CNNC INTERNATIONAL LIMITED
中核國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2302)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

The Board of Directors (the "Board") of CNNC International Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2012 (the "Year") as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31st December,	
		2012	2011
	NOTES	***HK$'000***	*HK$'000*
Continuing operations			
Revenue	3	**417,442**	—
Cost of sales		**(379,743)**	—
Gross profit		**37,699**	—
Other income, gains and losses	4	**12,550**	7,426
Selling and distribution expenses		**(67)**	—
Administrative expenses		**(23,570)**	(26,250)
Impairment loss of exploration and evaluation assets		**(10,462)**	(841)
Share of loss of an associate		**(6,870)**	(7,395)
Effective interest expenses on convertible notes		**(32,464)**	(41,118)
Loss before taxation	5	**(23,184)**	(68,178)
Taxation	6	**(2,954)**	4,067
Loss for the year from continuing operations		**(26,138)**	(64,111)
Discontinued operations			
Profit for the year from discontinued operations	7	**—**	6,718
Loss for the year		**(26,138)**	(57,393)

		For the year ended 31st December,	
		2012	2011
	NOTES	***HK$'000***	*HK$'000*
Other comprehensive expense			
Exchange differences arising on translation		**(464)**	1,055
Reclassification adjustment of exchange differences upon disposal of subsidiaries		**—**	(9,352)
Other comprehensive expense for the year		**(464)**	(8,297)
Total comprehensive expense for the year attributable to owners of the Company		**(26,602)**	(65,690)
Loss per share			
From continuing and discontinued operations — Basic and diluted	8	**(HK5.3 cents)**	(HK13.1 cents)
From continuing operations — Basic and diluted	8	**(HK5.3 cents)**	(HK14.6 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31st December,	
		2012	2011
	NOTES	***HK$'000***	*HK$'000*
Non-current assets			
Property, plant and equipment		**31,500**	35,473
Exploration and evaluation assets		**194,073**	199,170
Interest in an associate		**440,877**	447,747
		666,450	682,390
Current assets			
Inventories		—	278,684
Trade and other receivables and prepayments	9	**107,270**	46,016
Bank balances and cash		**621,879**	383,714
		729,149	708,414
Current liabilities			
Trade and other payables and accruals	10	**16,437**	13,480
Amount due to an intermediate holding company		**1,302**	—
Income tax payable		**4,978**	—
Convertible notes		**407,790**	—
		430,507	13,480
Net current assets		**298,642**	694,934
Total assets less current liabilities		**965,092**	1,377,324
Non-current liabilities			
Convertible notes		—	383,606
Deferred taxation		**345**	2,369
		345	385,975
Net assets		**964,747**	991,349
Capital and reserves			
Share capital		**4,892**	4,892
Reserves		**959,855**	986,457
Equity attributable to owners of the Company		**964,747**	991,349

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange of goods.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants.

Amendments to HKFRS 7	Financial Instruments: Disclosures — Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 — 2011 Cycle[1]
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[2]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[4]
HKFRS 9	Financial Instruments[2]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[3]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[4]
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

1 Effective for annual periods beginning on or after 1st January, 2013.
2 Effective for annual periods beginning on or after 1st January, 2015.
3 Effective for annual periods beginning on or after 1st July, 2012.
4 Effective for annual periods beginning on or after 1st January, 2014.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures and HK (SIC)—Int 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

The application of HKFRS 11 may result in changes in the accounting of the Group's jointly controlled entity that is currently accounted for using proportionate consolidation. Under HKFRS 11, that jointly controlled entity will be classified as a joint operation or joint venture, ending on the rights and obligations of the parties to the joint arrangement. However, the directors have not yet performed a detailed analysis and hence have not yet quantified the impact.

