000</b>	<b>For the year ended 31 December 2015 <i>(audited)</i> HK\$'000</b>	<b>For the year ended 31 December 2014 <i>(audited)</i> HK\$'000</b>
Revenue			
– Restaurant	78,147	152,286	208,732
– Property	142	–	–
– Hotel	8,744	20,302	27,290
– Financing	–	–	–
– Solar power generation	11,069	–	–
– EPC and consultancy/ new energy <i>(Note)</i>	814,057	1,503,742	86,501
 Total	912,159	1,676,330	322,523
 Profit/(Loss) for the period/ year	(1,141)	9,998	(57,195)

*Note:* The "new energy" segment in the FY2014 has been renamed to "EPC and consultancy" segment since the FY2015

## LETTER FROM PROTON CAPITAL

As advised by the Management, the Group has diversified into and shifted its business focus to new energy operations since 2012 in which revenue from EPC and consultancy (formerly known as new energy) segment had materially increased from approximately HK\$86.50 million in the year ended 31 December 2014 (“YE2014”) to approximately HK\$1,503.74 million in the year ended 31 December 2015 (“YE2015”). In the YE2015 and the six months ended 30 June 2016, more than 89% of the revenue of the Group was generated from the EPC and consultancy. This demonstrated that the Group had successfully shifted its business focus to new energy operations in the past few years. Regarding the performance of this business segment, although a segment loss of approximately HK\$34.24 million was recorded in the YE2014, this business segment turned around and successfully achieved segment profit of approximately HK\$65.84 million and approximately HK\$30.83 million in the YE2015 and for the six months ended 30 June 2016, respectively.

Revenue from the hotel, restaurant and property segments had decreased by approximately 26.88% from approximately HK\$236.02 million in the YE2014 to approximately HK\$172.59 million in the YE2015. We noted that the Group’s restaurant and property segments recorded persistent segment losses since the year ended 31 December 2013 (“YE2013”). According to the Management, due to increase in operating costs, the restaurant segment began to record a segment loss since the YE2013 and such loss persisted primarily due to the effect from the macroeconomic environment including decrease in the number of Mainland visitors and their spending on catering. The Group’s property segment ceased to be profitable since YE2013 and the reason for this is mainly because the investment properties of the Target Group have not recorded any fair value gain since YE2013. The hotel segment was loss-making in the six months ended 30 June 2016 mainly due to increase in rental expenses and decrease in hotel room rate.

In the YE2015, the Group successfully turned around from a net loss of approximately HK\$57.20 million in the YE2014 to a net profit of approximately HK\$10 million. According to the 2015 Annual Report, this significant improvement was mainly due to the positive impact contributed from projects revenue, which was benefited from extensive market development and new business growth plan in the EPC and consultancy segment. The net loss of approximately HK\$1.14 million recorded by the Group for the six months ended 30 June 2016 was mainly attributable to the inclusion of imputed interest on convertible bonds issued by the Company in compliance with the applicable standard adopted by the Group, according to the 2016 Interim Report. As advised by the Management, the Company would have recorded a net profit of approximately HK\$12.97 million for the six months ended 30 June 2016 after the exclusion of the aforesaid imputed interest on convertible bonds of approximately HK\$17.00 million and gain on deemed disposal of an associate of approximately HK\$2.89 million.

According to the 2015 Annual Report and as advised by the Management, in the next few years, the Group will continue to strengthen the market development and strive to become a leader in the new energy industry.

<b>LETTER FROM PROTON CAPITAL</b>
-----------------------------------

*Information on the Target Group*

(i) Hurray Enterprises

Hurray Enterprises is a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company. It is principally engaged in the investment holding operation as at the Latest Practicable Date. There was not any business operation for Hurray Enterprises for the two years ended 31 December 2014 and 31 December 2015 and for the eight months ended 31 August 2016.

Set out below is the unaudited financial information of Hurray Enterprises for each of the two years ended 31 December 2014 and 31 December 2015 and for the eight months ended 31 August 2016:

	<b>For the eight months ended 31 August 2016</b>	<b>For the year ended 31 December 2015</b>	<b>For the year ended 31 December 2014</b>
	<i>Unaudited HK\$'000</i>	<i>Unaudited HK\$'000</i>	<i>Unaudited HK\$'000</i>
Revenue	–	–	–
Profit/(Loss) before taxation	–	(1)	(20)
Net Profit/(Net Loss) after taxation	–	(1)	(20)
	<b>As at 31 August 2016</b>	<b>As at 31 December 2015</b>	<b>As at 31 December 2014</b>
	<i>Unaudited HK\$'000</i>	<i>Unaudited HK\$'000</i>	<i>Unaudited HK\$'000</i>
Net asset value attributable to the owner of the Company	500	500	500

<b>LETTER FROM PROTON CAPITAL</b>
-----------------------------------

(ii) Tack Hsin Holdings

Tack Hsin Holdings is a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company. Tack Hsin Holdings and its subsidiaries are principally engaged in the restaurants and hotels operation, property investments and investment holding operation as at the Latest Practicable Date.

Set out below is the unaudited consolidated financial information of Tack Hsin Holdings and its subsidiaries for each of the two years ended 31 December 2014 and 31 December 2015 and for the eight months ended 31 August 2016:

	<b>For the eight months ended 31 August 2016</b>	<b>For the year ended 31 December 2015</b>	<b>For the year ended 31 December 2014</b>
	<i>Unaudited HK\$'000</i>	<i>Unaudited HK\$'000</i>	<i>Unaudited HK\$'000</i>
Revenue	114,406	172,588	236,023
Profit/(Loss) before taxation	(12,768)	(17,648)	(10,038)
Net Profit/(Net Loss) after taxation	(12,768)	(17,534)	(10,982)
	<b>As at 31 August 2016</b>	<b>As at 31 December 2015</b>	<b>As at 31 December 2014</b>
	<i>Unaudited HK\$'000</i>	<i>Unaudited HK\$'000</i>	<i>Unaudited HK\$'000</i>
Net asset value attributable to the owner of the Company	18,798	31,581	49,192

As at 31 August 2016, Tack Hsin Holdings holds the Properties through its indirect wholly-owned subsidiaries, which comprised 1) shop units and car parking spaces in an office building in Tsim Sha Tsui, Kowloon which are occupied by the Target Group (“**Property A**”); 2) a godown and portion of car ramp in an industrial building in Cheung Sha Wan, Kowloon which remains vacant (“**Property B**”); and 3) a 2-storey residential building held as investment property in Lantau Island, New Territories which are partly leased (“**Property C**”). Details of the Properties are set out in Appendix I to the Circular.

