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**CNNC INTERNATIONAL LIMITED**

**中核國際有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2302)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30TH JUNE, 2021  
AND  
CONTINUED SUSPENSION OF TRADING**

The Board of Directors (the “Board”) of CNNC International Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2021 (the “Period”), together with comparative figures for the corresponding period of 2020, as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

*For the six months ended 30th June, 2021*

		<b>Six months ended 30th June,</b>	
	<i>NOTES</i>	<b>2021</b>	<b>2020</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue	3	<b>94,591</b>	1,224,963
Cost of sales		<b>(92,956)</b>	(1,211,713)
Gross profit		<b>1,635</b>	13,250
Other income and gains		<b>1,591</b>	1,245
Net exchange gains (losses)		<b>63</b>	(1,505)
Selling and distribution expenses		<b>(850)</b>	(2,124)
Administrative expenses		<b>(10,901)</b>	(9,121)
Share of result of an associate		<b>15,161</b>	9,130
Finance costs		<b>(5,361)</b>	(11,234)
Profit (loss) before taxation		<b>1,338</b>	(359)
Income tax expense	4	<b>(1,495)</b>	(3,399)
Loss for the period attributable to owners of the Company	5	<b>(157)</b>	(3,758)
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation to presentation currency		<b>(305)</b>	(1,247)
<i>Item that maybe reclassified subsequently to profit or loss:</i>			
Share of exchange differences of an associate		<b>8,432</b>	(11,158)
Other comprehensive income (expense) for the period		<b>8,127</b>	(12,405)
<b>Total comprehensive income (expense) for the period, attributable to owners of the Company</b>		<b>7,970</b>	(16,163)
Basic and diluted loss per share	7	<b>HK(0.03) cent</b>	HK(0.77) cent

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2021

	<i>NOTES</i>	<b>30th June, 2021</b>	31st December, 2020
		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Non-current assets</b>			
Property, plant and equipment		9,727	10,166
Exploration and evaluation assets		—	—
Right-of-use asset		—	222
Interests in associates		409,937	401,267
		<b>419,664</b>	411,655
<b>Current assets</b>			
Inventories		3,417	3,417
Trade and other receivables and prepayments	8	18,119	30,763
Restricted cash		1,979	5,433
Bank balances and cash		115,915	144,354
Income tax recoverable		1,022	—
		<b>140,452</b>	183,967
<b>Current liabilities</b>			
Other payables and accruals	9	25,116	21,620
Contract liabilities		13,377	13,388
Bank borrowings		236,099	282,125
Lease liability		—	228
Amount due to an intermediate holding company		1,894	1,892
Amount due to ultimate holding company		1,977	1,977
Amount due to a fellow subsidiary		—	140
Income tax payable		—	661
		<b>278,463</b>	322,031
<b>Net current liabilities</b>		<b>(138,011)</b>	(138,064)
<b>Total assets less current liabilities</b>		<b>281,653</b>	273,591

	<b>30th June, 2021</b>	31st December, 2020
<i>NOTES</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(unaudited)</b>	(unaudited)
<b>Net assets</b>	<b><u>281,653</u></b>	<b><u>273,591</u></b>
<b>Capital and reserves</b>		
Share capital	<b>4,892</b>	4,892
Reserves	<b><u>276,761</u></b>	<u>268,699</u>
<b>Equity attributable to owners of the Company</b>	<b><u>281,653</u></b>	<b><u>273,591</u></b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30th June, 2021*

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The functional currency of the Company is United States dollars (“US\$”). The condensed consolidated interim financial statements are presented in Hong Kong dollars (“HK\$”) for the convenience of the shareholders, as the Company is listed in Hong Kong. All values are rounded to the nearest thousand (“HK\$’000”) unless otherwise indicated.

These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the unaudited final results announcement for the year ended 31st December, 2020. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”).

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values. The condensed consolidated interim financial statements are unaudited but has been reviewed by the Company’s audit committee.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2021 are the same as those followed in the preparation of the Group’s unaudited final results announcement for the year ended 31st December, 2020.