Other than disclosed above, the directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the results and financial position of the Group,

3. SEGMENT INFORMATION

Information reported to the Group's executive directors, being the chief operating decision maker, for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's operating and reportable segments under HKFRS 8 are as follows:

- Trading of mineral property — trading of uranium

- Exploration and trading of mineral properties — exploration and trading of uranium and coal

As described in more detail in note 7, the Group discontinued a reportable and operating segment regarding the manufacture and distribution of die casting parts in 2011. Accordingly, the segment information regarding its continuing operations reported below does not include the amounts for the manufacture and distribution of die casting parts.

In 2012, the Group commenced trading of uranium which becomes a new reportable and operating segment of the Group.

Segment results

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

		2012	
	Trading of mineral property	**Exploration and trading of mineral properties**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue	**417,442**	**—**	**417,442**
Segment profit (loss)	**30,807**	**(18,730)**	**12,077**
Unallocated other income, gains and losses			**6,335**
Central administration costs			**(9,132)**
Effective interest expenses on convertible notes			**(32,464)**
Loss before taxation (continuing operations)			**(23,184)**

	2011		
	Trading of mineral property *HK$'000*	Exploration and trading of mineral properties *HK$'000*	Consolidated *HK$'000*
Segment revenue	—	—	—
Segment loss	—	(21,105)	(21,105)
Unallocated other income, gains and losses			3,115
Central administration costs			(9,070)
Effective interest expenses on convertible notes			(41,118)
Loss before taxation (continuing operations)			(68,178)

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit (loss) incurred from the segment without allocation of interest income, central administration costs and effective interest expenses on convertible notes. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

Segment assets and liability

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

	2012 ***HK$'000***	2011 *HK$'000*
ASSETS		
Segment assets		
— Trading of mineral property	**102,802**	278,684
— Exploration and trading of mineral properties	**672,447**	687,748
	775,249	966,432
Unallocated assets	**620,350**	424,372
Consolidated assets	**1,395,599**	1,390,804
LIABILITIES		
Segment liabilities		
— Trading of mineral property	**3,032**	—
— Exploration and trading of mineral properties	**11,198**	10,725
Unallocated liabilities	**416,622**	388,730
Consolidated liabilities	**430,852**	399,455

For the purposes of monitoring segment performance and allocating resources:

- Segment assets include property, plant and equipment, exploration and evaluation assets, interest in an associate, inventories, trade and other receivables and bank balances and cash which are directly attributable to the relevant reportable segment.

- Segment liabilities include trade and other payables and accruals and amount due to an intermediate holding company which are directly attributable to the relevant reportable segment.

Other segment information

	2012			
	Trading of mineral property *HK$'000*	**Exploration and trading of mineral properties** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Amounts included in the measure of segment results or segment assets (continuing operations):				
Addition to non-current assets	**—**	**4,604**	**288**	**4,892**
Depreciation of property, plant and equipment	**—**	**(2,813)**	**(216)**	**(3,029)**
Impairment loss of exploration and evaluation assets	**—**	**(10,462)**	**—**	**(10,462)**
Loss on written off of property, plant and equipment	**—**	**—**	**(2)**	**(2)**
Interest in an associate	**—**	**440,877**	**—**	**440,877**
Share of loss of an associate	**—**	**(6,870)**	**—**	**(6,870)**

	2011			
	Trading of mineral property *HK$'000*	Exploration and trading of mineral properties *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment results or segment assets (continuing operations):				
Addition to non-current assets	—	30,830	43	30,873
Depreciation of property, plant and equipment	—	(65)	(176)	(241)
Impairment loss of exploration and evaluation assets	—	(841)	—	(841)
Interest in an associate	—	447,747	—	447,747
Share of loss of an associate	—	(7,395)	—	(7,395)

Geographical information

Revenue represents the trading income from a customer located in the United States of America.