## LETTER FROM PROTON CAPITAL

For each of the two years ended 31 December 2014 and 2015 and for the eight months ended 31 August 2016, the major revenue stream of Tack Hsin Holdings has been derived from restaurants operation, contributing over 85% of the total revenue. The remaining portion of the total revenue was contributed by hotel operation. Tack Hsin Holdings recorded a persistent loss for each of the two years ended 31 December 2014 and 31 December 2015 and for the eight months ended 31 August 2016 which was mainly attributable to the loss-making restaurant business. Since the whole of Property A and Property B are held for self-use by Tack Hsin Holdings and part of Property C is leased to fellow subsidiaries of Tack Hsin Holdings, no segment revenue has been derived from them for each of the two years ended 31 December 2014 and 31 December 2015 and for the eight months ended 31 August 2016.

(iii) Tack Hsin International

Tack Hsin International is a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company. Tack Hsin International and its subsidiary are principally engaged in the investment holding operation as at the Latest Practicable Date. There was not any business operation for Tack Hsin International for the two years ended 31 December 2014 and 31 December 2015 and for the eight months ended 31 August 2016.

Set out below is the unaudited consolidated financial information of Tack Hsin International and its subsidiary for each of the two years ended 31 December 2014 and 31 December 2015 and for the eight months ended 31 August 2016:

	<b>For the eight months ended 31 August 2016</b>	<b>For the year ended 31 December 2015</b>	<b>For the year ended 31 December 2014</b>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	–	–	–
Profit/(Loss) before taxation	(11)	(18)	(19)
Net Profit/(Net Loss) after taxation	(11)	(18)	(19)



<b>LETTER FROM PROTON CAPITAL</b>
-----------------------------------

	As at 31 August 2016 <i>Unaudited</i> HK\$'000	As at 31 December 2015 <i>Unaudited</i> HK\$'000	As at 31 December 2014 <i>Unaudited</i> HK\$'000
Net asset value attributable to the owner of the Company	-	-	-

*Reasons for and benefits from the Disposal*

As disclosed in the Letter from the Board, the Group is principally engaged in new energy operations (such as provision of EPC services for solar energy plant developers) in the PRC, restaurants and hotels operation and property investments in Hong Kong. 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.

As set out in the 2015 Annual Report, the Group has outlined its future business strategy and has stepped into the strategic transmission of becoming the international advanced clean energy investment corporation and service provider. Since the financial year ended 31 December 2012, the Group has started to diversify its businesses into the new energy operations (such as provision of EPC services for solar energy plant developers). In the year ended 31 December 2015, the Group expanded in the market of new energy as the core business. According to the 2015 Annual Report, revenue from EPC and consultancy (formerly known as new energy) segment had materially increased from approximately HK\$86.50 million in the year ended 31 December 2014 ("YE2014") to approximately HK\$1,503.74 million in the year ended 31 December 2015 ("YE2015"). In the YE2015 and the six months ended 30 June 2016, more than 89% of the revenue of the Group was generated from the EPC and consultancy/new energy segment. Although a segment loss of approximately HK\$34.24 million was recorded in the YE2014, this business segment turned around and successfully achieved segment profit of approximately HK\$65.84 million and approximately HK\$30.83 million in the YE2015 and for the six months ended 30 June 2016, respectively

Revenue from the Target Group (derived from the hotel, restaurant and property segments) had decreased by approximately 26.88% from approximately HK\$236.02 million in the YE2014 to approximately HK\$172.59 million in the YE2015. The Group's restaurant and property segments recorded persistent segment losses since the year ended 31 December 2013 whereas the hotel segment was loss-making in the six months ended 30 June 2016.

Upon Completion, the Company will focus on its new energy operations (such as provision of EPC services for solar energy plant developers) in the PRC. Besides, the Consideration will be settled in cash which would enrich the internal resources of the Company for further development of its remaining business and/or financing the Group's future investment projects once suitable targets are identified.

## LETTER FROM PROTON CAPITAL

Therefore, the Directors (excluding Mr. Chan who had abstained from voting on the Board resolutions) consider that the Disposal represents an opportunity for the Company to realise its loss-making businesses and re-direct its resources to other businesses with growth potential, the terms of the Disposal are fair and reasonable and the entering into of the S&P Agreement and the transactions contemplated thereunder is in the interest of the Company and the Independent Shareholders as a whole.

As discussed in the sub-section headed "Business overview of the Group", the Group's restaurant and property segments recorded persistent segment losses since the year ended 31 December 2013 whereas the hotel segment was loss-making in the six months ended 30 June 2016. As such, we concur with the view of the Directors' that the Disposal represents an opportunity for the Company to realise its loss-making businesses.

On the basis of the reasons for the Disposal as aforesaid, the Group has already shifted its business focus to new energy operations in recent years and the Disposal will allow the Group to (i) enrich the internal resources of the Company for further development of its remaining business; and (ii) realise its loss-making businesses and re-direct its resources to other businesses, we consider that the Disposal is in the interests of the Company and the Shareholders as a whole.

### 2. Terms of the S&P Agreement

Highlighted below are the principal terms of the S&P Agreement:

- (a) Date: 1 November 2016 (after trading hours)
- (b) Parties:
  - Purchaser: Mr. Chan Shu Kit
  - Vendor: the Company
- (c) *Assets to be disposed of*
  - (i) Sale Shares: collectively, the Hurray Enterprises Share, the Tack Hsin Holdings Shares and the Tack Hsin International Share
  - (ii) the shareholder's loan owed by the Target Group to the Company as at the date of the S&P Agreement which represents the advances paid by the Company to the Target Group for the settlement of administrative expenses and professional fees incurred by both the Target Group and the Company (the "Shareholder's Loan"). Such arrangement has been in place since 1994. The shareholder's loan is non-interest bearing.