### **Application of new and amendments to Hong Kong Financial Reporting Standards**

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1st January, 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 4, 7, 9 and 16 and HKAS 39	Interest Rate Benchmark Reform and its Effects on Financial Reporting — Phase 2
Amendments to HKFRS 16	COVID-19 related Rent Concessions beyond 30th June, 2021

The new and amendments to HKFRSs that are effective from 1st January, 2021 did not have any significant impact on the Group’s accounting policies.

### 3. REVENUE AND SEGMENT INFORMATION

Information reported to the Group's executive director, being the chief operating decision maker, for the purposes of resources allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group currently organises its operations into three operating divisions, which also represent the operating segments of the Group for financial reporting purposes, namely trading of mineral property, exploration and selling of mineral properties and supply chain. They represent three major lines of business engaged by the Group. The Group's operating and reportable segments under HKFRS 8 are as follows:

- Trading of mineral property — trading of uranium
- Exploration and selling of mineral properties — exploration and selling of uranium
- Supply chain — trading of electronics and other products, dispersed metal and provision of supply chain services

The following is an analysis for the Group's revenue and results regarding the reportable and operating segments for the current and prior periods:

	<b>Six months ended 30th June, 2021</b>			
	<b>Trading of mineral property HK\$'000 (unaudited)</b>	<b>Exploration and selling of mineral properties HK\$'000 (unaudited)</b>	<b>Supply chain HK\$'000 (unaudited)</b>	<b>Consolidated HK\$'000 (unaudited)</b>
Segment revenue	<u>94,591</u>	<u>—</u>	<u>—</u>	<u>94,591</u>
Segment profit (loss)	<u>139</u>	<u>(1,832)</u>	<u>(2,247)</u>	<u>(3,940)</u>
Unallocated other income and gains				311
Unallocated corporate costs				(4,833)
Share of result of an associate				15,161
Unallocated finance costs				<u>(5,361)</u>
Profit before taxation				<u>1,338</u>

Six months ended 30th June, 2020

	Trading of mineral property <i>HK\$'000</i> (unaudited)	Exploration and selling of mineral properties <i>HK\$'000</i> (unaudited)	Supply chain <i>HK\$'000</i> (unaudited)	Consolidated <i>HK\$'000</i> (unaudited)
Segment revenue	<u>380,890</u>	<u>—</u>	<u>844,073</u>	<u>1,224,963</u>
Segment profit (loss)	<u>1,290</u>	<u>(3,872)</u>	<u>3,886</u>	1,304
Unallocated other income and gains				145
Unallocated corporate costs				(2,711)
Share of result of an associate				9,130
Unallocated finance costs				<u>(8,227)</u>
Loss before taxation				<u>(359)</u>

Segment profit (loss) represents the profit earned or loss incurred by each segment without allocation of unallocated other income and gains, unallocated corporate costs, share of result of an associate and unallocated finance costs.

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	<b>30th June, 2021 HK\$'000 (unaudited)</b>	31st December, 2020 HK\$'000 (unaudited)
<b>ASSETS</b>		
Segment assets		
— Trading of mineral property	<b>52,038</b>	69,262
— Exploration and selling of mineral properties	<b>14,327</b>	14,729
— Supply chain	<b>63,946</b>	78,656
	<b>130,311</b>	162,647
Interests in associates	<b>409,937</b>	401,267
Unallocated corporate assets	<b>19,868</b>	31,708
Consolidated assets	<b>560,116</b>	595,622
<b>LIABILITIES</b>		
Segment liabilities		
— Trading of mineral property	<b>1,094</b>	982
— Exploration and selling of mineral properties	<b>19,807</b>	18,988
— Supply chain	<b>14,608</b>	14,374
	<b>35,509</b>	34,344
Unallocated corporate liabilities	<b>242,954</b>	287,687
Consolidated liabilities	<b>278,463</b>	322,031

For the purposes of monitoring segment performance and allocating resources:

- Segment assets include property, plant and equipment, exploration and evaluation assets, inventories, trade and other receivables and prepayments, restricted cash and bank balances and cash which are directly attributable to the relevant reportable segment.
- Segment liabilities include other payables and accruals, contract liabilities, and amounts due to an intermediate holding company, ultimate holding company and a fellow subsidiary and bank borrowings which are directly attributable to the relevant reportable segment.



