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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)

**PLACING OF EXISTING SHARES AND
SUBSCRIPTION OF NEW SHARES**

Placing Agent



THE PLACING AND SUBSCRIPTION

On 8 July 2009, the Vendor, the Company and the Placing Agent entered into the Placing Agreement and the Vendor and the Company entered into the Subscription Agreement. Pursuant to the Placing Agreement, the Vendor has agreed to place, through the Placing Agent on a best efforts basis, up to 50,000,000 existing Shares at a price of HK\$8.78 per Placing Share. It is expected that the Placing Shares will be placed to not less than six Places who and whose ultimate beneficial owners are to be parties independent of the Company and not connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules), and shall be independent of, and not acting in concert with, the Vendor and its concert parties. Pursuant to the Subscription Agreement, the Vendor has conditionally agreed to subscribe for, following the completion of the Placing, such number of Subscription Shares equivalent to the number of Placing Shares, being up to 50,000,000 Shares, at a Subscription Price of HK\$8.78 per Subscription Share.

The Placing Price (and the Subscription Price) of HK\$8.78 represents a discount of approximately 17.8% to the benchmarked closing price of HK\$10.68 per Share, which is the higher of (i) the closing price of HK\$10.40 as quoted on the Stock Exchange on 7 July 2009, being the last day of trading of the Shares pending release of this announcement; and (ii) the average closing price of approximately HK\$10.68 as quoted on the Stock Exchange for the last five consecutive trading days up to (and including) 7 July 2009.

The number of Placing Shares (and the Subscription Shares), being up to 50,000,000 Shares, represents approximately 13.2% of the existing issued share capital of the Company of 379,168,308 Shares as at the date of this announcement; and (ii) approximately 11.7% of the issued share capital of the Company of 429,168,308 Shares as enlarged by the Subscription.

The Subscription is conditional upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares; and (ii) completion of the Placing.

The gross proceeds from the Subscription will be approximately HK\$439 million. The net proceeds of approximately HK\$427 million from the Subscription are intended to be used for (1) the Group's future business developments; and (2) general working capital of the Group.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 8 July 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 9 July 2009.

THE PLACING AGREEMENT

Date

8 July 2009

Parties involved

The Vendor, the Company and the Placing Agent

Placing Agent

CCB International Capital Limited as the Placing Agent will receive a placing commission of 2.5% on the gross proceeds of the Placing Shares being placed, which was arrived at after arm's length negotiations between the Company and the Placing Agent. The Placing Agent and its ultimate beneficial owners are not connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules).

Placees

It is expected that the Placing Shares will be placed, through the Placing Agent on a best efforts basis, to not less than six Placees who and whose ultimate beneficial owners are to be parties independent of the Company and not connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules), and shall be independent of, and not acting in concert with, the Vendor and its concert parties. No individual Placee will become a substantial Shareholder (as defined under the Listing Rules) immediately after completion of the Placing.

Placing Price

The Placing Price of HK\$8.78 represents a discount of approximately 17.8% to the benchmarked closing price of HK\$10.68 per Share, which is the higher of (i) the closing price of HK\$10.40 as quoted on the Stock Exchange on 7 July 2009, being the last day of trading of the Shares pending release of this announcement; and (ii) the average closing price of approximately HK\$10.68 as quoted on the Stock Exchange for the last five consecutive trading days up to (and including) 7 July 2009.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent on the date of the Placing Agreement. The Directors consider that the terms of the Placing are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Placing Shares

Up to 50,000,000 Placing Shares, representing approximately 13.2% of the existing issued share capital of the Company of 379,168,308 Shares as at the date of this announcement.

Conditions of the Placing

The Placing is unconditional.

Completion

The Placing is expected to be completed on or before 9 July 2009.

THE SUBSCRIPTION AGREEMENT

Date

8 July 2009

Parties involved

The Company and the Vendor

The Subscription Price

The Subscription Price is HK\$8.78 per Subscription Share. The Subscription Price is the same as the Placing Price and was determined after arm's length negotiations between the Company and the Vendor with reference to the Placing Price.

Subscription Shares

The Subscription Shares are to be allotted and issued under the General Mandate. Since the date of the AGM and up to the date of this announcement, no new Shares have been allotted and issued by the Company under the General Mandate.

The number of Subscription Shares is equivalent to the number of Placing Shares, being up to 50,000,000 Subscription Shares and represents approximately 13.2% of the existing issued share capital of the Company of 379,168,308 Shares as at the date of this announcement; and (ii) approximately 11.7% of the issued share capital of the Company of 429,168,308 Shares as enlarged by the Subscription. The aggregate nominal value of the Subscription Shares will be HK\$500,000.

The Subscription Shares, when allotted and issued, will rank *pari passu* among themselves and with the Shares in issue at the time of allotment and issue of the Subscription Shares. Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Subscription Shares.

Conditions of the Subscription

The Subscription is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares; and
- (ii) completion of the Placing.

Completion

Under Rule 14A.31(3)(d) of the Listing Rules, the Subscription must be completed within 14 days after the date of the Placing Agreement, that is, on or before 22 July 2009.

In the event that the conditions to the Subscription Agreement are not fulfilled by 22 July 2009, or such later date as may be agreed between the Company and the Vendor with the written consent of the Placing Agent and subject to compliance with all requirements in relation to connected transactions under the Listing Rules (including the Shareholder's approval), all rights, obligations and liabilities of the parties in relation to the Subscription shall cease and determine and none of the parties shall have any claim against any other in respect of the Subscription.