The Group's operation is principally located in the People of Mongolia (country of domicile) and the Republic of Niger. Information about the Group's non-current assets by geographical location of the assets are detailed below:

	Non-current assets	
	2012 *HK$'000*	2011 *HK$'000*
Republic of Niger	**440,877**	447,747
People of Mongolia (country of domicile)	**224,989**	234,129
Hong Kong	**584**	514
	666,450	682,390

4. OTHER INCOME, GAINS AND LOSSES

	2012 *HK$'000*	2011 *HK$'000*
Included in other income, gains and losses are the following:		
Continuing operations		
Interest income	**6,335**	3,115
Net exchange gain	**3,269**	3,948

5. LOSS BEFORE TAXATION

	2012 *HK$'000*	2011 *HK$'000*
Continuing operations		
Loss before taxation has been arrived at after charging (crediting):		
Directors' remuneration	**2,761**	2,979
Other staff costs	**5,074**	4,384
Retirement benefit schemes contributions	**180**	484
Total staff costs	**8,015**	7,847
Depreciation of property, plant and equipment	**4,192**	8,733
Less: Amount capitalised in exploration and evaluation assets	**(1,163)**	(8,492)
	3,029	241
Auditors' remuneration	**1,633**	1,352
Cost of inventories recognised as an expense	**379,743**	—
Loss on written off of property, plant and equipment	**2**	—
Operating lease charges on land and buildings	**2,493**	1,605

6. TAXATION

	2012 *HK$'000*	2011 *HK$'000*
Continuing operations		
Current tax — PRC enterprise income tax	**4,978**	—
Deferred tax		
Current year	**(2,024)**	(4,067)
	2,954	(4,067)

Under the Law of People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate for foreign enterprises is 25% from 1st January, 2008 onwards.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the group companies incurred tax losses for both years.

7. DISCONTINUED OPERATIONS

On 7th May, 2011, the Company entered into a conditional sale agreement to dispose of its 100% equity interest in United Non-Ferrous (Overseas) Limited together with its subsidiaries (collectively referred to as the "Disposal Group") to an independent third party at a consideration of HK$159,000,000. The Disposal Group carried out all of the Group's manufacture and distribution of die casting parts, which are classified as discontinued operations. Details of the transaction are set out in the Company's circular dated 15th June, 2011. The disposal was completed on 29th July, 2011.

The profit for the period from 1st January, 2011 to 29th July, 2011 (date of disposal) from the discontinued operations is analysed as follows:

	1.1.2011 to 29.7.2011 *HK$'000*
Loss of discontinued operations for the year	(5,324)
Gain on disposal of discontinued operations	12,042
	6,718

The result of the discontinued operations for the period from 1st January, 2011 to 29th July, 2011, which have been included in the consolidated statement of comprehensive income, are analysed as follows:

	1.1.2011 to 29.7.2011 *HK$'000*
Revenue	93,303
Cost of sales	(86,779)
Gross profit	6,524
Other income, gains and losses	1,805
Selling and distribution expenses	(1,724)
Administrative and other expenses	(11,228)
Interest on unsecured bank loans wholly repayable within one year	(65)
Loss before taxation	(4,688)
Taxation	(636)
Loss for the period	(5,324)

Loss before taxation from discontinued operations has been arrived at after charging (crediting):

	1.1.2011 to 29.7.2011 *HK$'000*
Depreciation of property, plant and equipment	8,544
Loss on changes in fair value of investments held for trading	27
Net exchange gain	(1,390)
Interest income	(202)
Dividend income	(4)

During the period from 1st January, 2011 to 29th July, 2011, the Disposal Group contributed HK$7,951,000 to the Group's net operating cash flows, contributed HK$79,468,000 in respect of investing activities and paid HK$65,000 in respect of financing activities.