#### 4. INCOME TAX EXPENSE

##### Hong Kong Profits Tax

On 21st March, 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28th March, 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities that are not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong profits tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

##### PRC Enterprise Income Tax (“EIT”)

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of a PRC subsidiary is 25%.

##### PRC Withholding Tax

The PRC withholding tax at a rate of 10% is levied on one of the Company’s subsidiaries in Hong Kong in respect of dividend distributions arising from profits of a PRC associate.

	Six months ended 30th June,	
	2021	2020
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(unaudited)	(unaudited)
The income tax expenses comprises:		
Hong Kong profits tax	—	414
PRC EIT	2	429
Over provision in prior periods	—	(33)
PRC withholding tax	1,493	2,589
	<u>1,495</u>	<u>3,399</u>

## 5. LOSS FOR THE PERIOD

	Six months ended 30th June,	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	410	733
Depreciation of right-of-use assets	111	167
Loss on disposal of property, plant and equipment	—	71
Net exchange (gains) losses	(63)	1,505
Interest income	(315)	(219)
	<u>          </u>	<u>          </u>

## 6. DIVIDENDS

No dividends were paid, declared or proposed during the current and prior periods. The directors have determined that no dividend will be paid in respect of the current interim period.

## 7. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company is based on the following data:

	Six months ended 30th June,	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company	<u>(157)</u>	<u>(3,758)</u>
	Six months ended 30th June,	
	2021	2020
Number of ordinary shares for the purpose of basic loss per share	<u>489,168,308</u>	<u>489,168,308</u>

There were no potential dilutive ordinary shares outstanding during six months ended 30th June, 2021 and 2020, and hence diluted loss per share is the same as basic loss per share.

## 8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The Group allows a credit period of up to 30 to 60 days to its trade customers. The following is an ageing analysis of trade receivables based on the invoice date, which approximated the revenue recognition date at the end of the reporting period:

	<b>30th June, 2021 HK\$'000 (unaudited)</b>	31st December, 2020 HK\$'000 (unaudited)
Trade receivables — aged 0 to 30 days	—	29,305
Other receivables	785	482
Deposits paid	34	34
Prepayments	2,377	942
Amount due from an associate (note)	<u>14,923</u>	<u>—</u>
	<u><b>18,119</b></u>	<u><b>30,763</b></u>

Note: The amount is unsecured, interest-free and repayable on demand.

## 9. OTHER PAYABLES AND ACCRUALS

The Group's other payables included an amount due to a joint operator of the joint operation of approximately HK\$17,916,000 (31st December, 2020: approximately HK\$15,971,000). The amount is unsecured, interest-free and repayable on demand.

## MANAGEMENT DISCUSSION & ANALYSIS

### Results

For the six months ended 30th June, 2021 (the “Period”), the Group has recorded a significant decrease in revenue and gross profit of approximately 92% and 88% respectively, to approximately HK\$94,591,000 and HK\$1,635,000 respectively (the corresponding period last year (“2020 Period”) (Revenue): approximately HK\$1,224,963,000; (Gross Profit): approximately HK\$13,250,000) over the 2020 Period. The significant reduction is mainly due to the fact that (i) the Group has not concluded any supply chain business and (ii) there has also been a significant reduction in revenue for the uranium products trading business due to market fluctuation, during the Period. Despite the Group has recorded a significant decrease in revenue and gross profit, a decrease in net loss for the Period to approximately HK\$157,000 (2020 Period: loss of approximately HK\$3,758,000) was recorded, mainly due to, as compared to the 2020 Period, (i) an increase in the share of result of an associate of approximately HK\$6,031,000; and (ii) a decrease of expenses as detailed below in the sub-section headed “Operations”.

