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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, 2013

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, 2013 (the "Period"), together with comparative figures for the corresponding period of 2012, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30th June, 2013

		Six months ended 30th June,	
		2013	2012
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	3	**608,677**	—
Cost of sales		**(538,010)**	—
Gross profit		**70,667**	—
Other income, gains and losses		**5,157**	3,546
Administrative expenses		**(9,038)**	(9,212)
Other expenses		**(279)**	(228)
Impairment loss of interest in an associate		**(15,000)**	—
Share of loss of an associate		**(31,218)**	(5,347)
Effective interest expenses on convertible notes		**(8,093)**	(16,282)
Profit (loss) before taxation	4	**12,196**	(27,523)
Income tax (expense) credit	5	**(13,864)**	2,114
Loss for the period		**(1,668)**	(25,409)
Other comprehensive income (expense):			
Items that will not be reclassified to profit or loss			
Exchange differences arising on translation to presentation currency		**116**	(260)
Total comprehensive expense for the period, attributable to owners of the Company		**(1,552)**	(25,669)
Loss per share			
— Basic and diluted	7	**(HK0.34 cents)**	(HK5.19 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30th June, 2013

	30th June, 2013 HK$'000 (unaudited)	31st December, 2012 HK$'000 (audited)
Non-current assets		
Property, plant and equipment	**30,436**	31,500
Exploration and evaluation assets	**196,286**	194,073
Interest in an associate	**394,659**	440,877
	621,381	666,450
Current assets		
Trade and other receivables and prepayments	**4,296**	107,270
Amount due from an associate	**59,679**	—
Bank balances and cash	**322,723**	621,879
	386,698	729,149
Current liabilities		
Trade and other payables and accruals	**23,272**	16,437
Amount due to an intermediate holding company	**1,307**	1,302
Amount due to immediate holding company	**1,118**	—
Income tax payable	**19,187**	4,978
Convertible notes	**—**	407,790
	44,884	430,507
Net current assets	**341,814**	298,642
Total assets less current liabilities	**963,195**	965,092
Non-current liability		
Deferred tax liabilities	**—**	345
Net assets	**963,195**	964,747
Capital and reserves		
Share capital	**4,892**	4,892
Reserves	**958,303**	959,855
Equity attributable to owners of the Company	**963,195**	964,747

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2013

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.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

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, 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2012.

In the current interim period, the Group has applied, for the first time, the following new and revised HKAS(s), Hong Kong Financial Reporting Standards ("HKFRS(s)"), amendments and interpretation ("HK(IFRIC) — Int") (hereinafter collectively referred to as the "new and revised HKFRSs") issued by the HKICPA:

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

The Group has not early applied the following amendments and interpretation that have been issued but are not yet effective:

Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transaction Disclosures[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
HKFRS 9	Financial Instruments[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) — Int 21	Levies[1]

[1] Effective for annual periods beginning on or after 1st January, 2014

[2] Effective for annual periods beginning on or after 1st January, 2015

The directors of the Company anticipate that the application of the above will have no material impact on the results and financial position of the Group except that the amendments to HKAS 36 will result in more disclosure in the annual audited financial statements.

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 currently organises its operations into two operating divisions, which also represent the operating segments of the Group for financial reporting purposes, namely trading of mineral and exploration and trading of mineral. They represent two major lines of business engaged by the Group. The principal activities of the operating and reportable segments are as follows:

- Trading of mineral — trading of uranium
- Exploration and trading of mineral — exploration and trading of uranium

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

	Six months ended 30th June, 2013		
	Trading of mineral	**Exploration and trading of mineral**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***
	(unaudited)	**(unaudited)**	**(unaudited)**
Segment revenue	**608,677**	**—**	**608,677**
Segment profit (loss)	**69,972**	**(47,420)**	**22,552**
Unallocated other income, gains and losses			**2,263**
Central administration costs			**(4,526)**
Effective interest expenses on convertible notes			**(8,093)**
Profit before taxation			**12,196**

	Six months ended 30th June, 2012		
	Trading of mineral	Exploration and trading of mineral	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)
Segment revenue	—	—	—
Segment loss	—	(10,230)	(10,230)
Unallocated other income, gains and losses			3,165
Central administration costs			(4,176)
Effective interest expenses on convertible notes			(16,282)
Loss before taxation			(27,523)

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.

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

	30th June, 2013 HK$'000	31st December, 2012 HK$'000
ASSETS		
Segment assets		
— Trading of mineral	**59,679**	102,802
— Exploration and trading of mineral	**624,854**	672,447
	684,533	775,249
Unallocated assets	**323,546**	620,350
Consolidated assets	**1,008,079**	1,395,599
LIABILITIES		
Segment liabilities		
— Trading of mineral	**10,091**	3,032
— Exploration and trading of mineral	**12,389**	11,198
	22,480	14,230
Unallocated liabilities	**22,404**	416,622
Consolidated liabilities	**44,884**	430,852

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, trade and other receivables and prepayments and amount due from an associate 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 which are directly attributable to the relevant reportable segment.