8. LOSS PER SHARE

From continuing and discontinued operations

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

	2012	2011
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(26,138)**	(57,393)

	2012	2011
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**489,168,308**	438,702,555

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	2012	2011
	HK$'000	*HK$'000*
Loss figures are calculated as follows:		
Loss for the year attributable to owners of the Company	**(26,138)**	(57,393)
Less: Profit for the year from discontinued operations	**—**	(6,718)
Loss for the purpose of basic and diluted loss per share from continuing operations	**(26,138)**	(64,111)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

From discontinued operations

In prior year, basic and diluted earnings per share from discontinued operations was approximately HK1.5 cents, based on the profit from discontinued operations of approximately HK$6,718,000 and the denominators detailed above for both basic and diluted loss per share.

The above computation of diluted loss per share does not assume the conversion of the Group's convertible notes as the conversion of the convertible notes would result in a decrease in loss.

9. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**102,802**	—
Deposits paid	**371**	352
Other receivables	**3,794**	5,622
Prepayments	**303**	292
Consideration receivable for disposal of subsidiaries	**—**	39,750
	107,270	46,016

The Group allows a credit period of 30 days to its trade customers. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	2012	2011
	HK$'000	*HK$'000*
0 to 30 days	**102,802**	—

10. TRADE AND OTHER PAYABLES AND ACCRUALS

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2012	2011
	HK$'000	*HK$'000*
Trade payables		
0 to 30 days	**3,032**	—
Accruals	**9,234**	7,926
Other payables	**4,171**	5,554
	16,437	13,480

FINAL DIVIDEND

The directors do not recommend the payment of a final dividend for the year ended 31st December, 2012 (2011: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

For the year ended 31st December, 2012 (the "Year" or "Year Under Review"), the Group, for the first time, reported a revenue in uranium product trading business, which generated a stable income from the principal business for the Group. After the completion of the disposal of its die-casting assets and business in July 2011, the Group has been principally engaged in uranium resources exploration and exploitation, as well as the operation of uranium product trading business. Amid the impact of the nuclear incident in Fukushima, Japan, the uranium price throughout the international market remained at a low level. However, estimating from the long-term supply and demand and the fact that China's goal in developing nuclear power remains unchanged, uranium products, as the essential raw materials for nuclear power generation, maintain considerable potential for price increase in the long run. Leveraging on such potential for price increase, the Group will actively run its uranium product trading business, while monitoring market development and establishing its long term development strategy in uranium resources investment, in order to generate the best return for the shareholders.

Business Review

During the Year Under Review, benefited from the smooth commencement of the uranium trading business, the Group reported a revenue of approximately HK$417,442,000 (2011: Nil) from its operating business, realizing a gross profit of approximately HK$37,699,000 (2011: Nil). Other income, gains and losses of approximately HK$12,550,000 (2011: approximately HK$7,426,000) were mainly from interest income and exchange gains arising from the appreciation of the value of Renminbi deposits of the Group. The increase of approximately 69.0% over last year was due to the increase in bank deposit amount and deposite interest rate in 2012. The administrative expenses of approximately HK$23,570,000 (2011: approximately HK$26,250,000) was approximately 10.2% below to that of the corresponding period last year, affirming the achievement of the Group's effort on cost control. The Group mainly develop the uranium projects of proven reserves under two exploration licenses in Mongolia. For the Year Under Review, the Group had not invested in the remaining uranium exploration license projects without any economic benefits from exploration in Mongolia, the relevant provision was approximately HK$10,462,000 (2011: approximately HK$841,000).

For the Year Under Review, share of loss of an associate of approximately HK$6,870,000 (2011: approximately HK$7,395,000) was related to the equity share of loss of Societe des Mines d'Azelik S.A. ("SOMINA") through the acquisition of Ideal Mining Limited by the Group. SOMINA just commenced production phase, and did not put into full production yet. The effective interest expenses on convertible notes for the Year Under Review decreased by approximately 21.0% to approximately HK$32,464,000 (2011: approximately HK$41,118,000), as no effective interest expenses was incurred in 2012 for the convertible notes of HK$106,200,000 issued in 2008 for which conversion was exercised in 2011. The finance costs incurred in 2012 only reflected the effective interest expenses for the convertible notes of HK$414,000,000 issued on 25th March, 2010. As the uranium product trading business of the Group has generated trading income, the tax charge for the Year Under Review was approximately HK$2,954,000 (2011: tax credit of approximately HK$4,067,000). The discontinued operations represented the die-casting assets and business disposed entirely in July 2011, and therefore no contribution was made to the Group for the Year Under Review. The loss for the Year Under Review was approximately HK$26,138,000 (2011: approximately HK$57,393,000).