### Market and Business Overview

As disclosed in the announcements of the Company dated 6th July, 2020, 31st March and 29th July 2021, the global pandemic (“Pandemic”) had led to, among other things, weaker demand, deteriorating credits, economic slowdown and various limitations, such as movement of people and goods and work resumptions, which had material adverse effects to the Group’s supply chain business. Considering the financial benefits from the supply chain business had been decreasing, whilst the financial risks had been increasing, and the adverse impacts of the Pandemic were expected to continue in the near future, the management had decided to reduce the scale of its supply chain business since mid-year of 2020, and focus more on the uranium products trading business, and to actively seek high-quality uranium resources projects to complement the development of its parent group, as well as to leverage on the strengths of the parent group in the field of nuclear energy. To this end, the Group has continued to be engaged in the discussion with the Mongolian Authority to resolve the expiry issue of the exploration licenses of the Group’s investment in its uranium resources project in Mongolia. For further information, please refer to the announcements of the Company dated 9th January, 3rd February, 17th March, 28th April, 4th and 22nd May, 5th June, 6th July, 12th October and 13th November 2020, and 31st March 2021 of the Company.

During the Period, the Group has continued its business of trading of uranium products in its normal and usual course of business, but has not concluded any supply chain business after having assessed the supply chain business prospects and the strategy of the Group. The Group would cease the supply chain business, other than for the purposes of dealing with the impaired inventory, to the extent practicable.

## Operations

During the Period, the Group recorded a “Revenue” and “Cost of sales” of approximately HK\$94,591,000 (2020 Period: approximately HK\$1,224,963,000) and approximately HK\$92,956,000 (2020 Period: approximately HK\$1,211,713,000) respectively, a decrease of approximately 92% for both “Revenue” and “Cost of sales”, which resulted in a “Gross profit” of approximately HK\$1,635,000 (2020 Period: approximately HK\$13,250,000), a decrease of approximately 88% over the 2020 Period. The significant decrease is due to the fact that (i) the Group has not concluded any supply chain business and (ii) there has also been a significant reduction in revenue for the uranium products trading business due to market fluctuation during the Period (Revenue and gross profit from the supply chain business and the uranium products trading business in the 2020 Period: approximately HK\$844,073,000 and HK\$380,890,000 respectively; and approximately HK\$9,250,000 and HK\$4,000,000 respectively).

During the Period, “Other income and gains” of approximately HK\$1,591,000 (2020 Period: approximately HK\$1,245,000) were mainly from interest income, an increase of approximately 28% over the 2020 Period. “Net exchange gains (losses)” of gains of approximately HK\$63,000 (2020 Period: loss of approximately HK\$1,505,000) were mainly due to the appreciation of assets denominated in the US\$ during the Period.

“Selling and distributing expenses” has decreased by approximately 60% to approximately HK\$850,000 (2020 Period: approximately HK\$2,124,000) due to decrease in Revenue and hence decrease in transportation costs.

“Administrative expenses” amounted to approximately HK\$10,901,000 (2020 Period: approximately HK\$9,121,000), which has increased by approximately 20%, as the Group had incurred additional professional fees for the independent review on the causes of the impairment loss of inventory of approximately HK\$52,409,000 (the “Impairment”) for the financial year ended 31st December 2020 (“2020 Year”) and the internal control issues (if any) (“Review”) and legal services in relation to the Impairment during the Period.

Following the merger of our associate, CNNC Financial Leasing Company Limited (“CNNC Leasing”), with another financial leasing company within our parent group in December 2020, our interest in the associate reduced to approximately 11.36% (of the enlarged capital). The Group recorded “share of result of an associate” of approximately HK\$15,161,000 (2020 Period: approximately HK\$9,130,000), an increase of approximately 66%, as the financial results of the associate have improved after the merger.

During the Period, the Group incurred “Finance costs” of approximately HK\$5,361,000 (2020 Period: approximately HK\$11,234,000) mainly due to interests incurred for the investment in an associate, a reduction of approximately 52% due to the absence of finance costs relating to the supply chain business.