## LETTER FROM PROTON CAPITAL

(d) *The Consideration for the Disposal and settlement arrangement*

The aggregate consideration for the Sale Shares and the Shareholder's Loan shall be HK\$110 million. Under the S&P Agreement, the consideration for the Sale Shares shall be HK\$38,544,607 and the consideration for the Shareholder's Loan shall be HK\$71,455,393. The outstanding balance of the Shareholder's Loan as at the date of the S&P Agreement was HK\$71,455,393.

The Consideration shall be satisfied by the Purchaser in cash and payable in the following manner:

- (a) HK\$10 million has been paid on the date of the signing of the S&P Agreement;
- (b) HK\$50 million shall be paid upon Completion; and
- (c) the remaining balance of HK\$50 million (the "**Remaining Consideration**") shall be payable in three instalments as follows:
  - (i) HK\$10 million shall be paid on or before 28 April 2017;
  - (ii) HK\$20 million shall be paid on or before 31 May 2017; and
  - (iii) HK\$20 million shall be paid on or before 30 June 2017.

As stated in the Letter from the Board, the settlement of the Consideration in tranches could facilitate the full and final settlement of the Consideration on or before 30 June 2017 by providing flexibility to the Purchaser in respect of his liquidity demand. On the other hand, the settlement of the Remaining Consideration by installments instead of one lump sum payment could secure part payments of the Remaining Consideration based on the scheduled payment terms during the period from the date of Completion up to 30 June 2017 so as to bring the Company to a more secured position.

Pursuant to the S&P Agreement, the Purchaser has agreed that he will execute the Share Charge in favour of the Company and will deposit the relevant title documents in respect of the Sale Shares to the Company on the date of Completion to secure the due and punctual performance of his payment obligations in respect of the Remaining Consideration under the S&P Agreement.

Under the Share Charge, in the event of default of any payment of the Remaining Consideration by the Purchaser under the terms of the S&P Agreement, the Company may enforce its security interest created under the Share Charge and may sell or dispose of the Sale Shares to cover any outstanding payment obligation in respect of the Remaining Consideration.

## LETTER FROM PROTON CAPITAL

According to the Letter from the Board, having considered (i) the opportunity of realizing the Company's investment in the Target Group which has been loss-making for a prolonged period since the year ended 31 December 2013 and an interested buyer for the Sale Shares may not be readily available in the market; (ii) the scheduled payment terms in respect of the Remaining Consideration in three tranches will be settled on or before 30 June 2017 which is around seven months from the date of this circular and such period is relatively short; (iii) the first tranche of the Remaining Consideration in the amount of HK\$10 million will be due and payable on or before 28 April 2017, while the aggregate amount of the Consideration then paid will amount to HK\$70 million, representing approximately 64% of the total Consideration; and (iv) the execution of the Share Charge upon Completion could provide the Sale Shares to the Company as security to secure the due and punctual performance of the payment obligation in respect of the Remaining Consideration by the Purchaser, the Board is of the view that the settlement of the Remaining Consideration in three tranches is in the interests of the Company and the Shareholders as a whole.

We noted that the Purchaser will settle the Remaining Consideration, which represents approximately 45.45% of the Consideration, on or before 30 June 2017 (i.e. after Completion) by instalments. Based on the reasons provided by the Directors and in view that the arrangement for payment of the Remaining Consideration by installments will allow the Group to receive majority of the Consideration before 30 June 2016 and the Purchaser will execute the Share Charge to secure the due and punctual performance of his payment obligations in respect of the Remaining Consideration under the S&P Agreement, we consider the Board's reasons for allowing the Purchaser to settle the Remaining Consideration by installments are fair and reasonable and the settlement arrangement of the Consideration is not prejudicial to the interest of the Independent Shareholders.

### *Basis of Determination of Consideration*

According to the Letter from the Board, the Consideration of HK\$110 million was arrived at after arm's length negotiations between the Group and the Purchaser with reference to the aggregate of the unaudited net assets value of the Target Group of approximately HK\$19,298,000 as at 31 August 2016, having considered the independent property valuation of the three properties held by the Target Group as at 31 August 2016, details of which are set out in Appendix I to this circular, and the intended assignment of the Shareholders' Loan of approximately HK\$71,455,393 as at 1 November 2016, being the date of the S&P Agreement.

We understand from the Management that the aggregate of the unaudited net assets value of the Target Group of approximately HK\$19,298,000 as at 31 August 2016 (the "NAV") were arrived at having considered the Valuation, details of which are set out in Appendix I to the Circular.

## LETTER FROM PROTON CAPITAL

In assessing the fairness and reasonableness of the Valuation, we have complied with the steps set out under note 1(d) to Rule 13.80 of the Listing Rules and performed the following work:

(i) Experience of the Valuer and their engagement

We have discussed with the Valuer in relation to their experiences and understood that Mr. Gilbert C. H. Chan, director of Real Estate Services of the Valuer, has 23 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region. He is a member of Hong Kong Institute of Surveyors (General Practice) and Royal Institute of Chartered Surveyors. In addition, he is a Registered Professional Surveyor (General Practice) registered with Surveyors Registration Board. We, therefore consider that he is qualified to provide a reliable valuation of the Properties.

We had requested the Company to provide the engagement letter with the Valuer to review its engagement. Based on the engagement letter received and our discussion with the Valuer in relation to their terms of engagement, in particular, their scope of work, we noted as there is no limitation on the scope of work which might adversely impact on the degree of assurance given by them in their report. We consider that their scope of work is appropriate to the opinion required to be given.