REASON FOR THE PLACING AND USE OF PROCEEDS

The principle activities of the Group are production and trading of metal die-casting products with its principal production facility located in Dongguan, the PRC. On 14 April 2009 and 30 June 2009, the Company issued an announcement and a circular respectively in relation to an investment in Western Prospector Group Ltd., a company listed on the Toronto Stock Exchange Venture Exchange and having mineral property interests in (among other properties) the Saddle Hills uranium project located in Mongolia. The circular further stated that the Group will on the one hand, continue the business development in its existing operation on production and trading of metal die-casting products, and at the same time, explore new business and/or investment opportunities in uranium projects globally.

In view of the Group's intended future business developments, the Directors have considered various ways of raising funds and believe that given the recent market sentiment, the Placing and the Subscription represent an opportunity to raise capital for the Company in a timely manner while broadening the Shareholder base and capital base of the Company. Accordingly, the Directors consider the Placing and the Subscription are in the interest of the Company and the Shareholders as a whole.

The gross proceeds from the Subscription will be approximately HK\$439 million. The net proceeds of approximately HK\$427 million from the Subscription are intended to be used for (1) the Group's future business developments; and (2) general working capital of the Group.

The net proceeds raised per Share upon completion of the Subscription will be approximately HK\$8.5 per Share.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

On 24 June 2008 the Company and the Vendor jointly announced, among other things, the acquisition of 125,208,965 existing Shares by the Vendor, the subscription of 159,168,308 new Shares and a convertible note in the principal amount of HK\$106,200,000 by the Vendor and a possible unconditional cash offer on behalf of the Vendor. The subscription of new Shares and convertible note was completed on 5 November 2008, pursuant to which the Company raised net proceeds of approximately HK\$380 million, intended to be applied as to around 10% as general working capital of the Group and the remaining around 90% to fund the Group's future investment and business opportunities, particularly those relating to uranium. As at the date of this announcement, approximately HK\$150 million of the net proceeds raised were applied for settlement of (i) the 38,003,666 issued and outstanding common shares of Western Prospector Group Ltd. tendered to the Group; and (ii) part of the professional fees in connection with the investment in Western Prospector Group Ltd. The remaining unutilized amount of some HK\$230 million is currently placed with licensed banks in Hong Kong and intended to be used for (i) settlement of any additional issued and outstanding common shares of Western Prospector Group Ltd. that may be tendered to the Group; (ii) subscription of the 5,371,350 new shares to be issued by Western Prospector Group Ltd.; (iii) balance of the professional fees in connection with the investment in Western Prospector Group Ltd.; (iv) capital expenditure in relation to the further development of the Saddle Hills uranium project; and (v) general working capital of the Group.

Save as disclosed above, the Company has not conducted any fund raising activities in the past twelve months before the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

	As at the date of this announcement		Immediately after the Placing but before the Subscription (Note)		Immediately after the Placing and the Subscription (Note)	
	Number of Shares	Approximate % shareholding	Number of Shares	Approximate % shareholding	Number of Shares	Approximate % shareholding
The Vendor	266,372,273	70.25%	216,372,273	57.06%	266,372,273	62.07%
Placees	0	0.00%	50,000,000	13.19%	50,000,000	11.65%
Other public shareholders	<u>112,796,035</u>	<u>29.75%</u>	<u>112,796,035</u>	<u>29.75%</u>	<u>112,796,035</u>	<u>26.28%</u>
Subtotal	<u><u>379,168,308</u></u>	<u><u>100.00%</u></u>	<u><u>379,168,308</u></u>	<u><u>100.00%</u></u>	<u><u>429,168,308</u></u>	<u><u>100.00%</u></u>

Note: Assuming a maximum of 50,000,000 Placing Shares and the corresponding 50,000,000 Subscription Shares.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 8 July 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 9 July 2009.

Terms and definitions

“AGM”	the annual general meeting of the Company held on 26 May 2009
“Board”	the board of Directors
“Company”	CNNC International Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the board of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20%, or 75,833,661 Shares, of the then issued share capital of the Company as at the date of the AGM, being 379,168,308 Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional or institutional investor(s) procured by the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agent’s obligations under Placing Agreement
“Placing”	the placing of the Placing Shares by the Placing Agent to the Placees pursuant to the terms of the Placing Agreement
“Placing Agreement”	the agreement dated 8 July 2009 and entered into among the Vendor, the Company and the Placing Agent in relation to the Placing
“Placing Agent”	CCB International Capital Limited, a licensed corporation to carry on business in type 1 regulated activities (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Price”	HK\$8.78 per Placing Share
“Placing Share(s)”	up to 50,000,000 existing Shares beneficially owned by the Vendor to be placed pursuant to the Placing Agreement
“PRC”	The People’s Republic of China
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of Subscription Shares by the Vendor pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the agreement dated 8 July 2009 and entered into between the Vendor and the Company in relation to the Subscription
“Subscription Price”	HK\$8.78 per Subscription Share
“Subscription Share(s)”	up to 50,000,000 new Shares to be subscribed by the Vendor pursuant to the Subscription Agreement
“Vendor”	CNNC Overseas Uranium Holding Limited, a company incorporated in Hong Kong and the controlling shareholder of the Company beneficially interested in approximately 70.25% of the shareholding interests of the Company as at the date of this announcement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
CNNC International Limited
中核國際有限公司*
Li Philip Sau Yan
Company Secretary

Hong Kong, 8 July 2009

As of the date of this announcement, the board of directors of the Company comprises non-executive director and chairman, namely, Mr. Qiu Jiangan, executive directors, namely, Mr. Han Ruiping and Mr. Xu Hongchao, non-executive director, namely, Mr. Huang Mingang and independent non-executive directors, namely, Mr. Cheong Ying Chew Henry, Mr. Cui Liguang and Mr. Zhang Lei.

* For identification purpose only