During the Period, “Income tax expense” of approximately HK\$1,495,000 was provided (2020 Period: approximately HK\$3,399,000). The decrease was mainly due to the provision of PRC withholding tax of approximately HK\$1,493,000 (2020 Period: approximately HK\$2,589,000).

### **Total comprehensive income for the Period**

Summing up the combined effects of the foregoing and income tax expense, loss for the Period was approximately HK\$157,000 (2020 Period: loss of approximately HK\$3,758,000). After taking into account of the other comprehensive income of approximately HK\$8,127,000 (2020 Period: expense of approximately HK\$12,405,000) relating to exchange differences arising from translation to presentation currency and the share of exchange difference of an associate, the total comprehensive income for the Period was approximately HK\$7,970,000 (2020 Period: expense of approximately HK\$16,163,000).

### **UPDATES ON UNAUDITED FINANCIAL RESULTS**

According to the latest information available and upon the finalization of the valuation result by an external professional party, the Board would like to provide updates on the potential changes to the unaudited results for the 2020 Year as published in the announcement of the Company dated 31st March, 2021 (“Unaudited Results”) that there be an expected income from re-valuation of the associate upon merger of not less than HK\$20,000,000, which should have but has not been included in the Unaudited Results.

### **Future Strategies and Prospects**

As set out in the sub-section headed “Market and Business Overview” above, as a result of the adverse impacts of the Pandemic, the Group would cease the supply chain business, other than for the purposes of dealing with the impaired inventory, to the extent practicable. The Group intends to focus more on the uranium products trading business, and to actively seek high-quality uranium resources projects to complement the development of its parent group, as well as to leverage on the strengths of the parent group in the field of nuclear energy. The Company will inform its Shareholders on any major development of the business of the Group as and when necessary in accordance with the requirements of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The associate of the Group (Société des Mines d'Azelik S.A. (“Somina”)) is still facing severe cash flow problems and will not be able to resume production within a short period of time. The Group will closely monitor the situation and continue to work with the other shareholders of Somina for its future plans.

In relation to the Group's Mongolian Mining Project, the Group will continue to be engaged in the discussion with the Mongolian Authority to resolve the expiry issue of the exploration licenses of the Group's investment in its uranium resources project in Mongolia. The project has not been, to a material extent, adversely affected by its slow progress, as the market price of natural uranium products has remained low during the Period.

### **Human Resources Management**

As at 30th June, 2021, the Group employed 22 full-time employees. The Group's remuneration package is determined with reference to the experience and qualifications of the individual's performance. The Group also ensures that all employees are provided with adequate training and continued professional opportunities according to their needs.

### **Liquidity and Financial Resources**

The Group recorded a net cash outflow of approximately HK\$31,809,000 (2020 Period: approximately HK\$31,337,000) during the Period, which was mainly due to the repayment of bank borrowings. The Group's financial position remained healthy.

The working capital of the Group was generally financed by bank borrowings and bank balance and cash. The Group's cash on hand and bank balances after repayment of bank borrowings decreased from approximately HK\$144,354,000 as at 31st December, 2020 to approximately HK\$115,915,000 as at 30th June, 2021. The Group also has restricted cash of approximately HK\$1,979,000 (at 31st December, 2020: approximately HK\$5,433,000) as at 30th June, 2021 which was pledged to a bank for bank facilities.

As stated in the unaudited final result announcement for the year ended 31st December, 2020, the Group had not complied with certain financial covenant as stipulated in the bank loan agreement of the Group's bank borrowing of approximately HK\$282,125,000 outstanding as at 31st December, 2020, which requires the Group to meet certain amount of consolidated tangible net worth at all times, after recognition of the impairment loss on inventories of approximately HK\$52,409,000 in the unaudited consolidated financial statements as at 31st December, 2020. Accordingly, such bank borrowing is repayable on demand.

Total shareholders' funds increased from approximately HK\$273,591,000 as at 31st December, 2020 to approximately HK\$281,653,000 as at 30th June, 2021, mainly due to the total comprehensive income during the Period. The gearing ratio, in terms of total debts to total assets, decreased to 0.50 (at 31st December, 2020: 0.54) as at 30th June, 2021 due to the decrease in bank borrowings.