(ii) Valuation assumption and methodology

According to our discussion with the Valuer, in valuing the Property, the Valuer has complied with all requirements contained in Chapter 5 of the Listing Rules, the RICS Valuation – Professional Standards published by the Royal Institution of Chartered Surveyors, the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

The Valuer was given instruction by the Company to carry out a valuation of the Properties on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Regarding the selection of valuation methodology, we understand that as there are comparable sales transactions in the market, market comparison approach is preferred. Cost approach is not preferred as this approach is adopted only when there are no market sale comparables readily available. It will involve making additional assumptions and adjustments on replacement costs of improvement and deductions for physical deterioration, which are less accurate. Based our discussion with the Valuer and our understanding on

## LETTER FROM PROTON CAPITAL

the valuation methodology, we consider the adoption of market comparison approach, which involves making reference to comparable sales transactions as available in the relevant market in the Valuer's assessment of the market value of the Properties, as the valuation methodology is appropriate.

We have discussed with the Valuer and noted that the Valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the Properties. Also, no allowance has been made in the Valuation Report for any charges, mortgages or amounts owing neither on the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. It is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values. We consider the above assumptions are common in practice and are fair and reasonable for the purposes of assessing the market value of the Properties.

We understand that the Valuer has identified from the public records of the Hong Kong Land Registry various relevant sales evidence in the locality which have similar characteristics as the Properties. As such, we consider the source of market data obtained by the Valuer for the Valuation is reliable. Information regarding the unit rate of the Properties as assessed by the Valuer and the unit rate of those comparables identified by the Valuers are set out in the Valuation Report as Appendix I to the Circular. As part of our due diligence work, we have reviewed the comparable transactions identified by the Valuer and inspected Property A and Property B. We noted that the valuated unit rate of Property A and Property B are at the lower range of the unit rate of those comparables which, however, can be justified by the inferior conditions of Property A and Property B including having cracks and fallen ceiling and/or persistent water seepage problems from unknown source. The unit rate of Property C at Lantau Island is at the mid-range of the unit rate of those comparables.

Based on the work performed by us as detailed above, we concur with the Valuer that the Valuation methodology is fair and reasonable and the results of the Valuation are reliable. However, Shareholders should note that since the Valuation involves various bases and assumptions, it may or may not accurately reflect the true market value of the Properties.

## LETTER FROM PROTON CAPITAL

We have further reviewed the unaudited management accounts of the Target Group as at 31 August 2016. We noted that the Consideration for the Sale Shares of HK\$38,544,607 is at a premium of approximately 99.73% over the NAV whereas the Consideration for the Shareholder's Loan of HK\$71,455,393 is equivalent to the outstanding balance of the Shareholder's Loan as at the date of the S&P Agreement of HK\$71,455,393.

In light of (i) the consideration of the Disposal was determined after arm's length negotiations among the Vendor and the Purchaser; (ii) the market value of the Properties in the Valuation was fairly and reasonably determined by the Valuer; (iii) the Consideration for the Sale Shares is at a premium of approximately 99.73% over the NAV; and (iv) the consideration for the Shareholder's Loan is equivalent to the outstanding balance of the Shareholder's Loan as at the date of the S&P Agreement, we consider that the Consideration of the Disposal is fair and reasonable so far as the Independent Shareholders are concerned.

*(e) Conditions precedent*

Completion of the S&P Agreement and the transactions contemplated thereunder is conditional upon, among other things, the fulfillment of a number of conditions which details were set out in the Letter from the Board.

### **3. Possible financial effects of the Disposal**

Upon Completion, the Group will not have any interest in the Target Group (other than the security interest under the Share Charge which will be released after fulfillment of all payment obligations of the Purchaser under the S&P Agreement). Each of the companies within the Target Group shall cease to be a subsidiary of the Company since then. Therefore, the profit and loss and assets and liabilities of the Target Group will no longer be consolidated to the accounts of the Group.



## LETTER FROM PROTON CAPITAL

(a) *Earnings*

Each of the companies within the Target Group shall cease to be a subsidiary of the Company upon Completion. As such, by disposing the Target Group, the Group will not be required to bear any future loss of the Target Group. As set out in the Letter from the Board, the Group expects to recognise a one-off gain of approximately HK\$19.2 million from the Disposal, therefore, the Disposal would likely have a positive impact on the future earnings potential of the Group.

(b) *Net asset value*

According to the 2016 Interim Report, the unaudited net asset value of the Group as at 30 June 2016 was approximately HK\$456.40 million.

As set out in the Letter from the Board, the Group expects to recognise a one-off gain of approximately HK\$19.2 million from the Disposal. As a result, the net asset value of the Group is also expected to increase by approximately HK\$19.2 million, which represents the difference between the Consideration of HK\$110 million, the NAV and the Shareholder's Loan of approximately HK\$71,455,393 as at the date of the S&P Agreement.

(c) *Cash flow*

Pursuant to the 2016 Interim Report, the Group had cash and cash equivalent of approximately HK\$218.38 million as at 30 June 2016. Since the Purchaser will settle the Consideration in cash and payable and the net proceeds from the Disposal will be used by the Group for, among others, further development of its remaining business, it is expected that the Disposal will have a positive effect on the cash flow of the Group.

Judging from the possible financial effects of the Disposal as mentioned in this sub-section, we are of the view that the overall financial effects of the Disposal are favourable to the Company. However, it should be noted that the actual gain or loss arising from the Disposal to be recognised by the Group may be different from the above. The above analyses are for illustrative purposes only and do not purport to represent how the actual financial position of the Group will be on the date of Completion.



## LETTER FROM PROTON CAPITAL

### RECOMMENDATION

Having considered the principal factors and reasons discussed above, we are of the view that although the Disposal is not in the ordinary and usual course of business of the Group, the Disposal and the terms of the S&P Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the S&P Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the proposed resolution in this regard.

Yours faithfully,  
For and on behalf of  
**Proton Capital Limited**

**Josephine Lau**  
*Director – Corporate Finance*

*Note:* Ms. Josephine Lau has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2012 and 2007, respectively. Ms. Lau has more than 15 years of experience in corporate finance and investment banking.

