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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)

INSIDE INFORMATION LAWSUIT RELATING TO THE MONGOLIAN MINING PROJECT

This announcement is made by CNNC International Limited (the “Company”, together with its subsidiaries shall be referred to as the “Group”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Lawsuit relating to the Mongolian Mining Project

Reference is made to the 2019 Interim Report of the Company in relation to the Group’s Mongolian mining project.

During the year ended 31st December, 2012, consensus had been reached between the Group and the relevant Mongolian authorities that a joint venture would be established for holding the mining licenses, for which the Group had launched an application as early as 2011 and has not been granted to-date, with the Mongolian Government holding 51% of the equity interest in the joint venture. It was intended that upon establishment of the joint venture, the Group’s mining licenses together with the carrying amount of the Group’s exploration and evaluation assets (as at 30th June, 2019: approximately HK\$211,188,000) would be transferred to the joint venture by way of a shareholder loan. A pre-mining co-operation agreement was signed on 26th June, 2012 to kick off the pre-mining activities.

In January 2014, the Group received a notice from the relevant Mongolian authorities, which mentioned that the joint venture would be expected to be established in 2014. However, the establishment and the grant of mining licenses had been postponed due to changes in responsible government departments and government officials of the relevant Mongolian authorities in 2014, October 2017 and June 2019. The Group has been negotiating with the new government officials of the relevant Mongolian authorities. In December 2019, the Group received a notice from the relevant Mongolian authorities, which suggested the Group to apply for a court order in relation to the matters relating to resumption of the application for the mining licenses for the reason that the relevant exploration licenses have expired.

Based on the advice from the Group's Mongolian legal advisers, on 9th January, 2020, Emeelt Mines LLC, an indirect wholly owned subsidiary of the Company, which is the holder of the exploration licenses (as the applicant) has filed in the Capital City Administrative Court of First-Instance of Mongolia an administrative lawsuit (the "Lawsuit") with the Mineral Resources and Petroleum Authority of Mongolia (as the respondent) claiming, among other things, to confirm the non-performance of the respondent in relation to the granting of the mining licenses in accordance with the Mongolian laws and reinstate the validity of the exploration licenses. The Lawsuit is scheduled to be heard in or around January 2020. Having considered the reasons that the application of the mining licenses had been launched well before the expiration of the exploration licenses and the advice from the Group's Mongolian legal advisers, the management is optimistic about the strengths of the Group's case regarding the Lawsuit.

As the Mongolian mining project is not yet in operation nor generating revenue, and the market price of natural uranium products has remained low, the Lawsuit do not affect the current normal business operation and revenue of the Group. However, in the event the outcome of the Lawsuit is not favourable to the Group or the Lawsuit is delayed, the Group shall have to perform an impairment assessment of the exploration and evaluation assets (as at 30th June, 2019: approximately HK\$211,188,000), which may materially and adversely affect the financial conditions and results of operation, as well as the future prospects of the exploration of uranium properties business of the Group.

The Company is closely monitoring the progress of the Lawsuit and will make further announcement(s) as and when appropriate to inform its shareholders and potential investors if there is any significant development in respect of the Lawsuit.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 9th January, 2020

As of the date of this announcement, the Board comprises non-executive director and chairman, namely, Mr. Yang Chaodong, executive director and chief executive officer, namely, Mr. Cheng Lei, non-executive director, namely, Mr. Li Zhihuang and independent non-executive directors, namely, Mr. Cui Liguang and Mr. Zhang Lei.