### **Acquisitions and Disposals of Subsidiaries and Associated Companies**

The Group had no material acquisitions or disposals of subsidiaries and associated companies during the Period.

### **Exposure to Foreign Exchange Risk**

The Group's income, cost of sales, administrative expenses, finance costs, investment and borrowings are mainly denominated in USD, HKD, Mongolian Tugrik and RMB. Fluctuations of the exchange rates of Mongolian Tugrik and RMB could affect the operating costs of the Group. Currencies other than Mongolian Tugrik and RMB were relatively stable during the Period. The Group currently does not have a foreign currency hedging policy. However, management will continue to monitor foreign exchange exposure and will take prudence measure to minimise the currency translation risk. The Group will consider hedging significant foreign currency exposure should the need arise.

### **Capital Structure**

There has been no significant change in the capital structure of the Group since 31st December, 2020.

### **Charge on Assets**

The 37.2% of the share capital in Somina held by a wholly owned subsidiary of the Company, Ideal Mining Limited, was pledged to a bank for banking facilities granted to Somina. As security for banking facilities granted to the Group for its approximately 11.36% investment in CNNC Leasing ("Investment Interest"), the following was charged on the Group: (i) the Investment Interest; (ii) the 100% share capital in CNNC International (HK) Limited ("CNNC (HK)") (a wholly owned subsidiary of the Company and the holder of the Investment Interest); (iii) the dividend payment of CNNC Leasing; and (iv) certain bank account(s) of CNNC (HK). Apart from the above, there was no charge on the Group's assets during the Period and the corresponding period last year.

### **Interim Dividend**

The Board of Directors does not recommend the payment of an interim dividend for the Period (2020 Period: nil).



## **Purchase, Sale or Redemption of the Company's Listed Securities**

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **Code on Corporate Governance Practices**

The Company has complied with the code provisions laid down in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the Period, except that the Company was not able to (i) issue the audited results of the Group for the 2020 Year on or before 31st March, 2021; (ii) dispatch the annual report for the 2020 Year; and (iii) convene the 2021 annual general meeting of the Company.

## **Model Code for Securities Transactions by Directors**

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules. The Company has received confirmation from all Directors that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the Period.

## **Audit Committee**

An Audit Committee has been established by the Company for the purpose of reviewing and providing supervision on the financial reporting process and internal control of the Group. The Audit Committee comprises three Independent Non-executive Directors namely, Mr. Chan Yee Hoi, Mr. Cui Liguu and Mr. Zhang Lei, and one Non-executive director namely Mr. Wu Ge. Mr. Chan Yee Hoi is the Chairman of the Audit Committee. The Group's interim results for the Period and the accounting principles and practices adopted by the Group have been reviewed by the Audit Committee.

## **Remuneration Committee**

In accordance with the requirements of the CG Code, a Remuneration Committee has been established by the Company to consider the remuneration of Directors of the Company. The Remuneration Committee comprises three Independent Non-executive Directors namely Mr. Cui Liguu, Mr. Zhang Lei and Mr. Chan Yee Hoi, one Executive Director namely Mr. Zhang Yi and one Non-executive Director namely Mr. Wu Ge. Mr. Cui Liguu is the Chairman of the Remuneration Committee.

## **Nomination Committee**

In accordance with the requirements of the CG Code, a Nomination Committee has been established by the Company to review the structure of the Board and identify individuals suitably qualified to become Board Members. The Nomination Committee comprises three Independent Non-executive Directors namely Mr. Cui Liguo, Mr. Zhang Lei and Mr. Chan Yee Hoi, one Executive Director namely Mr. Zhang Yi and one Non-executive Director namely Mr. Zhong Jie. Mr. Zhong Jie is the Chairman of the Nomination Committee.