Comprehensive Expenses for the Year

The exchange differences expense arising on translation of foreign currencies of was approximately HK$464,000 (2011: income approximately HK$1,055,000). There was no disposal of subsidiaries in 2012 and therefore no reclassification adjustment of exchange differences upon disposal of subsidiaries during the Year (2011: expense approximately HK$9,352,000). As a result of the combined effect of the foregoing, mainly due to the commencement of uranium trading, the total comprehensive expenses for the Year attributable to owners of the Company were substantially reduced to approximately HK$26,602,000 (2011: approximately HK$65,690,000).

Future Strategies

The Group is principally engaged in the exploration and mining of uranium resources projects and trading of uranium products. The two existing uranium projects, one in Mongolia and the other one with 37.2% ownership in Niger, held by the Group have been on the right track. For the uranium project in Mongolia, it is anticipated that more coordination and support can be derived from the authorities of Mongolia to have the mining license granted as soon as possible. The Group has commenced and prepared for the construction of the mining area and has been communicated and discussed with the Mongolia Government positively to set up a joint venture, in order to jointly develop the project in Mongolia. For the project in Niger, it has already proceeded into the stage of production and the Group has prepared for its full production. The Group will pay close attention to the uranium trading opportunities in the market, and strive to reach out for more stable and reliable partners and seek to enter more trading deals, in order to generate the best return for the shareholders. Overseas uranium resource investments will still be the key development targets of the Group. As the current market price of uranium products is still at a low level and is beneficial to the long term investment of the Group, therefore, the Group will expedite its search for quality uranium projects to expand its business.

Employees and Remuneration Policies

As at 31st December, 2012, the Group employed approximately 16 (2011: 29) full-time employees of whom 3 (2011: 4) were based in Hong Kong, 4 (2011: 2) were based in the PRC and 9 (2011: 23) were based in Mongolia. Total staff cost incurred for the continuing operations during the Year amounted to approximately HK$8,015,000 (2011: approximately HK$7,847,000).

Remuneration policies and packages for the Group's employees are based on their performance, working experiences and conditions prevailing in the industry. Depending on the financial results of the Group and the performance of individual employees, eligible staff may also be granted discretionary performance bonuses, in addition to basic salaries, retirement schemes and medical benefit schemes. To raise work quality and management abilities of its employees, the Group provides job rotation, in-house training and external training courses to employees.

Liquidity and Financial Resources

As at 31st December, 2012, the Group did not have any bank borrowings (at 31st December, 2011: Nil).

The Group had net current assets amounting to approximately HK$298,642,000 (at 31st December, 2011: approximately HK$694,934,000) and due to the expiry of convertible bonds in 2013, the current liabilities increased to approximately HK$430,507,000 (at 31st December, 2011: approximately HK$13,480,000) as at 31st December, 2012. During the Year, the Group commenced trading in uranium products, and as at 31st December, 2012, trade receivables and payables were HK$102,802,000 (at 31st December 2011: Nil) and HK$3,032,000 (at 31st December 2011: Nil) respectively. Capital expenditures on plant, equipment, leasehold improvements and construction in progress totalled approximately HK$288,000 during the Year (2011: approximately HK$993,000). Capital expenditures on exploration and evaluation assets were approximately HK$5,767,000 (2011: approximately HK$15,835,000). The Group did not have any commitment to purchase additional property, plant and equipment that had been contracted for but not provided in the financial statements as at 31st December, 2012 (at 31st December, 2011: Nil).