*The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 August 2016 and 30 September 2016 of the property interests to be disposed by the Group.*



仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited  
6/F Three Pacific Place 1 Queen's Road East Hong Kong  
tel +852 2846 5000 fax +852 2169 6001  
Licence No: C-030171

5 December 2016

The Board of Directors  
**China Nuclear Energy Technology Corporation Limited**  
Room 2801, 28th Floor  
China Resources Building  
No. 26 Harbour Road  
Wan Chai  
Hong Kong

Dear Sirs,

**RE: Valuation of various properties located in Hong Kong**

In accordance with your instructions to value the property interests to be disposed by China Nuclear Energy Technology Corporation Limited and its subsidiaries (hereinafter together referred to as the “**Group**”) in Hong Kong, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as at 31 August 2016 and 30 September 2016 (the “**Valuation Dates**”).

Our valuation is carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

We have valued the property interests in Group I which are held for owner occupation by the Group and property interest in Group II which is held for investment by the Group by market comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited, the RICS Valuation – Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and other relevant matters.

In valuing the property interests of the Group in Hong Kong held under the Government Leases expiring before 30th June 1997, we have taken account the stipulations contained in Annex III of the Joint Declaration of the Government of the United Kingdom and the Government of the People's Republic of China on the question of Hong Kong and the New Territories Leases (Extension) Ordinance 1988 that such leases have been extended without premium until 30th June 2047 and that a rent of three per cent of the then rateable value is charged per annum from the date of extension.

We have caused searches to be made at the Hong Kong Land Registry. However, we have not searched the original documents to verify the ownership or to ascertain any amendment.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

The site inspection was carried out on 12 July 2016 by Ms. Tracy Yuen. Ms. Tracy Yuen is a probationer of HKIS.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Hong Kong Dollars (HKD).

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,  
for and on behalf of  
**Jones Lang LaSalle Corporate Appraisal and Advisory Limited**  
**Gilbert C. H. Chan**  
*MRICS MHKIS RPS (GP)*  
*Director*

*Note:* Gilbert C. H. Chan is a Chartered Surveyor who has 23 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

## SUMMARY OF VALUES

## Group I – Property interests held for owner occupation by the Group in Hong Kong

No.	Property	Market Value	Market Value
		in existing state as at 30 September 2016 HKD	in existing state as at 31 August 2016 HKD
1.	Unit No. L27 on Lower Ground Floor, Unit No. G81 on Ground Floor and Car Parking Space Nos. 52, 53, 54, 64, 65, 66, 67 and 69 on Basement, Peninsula Centre, No. 67 Mody Road, Tsim Sha Tsui, Kowloon	27,100,000	27,100,000
2.	Godown on B/F together with Male & Female Lavatories and Portion of Car Ramp on the Ground Floor and Two Staircases adjoining thereto, Mackenny Centre, No. 660 Castle Peak Road, Cheung Sha Wan, Kowloon	14,000,000	14,000,000
	<b>Sub-total:</b>	<b>41,100,000</b>	<b>41,100,000</b>

## Group II – Property interest held for investment by the Group in Hong Kong

No.	Property	Market Value	Market Value
		in existing state as at 30 September 2016 HKD	in existing state as at 31 August 2016 HKD
3.	No. 2 Cheung Fu Street, Lantau Island, New Territories	38,000,000	38,000,000
	<b>Sub-total:</b>	<b>38,000,000</b>	<b>38,000,000</b>
	<b>Grand-total:</b>	<b>79,100,000</b>	<b>79,100,000</b>

## VALUATION CERTIFICATE

## Group I – Property interests held for owner occupation by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Market Value
				in existing state as at 30 September 2016 HKD
1.	Unit No. L27 on Lower Ground Floor, Unit No. G81 on Ground Floor and Car Parking Space Nos. 52, 53, 54, 64, 65, 66, 67 and 69 on Basement, Peninsula Centre, No. 67 Mody Road, Tsim Sha Tsui, Kowloon	The property comprises 1 shop unit on Ground Floor, 1 shop unit on Lower Ground Floor and 8 car parking spaces on basement in a 14-storey (plus 2 basement levels) office building completed in 1981.  The total saleable area of the shop units is approximately 503 sq.ft. (46.73 sq.m.).	As at the Valuation Dates, Unit No. G81 was owner-occupied for displaying signboard use, Unit No. L27 was owner-occupied for storage use and the 8 car parking spaces were owner-occupied for car parking use.	27,100,000  <b>as at 31 August 2016</b> HKD 27,100,000
	75/32,476th parts or shares of and in Kowloon Inland Lot No. 10598	The property is held under Conditions of Sale No. UB11241 for a term of 75 years commencing from 13 September 1978 renewable for a further term of 75 years subject to payment of annual Government rent of HKD1,000 for the lot.		

## Notes:

- The subject building is situated on the north-western side of Mody Square close to the junction with Mody Road. The locality is characterized by medium-rise office buildings and hotels of various ages.
- The registered owner of the property is Grandward Limited, which is an indirectly wholly-owned subsidiary of the Group, with details as below.

Unit	Memorial No.	Date of instrument
Unit No. L27 on Lower Ground Floor	UB3951449	21 December 1988
Unit No. G81 on Ground Floor	UB3889487	18 October 1988
Car Parking Space Nos. 52 and 53 on Basement	08042302460513	8 April 2008
Car Parking Space Nos. 54 and 69 on Basement	08042302460523	8 April 2008
Car Parking Space Nos. 64 and 65 on Basement	08042302460545	8 April 2008
Car Parking Space Nos. 66 and 67 on Basement	08042302460533	8 April 2008

- According to the Tsim Sha Tsui Outline Zoning Plan No. S/K1/28 dated 13 December 2013, the site of the property is zoned as "Commercial".
- Pursuant to our land search record, the property is subject to, inter alia, the following encumbrances:
  - Deed of Mutual Covenant vide Memorial No. UB2097414 dated 11 April 1981;
  - Attested Copy Letter of Compliance vide Memorial No. UB2777025 dated 27 February 1981 (Re.: from Crown Lands & Survey Office to Kin Shun Realty Limited) (Re.: for car parking spaces only); and
  - Attested Copy Letter of Compliance vide Memorial No. UB5922883 dated 27 February 1981 (Re.: by Modification Division, Crown Lands & Survey Office, Public Works Department).