## **Disclosure of Information on the Website of The Stock Exchange**

The electronic version of this announcement will be published on the website of the Stock Exchange (<http://www.hkexnews.hk>). An interim report for the six months ended 30th June, 2021 containing all the information required by Appendix 16 of the Listing Rules will be despatched to shareholders and published on the website of the Stock Exchange as well as the Company in due course.

## **UPDATES ON RESUMPTION PLAN OF THE GROUP AND CERTAIN RELATED MATTERS**

As disclosed in the announcement of the Company dated 29th July, 2021, the Audit Committee had appointed SHINEWING Financial Advisory Services Limited as the Independent Expert to perform the Review.

Set out below is the resumption plan with details of actions that the Company intends to take and the expected timeframe with a view of resumption of trading in the shares of the Company:

<b>Key Events</b>	<b>Timeframe</b>
Conducting the Review and preparation of report of the Review	The Independent Expert has provided the Company with a preliminary draft summary of the report, the finalization of which is subject to further work to be undertaken
Publication of the findings of the Review, including assessment of the impact of the Issues on the Group's business operation and financial position and the appropriate actions to be taken	Subject to further assessment by the Board
Publication of the announcement of the audited results for the Year	Subject to further assessment by the Board
Publication of the annual report for the 2020 Year	Subject to further assessment by the Board
Resumption of trading in the shares of the Company	Subject to further assessment by the Board

The Company is taking appropriate steps to resolve the Issues causing its trading suspension and to fully comply with the Listing Rule to the Stock Exchange's satisfaction with the aim of resuming trading in the shares of the Company as soon as practicable.

As disclosed in the announcements of the Company dated 31st May and 29th July, 2021, the suspension in trading of shares of the Company constituted an event of default under certain term loan facility in the principal amount of HK\$300,000,000 (the "Loan") granted to the Group. The Company has been informed by China National Uranium Co., Ltd ("CNUC") (a controlling shareholder of the Company) that following CNUC's recent reorganization and increase in share capital ("Reorganization"), China National Nuclear Corporation and its subsidiaries' shareholding in CNUC has been reduced from 100% to approximately 79.46%. Prior to and immediately after the Reorganization, CNUC indirectly held approximately 66.72% shareholding of the Company. The Reorganization constituted a breach of certain covenant under the Loan. The Group has applied for and is in discussion with the lender on the terms of a waiver to strictly comply with the above requirements and has yet to receive a formal waiver. As at the date of this announcement, the lender has not

made any demand for immediate repayment of the Loan, or taken steps to enforce its security, and the principal amount outstanding under the Loan is approximately HK\$238,018,000.

In relation to the Impairment, upon advice from the Group's legal advisers, on 28th July, 2021, the Group reported suspected fraud of supplying refurbished or defective goods to the Group to the police in Hong Kong, which involved one of the suppliers, and approximately HK\$17 million of the impaired inventory. The Group will co-operate with the police in the investigation of the matter.

## **CONTINUED SUSPENSION OF TRADING**

Pursuant to Rule 13.50 of the Listing Rules, the Stock Exchange will normally require suspension of trading in an issuer's securities if an issuer fails to publish periodic financial information in accordance with the Listing Rules, and the suspension will normally remain in force until the issuer publishes the requisite financial information. At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 30th April, 2021, and will remain suspended until further notice.

The Company will publish further announcement(s) to keep the Company's shareholders and potential investors informed of the status and development of the Company as and when appropriate, as well as announce quarterly updates on its development pursuant to Rule 13.24A of the Listing Rules.

## **APPRECIATION**

The Board would like to take this opportunity to thank our shareholders, the management and our staff members for their dedication and support.

On behalf of the Board  
**CNNC International Limited**  
中核國際有限公司  
*Chairman*  
**Zhong Jie**

Hong Kong, 31st August, 2021

*As of the date of this announcement, the Board comprises Non-executive Director and Chairman, namely, Mr. Zhong Jie, Executive Director and Chief Executive Officer, namely, Mr. Zhang Yi, Non-executive Director, namely, Mr. Wu Ge and Independent Non-executive Directors, namely, Mr. Cui Ligu, Mr. Zhang Lei and Mr. Chan Yee Hoi.*