During the Year, net cash inflow from operating activities amounted to approximately HK$203,945,000 (2011: outflow approximately HK$12,827,000). The Group's cash on hand and bank balances increased from approximately HK$383,714,000 as at 31st December, 2011 to approximately HK$621,879,000 as at 31st December, 2012.

Total shareholders' funds decreased from approximately HK$991,349,000 as at 31st December, 2011 to approximately HK$964,747,000 as at 31st December, 2012, mainly due to the loss during the Year. The gearing ratio, in terms of total debts to total assets, increased to approximately 0.31 (at 31st December, 2011: approximately 0.29) as at 31st December, 2012.

Acquisitions and Disposals of Subsidiaries and Associated Companies

There were no material acquisitions and disposals of subsidiaries and associated companies for the Year.

Exposure to Foreign Exchange Risk

The Group's income, expenditure of raw materials, manufacturing, investment and borrowings are mainly denominated in USD, HKD, Mongolian Tugrigs and RMB. Fluctuations of the exchange rates of Mongolian Tugrigs and RMB against foreign currencies could affect the operating costs of the Group. Currencies other than Mongolian Tugrigs and RMB were relatively stable during the Year Under Review, the Group did not expose to significant foreign exchange risk. The Group currently does not have a foreign currency hedging policy for hedging significant foreign currency exposure.

Capital Structure

There has been no significant change in the capital structure of the Group since 31st December, 2011.

Charge on Assets

Apart from the 37.2% of the share capital in SOMINA held by Ideal Mining Limited pledged to a bank for banking facilities granted to SOMINA, there was no charge on the Group's assets during the Year (2011: apart from the shares in SOMINA, Nil).

PURCHASE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the Year Under Review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31st December, 2012 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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 Year Under Review.

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 the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all the directors, all the directors confirmed 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.

AUDIT COMMITTEE

An audit committee has been established by the Company for the purpose of reviewing and providing supervision on the financial reporting system, internal control procedures and risk management and maintaining good and independent communications with the management as well as external auditors of the Company.

The audit committee comprises three independent non-executive directors namely Mr. Cheong Ying Chew Henry (Chairman of the audit committee), Mr. Cui Liguo and Mr. Zhang Lei and one non-executive director namely Mr. Xu Shouyi. The Group's annual report for the Year Under Review as well as the accounting principles and practices 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 the directors of the Company. The remuneration committee comprises three independent non-executive directors namely Mr. Cui Liguo (Chairman of the remuneration committee), Mr. Cheong Ying Chew Henry and Mr. Zhang Lei, one executive director namely Mr. Zhang Hongqing and one non-executive director namely Mr. Xu Shouyi.

NOMINATION COMMITTEE

In accordance with the requirements of the CG Code, a nomination committee has been established by the Company to review the structure, size and composition of the Board and identify individuals suitably qualified to become Board members. The nomination committee comprises one non-executive director namely Mr. Cai Xifu (Chairman of the Board and the nomination committee), three independent non-executive directors namely Mr. Cheong Ying Chew Henry, Mr. Cui Liguo and Mr. Zhang Lei and one executive director namely Mr. Zhang Hongqing.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The electronic version of this announcement will be published on the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (http://www.hkexnews.hk). An annual report for the year ended 31st December, 2012 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.

APPRECIATION

The directors 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
Cai Xifu
Chairman

Hong Kong, 27th March, 2013

As of the date of this announcement, the Board comprises non-executive director and chairman, namely Mr. Cai Xifu, executive directors, namely, Mr. Zhang Hongqing and Mr. Xu Hongchao, non-executive director, namely, Mr. Xu Shouyi and independent non-executive directors, namely, Mr. Cheong Ying Chew Henry, Mr. Cui Liguo and Mr. Zhang Lei.