5. Our valuation has been made on the following basis and analysis:
- (a) In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are retail units in Tsim Sha Tsui, which were transacted in the past year. The unit price of these comparables range from HK\$44,280/sq.ft. to HK\$54,225/sq.ft. for G/F and from HK\$13,129/sq.ft. to HK\$22,295/sq.ft. for upper floors on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size, floor and other characters between the comparable properties and the subject property to arrive at an assumed average unit rate of HK\$48,000/sq.ft. for G/F and HK\$15,512/sq.ft. for LG/F on saleable area basis for the subject property; and
  - (b) The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value
				in existing state as at 30 September 2016 HKD
2.	Godown on B/F together with Male & Female Lavatories and Portion of Car Ramp on the Ground Floor and Two Staircases adjoining thereto, Mackenny Centre, No. 660 Castle Peak Road, Cheung Sha Wan, Kowloon	The property comprises the godown of whole Basement, portion of car ramp on the Ground Floor and two staircases adjoining thereto in a 12-storey (plus 1 basement level) industrial building completed in 1985.	As at the Valuation Dates, the property was vacant.	14,000,000
	116/1,004th parts or shares of and in New Kowloon Inland Lot No. 4317	The saleable area of the property is approximately 5,100 sq.ft. (473.80 sq.m.).  The property is held under Government Lease for a term of 75 years and renewable for 24 years commencing from 1 July 1898 and thereafter statutorily extended until 30 June 2047 without premium but subject to a payment of Government rent which equal to 3% of the rateable value for the time being of the lot.		as at 31 August 2016 HKD  14,000,000

## Notes:

1. The subject building is situated on the north-western side of Castle Peak Road close to the junction with Yee Kuk West Street. The locality is characterized by medium-rise industrial buildings of various ages.
2. The registered owner of the property is Vastpro Developments Limited, which is an indirectly wholly-owned subsidiary of the Group, vide Memorial No. UB5140449 dated 13 December 1991.
3. According to the Kwai Chung Outline Zoning Plan No. S/KC/28 dated 13 June 2014, the site of the property is zoned as "Other Specified Uses (Business 1)".
4. Pursuant to our land search record, the property is subject to, inter alia, the following encumbrances:
  - (a) Occupation Permit No. NK16/85 vide Memorial No. UB2766527 dated 24 April 1985; and
  - (b) Deed of Mutual Covenant vide Memorial No. UB2799992 dated 7 June 1985.



5. Our valuation has been made on the following basis and analysis:
- (a) In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are industrial units in Cheung Sha Wan, which were transacted in the past year. The unit price of these comparables range from HK\$2,564/sq.ft. to HK\$4,895/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size, floor and other characters between the comparable properties and the subject property to arrive at an assumed average unit rate of HK\$2,745/sq.ft. on saleable area basis for the subject property; and
  - (b) The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

## VALUATION CERTIFICATE

## Group II – Property interests held for investment by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2016 HKD
3.	No. 2 Cheung Fu Street, Lantau Island, New Territories  Lot No. 237 in D.D. 331	<p>The property comprises a 2- storey residential building completed in 1996. Its G/F provides 2 residential flats, a caretaker's quarter, a recreation room and 3 car parking spaces. The 1/F provides 1 residential flat with flat roof and swimming pool.</p> <p>The saleable area of the property is approximately 3,310 sq.ft. (307.51 sq.m.) plus flat roof area (including swimming pool) of approximately 1,711 sq.ft. (194.94 sq.m.), courtyard area of approximately 919 sq.ft. (85.38 sq.m.) and area of recreation room and caretaker's quarter of approximately 848 sq.ft. (78.78 sq.m.).</p> <p>The property is held under New Grant No. 7657 for a term commencing on 18 September 1992 and expiring on 30 June 2047 subject to a payment of Government rent which equal to 3% of the rateable value for the time being of the lot.</p>	<p>As at the Valuation Dates, Flat A on G/F with 1 car parking space was leased for a term from 15 August 2015 to 14 August 2017 at a monthly rent of HKD18,000 inclusive of Government rent, rates and management fee.</p> <p>Flat B on G/F with 1 car parking space was leased for a term from 1 November 2015 to 31 October 2017 at a monthly rent of HKD17,500 inclusive of Government rent, rates and management fee.</p> <p>The remaining portion of the property was vacant.</p>	<p>38,000,000</p> <p>as at 31 August 2016 HKD</p> <p>38,000,000</p>

## Notes:

1. The subject building is situated on the eastern side of Cheung Fu Street close to the junction with South Lantau Road. The locality is characterized by low-rise residential houses and buildings of various ages.
2. The registered owner of the property is First Charm Development Limited, which is an indirectly wholly-owned subsidiary of the Group, vide Memorial No. IS260125 dated 24 November 1997.
3. According to the South Lantau Coast Outline Zoning Plan No. S/SLC/19 dated 19 September 2014, the site of the property is zoned as "Green Belt" (portion) and "Residential (Group C)" (portion).
4. Pursuant to our land search record, the property is subject to, inter alia, the following encumbrances:
  - (a) Certificate of Compliance vide Memorial No. IS259428 dated 5 February 1997.

5. Our valuation has been made on the following basis and analysis:
- (a) In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are residential properties in Cheung Sha, which were transacted in the past year. The unit price of these comparables range from HK\$8,268/sq.ft. to HK\$11,701/sq.ft. on effective saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed average unit rate of HK\$10,195/sq.ft. on effective saleable area basis for the subject property; and
  - (b) The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

## 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 enquires, 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.

## 2. DISCLOSURE OF INTERESTS

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

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, were as follows:

*Long position in the Shares:*

Name of Directors	Nature of interests	Number of Shares held	Approximate percentage <sup>†</sup> of the issued share capital of the Company (%)
Mr. Chan Shu Kit (Note)	Interest of a controlled corporation	114,240,000	10.08

*Note:* Such Shares are held by Hoylake Holdings Limited, a company incorporated in the British Virgin Islands wholly owned by Mr. Chan Shu Kit, an executive Director.

<sup>†</sup> The percentage represents the number of ordinary Shares interested divided by the number of the Company's issued Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules.

**(b) Interests of substantial shareholders of the Company**

So far as is known to the Directors and the chief executives of the Company, as at the Latest Practicable Date, the following person (other than a Director or the chief executives of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

*Long position in the Shares:*

Name	Nature of interests	Number of Shares held	Approximate percentage <sup>†</sup> of the issued share capital of the Company (%)
中國核工業建設集團公司 (China Nuclear Engineering Group Co.*) ("CNEGC") (Note 1)	Interest of controlled corporations	400,000,000	35.30
ZOC Investment Co., Ltd. (中核投資有限公司) ("ZOC") (Note 1)	Interest of controlled corporations	400,000,000	35.30

\* For identification purpose only

Name	Nature of interests	Number of Shares held	Approximate percentage <sup>†</sup> of the issued share capital of the Company (%)
China He Investment (Hong Kong) Company Limited (中核投資(香港)有限公司) ("China He Investment") (Note 1)	Beneficial owner	400,000,000	35.30
Hoylake Holdings Limited (Note 2)	Beneficial owner	114,240,000	10.08
Zhao Xu Guang (Note 3)	Interest of controlled corporations	84,676,000	7.47
Prosper Alliance Investments Limited (Note 3)	Beneficial owner	60,000,000	5.30
Cheung Mui (Note 4)	Interest of a controlled corporation	60,000,000	5.30
Grand Honest Limited (Note 4)	Beneficial owner	60,000,000	5.30

## Notes:

1. ZOC was deemed to be interested in 400,000,000 shares of the Company held by China He Investment, its wholly owned subsidiary. GNEGC was deemed to be interested in these 400,000,000 shares by virtue of its holding 100% interests in ZOC.
  2. Hoylake Holdings Limited was wholly-owned by Chan Shu Kit, a director of the Company.
  3. Zhao Xu Guang was deemed to be interested in 84,676,000 shares of the Company of which 60,000,000 shares and 24,676,000 shares were held by Prosper Alliance Investments Limited and Rui Tong Investments Limited respectively. Prosper Alliance Investments Limited and Rui Tong Investments Limited were wholly owned by Mr. Zhao.
  4. Grand Honest Limited was wholly owned by Cheung Mui and she was deemed to be interested in its holding of 60,000,000 shares of the Company.
- † The percentage represents the number of ordinary Shares interested divided by the number of the Company's issued Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, no person had registered an interest or short position in the Shares or underlying Shares that was required to be recorded pursuant to Section 336 of the SFO.

### 3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

### 4. OTHER INTERESTS OF THE DIRECTORS

As at the Latest Practicable Date:

- (a) none of the Directors had any direct or indirect interest in any assets which have, since 31 December 2015, being the date of the latest published audited consolidated financial statements of the Group were made up, been acquired or disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to any member of the Group; and
- (b) save as disclosed in (i) the announcements of the Company dated 2 January 2015 and 6 January 2015 in relation to the continuing connected transactions contemplated under the agreement dated 2 January 2015 entered into between CNI Energy and China Nuclear Industry 23 Construction Company Limited Huadong Branch\* (中國核工業二三建設有限公司華東分公司) (the “**Huadong Technical Consultancy Agreement**”) (please refer to the section headed “Material Interest of Directors in the Huadong CCT” of the announcement of the Company dated 6 January 2015 for details); (ii) the announcements of the Company dated 7 November 2014, 18 November 2104 and 13 February 2015 (together, the “**GCL Solar Projects Announcements**”) in relation to the continuing connected transactions contemplated under the GCL Solar Projects Agreements (as defined in the GCL Solar Projects Announcements) (please refer to the section headed “Disclosure of Material Interests” of the announcement of the Company dated 13 February 2015 for details); (iii) the circular of the Company dated 2 April 2015 in relation to the continuing connected transactions contemplated under the Moyu Construction Agreement (as defined in the circular of the Company dated 2 April 2015) (please refer to the section headed “Letter from the Board — Material Interest of Directors in the Moyu CCT” of the circular of the Company dated 2 April 2015 for details); (iv) the announcement of the Company dated 14 August 2015 in relation to the connected transaction contemplated under the joint venture agreement (the “**JV Agreement**”) dated 14 August 2015 entered into between CNI (Nanjing) Energy Development Company Limited and Zhong He New Energy Investment Company Limited\* (中核新能源投資有限公司) (please refer to the section headed “Material Interest of Directors in the Formation of the Joint Venture Company” of the announcement of the Company dated 14 August 2015 for details); (v) the announcement of the Company dated 13 November 2015 in relation to the connected transaction contemplated under the loan agreement (the “**Loan Agreement**”) dated 13 November 2015 entered into between CNE Holdings Company Limited (中國核能控股有限公司) and

China He Investment (please refer to the section headed “Listing Rules Implications” of the announcement of the Company dated 13 November 2015 for details); and (vi) the circular of the Company dated 2 December 2015 in relation to the continuing connected transactions contemplated under the Moyu Phase II Construction Agreements and the Qiqihar EPC Agreement (as defined in the circular of the Company dated 2 December 2015) (please refer to the sections headed “Letter from the Board — Material Interest of Directors in the Moyu Phase II CCT” and “Letter from the Board — Material Interest of Directors in the Qiqihar CCT” of the circular of the Company dated 2 December 2015, respectively, for details).

## 5. EXPERT’S CONSENT AND QUALIFICATION

The following is the qualification of the professional advisers who has given opinions or advice which is contained in this circular:

Name	Qualification
Proton Capital	a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Jones Lang LaSalle	Independent Professional Property Valuer

Each of Proton Capital and Jones Lang LaSalle has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and all reference to its name in the form and context in which they appear.

As at the Latest Practicable Date, Each of Proton Capital and Jones Lang LaSalle was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any interest, either direct or indirect, in any assets which have been, since the date to which the latest published audited consolidated financial statements of the Group were made up, acquired, disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

## 6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and his or her associates was interested directly or indirectly in a business, apart from his or her interest in the Company, which competes or is likely to compete with the business of the Group.

## 7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up.



## 8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance and no litigations or claims of material importance is known to the Directors to be pending or threatened against any member of the Group.

## 9. MATERIAL CONTRACTS

The following material contracts have been entered into by the Group (not being a contract entered into in the ordinary course of business) within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) the loan agreement dated 20 October 2016 entered into between CNEC Financial Leasing (Shenzhen) Company Limited\* (核建融資租賃(深圳)有限公司) (the “**Finance Lease Company**”), an indirect wholly-owned subsidiary of the Company as lender and Anjian Commercial Factoring Company Limited\* (安建商業保理有限公司) (“**Anjian Commercial**”), a joint-venture company established by the Company and an Independent Third Party in the PRC, pursuant to which the Finance Lease Company agreed to grant a loan facility in a principal amount of RMB100,000,000 to Anjian Commercial for a term until 1 September 2017;
- (b) the loan agreement dated 13 November 2015 entered into between CNE Holdings Company Limited (中國核能控股有限公司) (“**CNE Holdings**”), a direct wholly-owned subsidiary of the Company as lender and China He Investment as borrower, pursuant to which CNE Holdings agreed to grant a loan facility in a principal amount of HK\$15,600,000 to China He Investment for a term of six months;
- (c) the joint venture agreement dated 14 August 2015 entered into between CNI (Nanjing) Energy Development Company Limited (中核(南京)能源發展有限公司) and Zhong He New Energy Investment Company Limited\* (中核新能源投資有限公司), pursuant to which the parties agreed to establish the joint venture company with a registered capital of RMB10,000,000;
- (d) the sale and purchase agreement dated 24 July 2015 entered into between CNE New Energy Limited (中國核能新能源有限公司) (formerly known as CN123 New Energy Limited) (the “**Purchaser**”) and Fame Raise Limited (the “**Vendor**”), pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the 299 shares of Guoxin Energy Limited (國鑫能源有限公司) (“**Guoxin Energy**”), representing 29.9% of the issued share capital of Guoxin Energy, at a consideration of HK\$2,599,511 and the Purchaser has conditionally agreed to repay the outstanding shareholders’ loan in the amount of RMB14,950,000 due from Guoxin Energy to the Vendor for and on behalf of Guoxin Energy; and

\* For identification purpose only

- (e) the placing agreement dated 24 April 2015 entered into between the Company with Guoyuan Capital (Hong Kong) Limited (the “**Placing Agent**”), pursuant to which the Placing Agent has conditionally agreed to procure, on a best effort basis, not less than six places to subscribe in cash for the convertible bonds of up to an aggregate principal amount of not more than HK\$350 million in not more than two tranches.

#### 10. MISCELLANEOUS

- (a) The company secretary is Mr. Ng Siu Cheung. Mr. Ng is a member of Hong Kong Institute of Certified Public Accountants.
- (b) The registered address of the Company is situated at the Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (c) The Hong Kong share registrar of the Company is Tricor Tengis Limited, which is situated at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

#### 11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 12:30 p.m. and from 2:00 p.m. to 5:30 p.m. (other than Saturdays, Sundays and public holidays in Hong Kong) at the principal place of business of the Company at Room 2801, 28/F China Resources Building, 26 Harbour Road, Wanchai, Hong Kong from the date of this circular up to and including the date of the SGM:

- (a) the letter of recommendation from the Independent Board Committee, the text of which is set out on page 14 of this circular;
- (b) the letter of advice from Proton Capital, the text of which is set out on pages 15 to 31 of this circular;
- (c) the written consent letters from Proton Capital and Jones Lang LaSalle as referred to in the paragraph under the heading “Expert’s Consent and Qualification” in this appendix;
- (d) the S&P Agreement;
- (e) the property valuation report by Jones Lang LaSalle as set out in the Appendix I to this circular.



**中国核建**

**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 IS HEREBY GIVEN** that a special general meeting of China Nuclear Energy Technology Corporation Limited (the “**Company**”) will be held at Jade Terrace Restaurant, 2nd Floor, Peninsula Centre, 67 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Tuesday, 20 December 2016 at 10:00 a.m., for the purposes of considering and, if thought fit, passing, with or without modification, the following resolution of the Company:

**ORDINARY RESOLUTION**

**1. “THAT**

- (a) the sale and purchase agreement in relation to the sale of the entire issued share capital (the “**Sale Shares**”) of each of Hurray Enterprises Limited, Tack Hsin (BVI) Holdings Limited and Tack Hsin International Limited (altogether with their respective subsidiaries, the “**Target Group**”) and the shareholder’s loan owed by the Target Group to the Company by the Company to Mr. Chan Shu Kit dated 1 November 2016 (the “**S&P Agreement**”) and the transactions contemplated thereunder including but not limited to the charge of the Sale Shares in favour of the Company to secure the due and punctual performance of payment obligations of Mr. Chan Shu Kit under the S&P Agreement (the “**Disposal**”) (a copy of the S&P Agreement has been produced to the meeting and marked “**A**” and initialed by the chairman of the meeting for the purpose of identification) be and are hereby approved, ratified and confirmed; and
- (b) any one of the directors of the Company (“**Directors**”) be and is hereby authorised to exercise all the powers of the Company and take all other steps and execute all such documents (under hand or under seal) which he/she/they consider(s) necessary, desirable or expedient for the implementation of and giving effect to the S&P Agreement and the transactions contemplated thereunder and generally to exercise all the powers of the Company as he/she/they deem(s) desirable or necessary in connection with the forgoing.”

By order of the Board

**China Nuclear Energy Technology Corporation Limited**

**AI Yilun**

*Chairman*

Hong Kong, 5 December 2016

## NOTICE OF THE SGM

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Principal place of business in Hong Kong:*

Room 2801, 28/F  
China Resources Building  
26 Harbour Road  
Wanchai  
Hong Kong

*Notes:*

1. A shareholder entitled to attend and vote at the meeting may appoint one or more than one proxies to attend and to vote on a poll in his/her/its stead. On a poll, votes may be given either personally (or in the case of a shareholder being a corporation, by its duly authorized representative) or by proxy. A proxy need not be a shareholder of the Company.
2. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders are present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 22nd Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
4. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if shareholders so wish.
5. The ordinary resolution set out in this notice will be put to shareholders to vote by way of a poll.