4. PROFIT (LOSS) BEFORE TAXATION

	Six months ended 30th June, 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited)
Profit (loss) before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**554**	105
Loss on written off/disposal of property, plant and equipment	**—**	794
Net exchange (gains) losses	**(2,894)**	44
Interest income	**(2,263)**	(3,165)

5. INCOME TAX EXPENSE (CREDIT)

	Six months ended 30th June, **2013** *HK$'000* (unaudited)	2012 *HK$'000* (unaudited)
Current tax — PRC enterprise income tax	**14,209**	—
Deferred tax credit	**(345)**	(2,114)
	13,864	(2,114)

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 periods.

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

The deferred tax credit represents deferred taxation arising from the temporary differences on convertible notes during both periods.

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. LOSS PER SHARE

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

	Six months ended 30th June, **2013** *HK$'000* (unaudited)	2012 *HK$'000* (unaudited)
Loss for the period attributable to owners of the Company	**(1,668)**	(25,409)

	Six months ended 30th June, **2013**	2012
Number of ordinary shares for the purposes of basic and diluted loss per share	**489,168,308**	489,168,308

The above computation of diluted loss per share for both periods 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 for the period.

MANAGEMENT DISCUSSION & ANALYSIS

Business Review

Since the Group commenced the uranium products trading business to broaden the revenue base in the second half of 2012, the Group has made significant increase in the volume of uranium products trade. Although the market price of uranium products continued to decline in the first half of 2013, the Group was able to secure sale contracts with reasonable premium and to source supplies at the most favourable prices. As the global demand for uranium products are expected to increase given the number of new nuclear power reactors being planned for or under construction, the Group is well positioned to further expand its uranium trading business. The Group has also made significant progress in the application of mining license for its Mongolian uranium mining project. All the required documents for the license application have been lodged and are being reviewed by the Mongolian authorities. Negotiations to form a joint venture company with the Mongolian Government to develop the Mongolian project have been taken place. Both sides have agreed on a common goal to develop the project as soon as possible.

Operations

During the period under review, the Group recorded a turnover of approximately HK$608,677,000 (six months ended 30th June, 2012: nil) and achieved a gross profit margin of approximately HK$70,667,000 (six months ended 30th June, 2012: nil). Other income, gains and losses of approximately HK$5,157,000 (six months ended 30th June, 2012: approximately HK$3,546,000) were mainly from interest income and exchanges gains. Despite the increase in volume of the trading business during the period under review, the Group was able to maintain the administrative expenses of approximately HK$9,038,000 (six months ended 30th June, 2012: approximately HK$9,212,000) at the similar level of the last corresponding period.

Through the acquisition of Ideal Mining Limited ("Ideal Mining") in 2010, the Group holds an interest in an associate of the 37.2% equity interest in Société des Mines d'Azelik S.A. ("SOMINA") which owns a uranium mine in Niger. Trial production of SOMINA commenced in 2011, but so far the production process has not produced the targeted results and its efficiency is below expectation. The construction of the underground mine has also experienced delay. Currently the production process is under re-engineering and the machinery is re-tuned to achieve optimum results. As the production has been halted for the improvement works, the share of loss of an associate during the period under review has increased to approximately HK$31,218,000 (six months ended 30th June, 2012: approximately HK$5,347,000) which includes an amortization charge of approximately HK$13,570,000 (six months ended 30th June, 2012: nil) to write off the fair value upon acquisition of the SOMINA project according to the production amount. Given the changes of the circumstances of the SOMINA project since the Group acquired the project and the drop of the market price of uranium products over the years, the Group employed a professional valuer to form an updated fair value of the SOMINA project during the period. With reference to the updated fair value, an impairment loss of interest in an associate of approximately HK$15,000,000 (six months ended 30th June, 2012: nil) was recorded during the period under review.

Following to the redemption of the HK$414,000,000 convertible notes (the "CN 2010"), which were issued in March 2010, in March 2013, during the period under review, the effect interest expenses of approximately HK$8,093,000 (six months ended 30th June, 2012: approximately HK$16,282,000) were reduced by approximately 50.3% compared to the last corresponding period. After the redemption, the Group is currently free of any debt.

The tax charge of approximately HK$13,864,000 was provided for the trading profit during the period (six months ended 30th June, 2012: tax credit of approximately HK$2,114,000).

Comprehensive expenses for the Period

Summing up the combined effects of the foregoing, loss for the Period amounted to approximately HK$1,668,000 (six months ended 30th June, 2012: approximately HK$25,409,000). After taken into account of the gain of approximately HK$116,000 (six months ended 30th June, 2012: loss of approximately HK$260,000) of the exchange differences arising on translation of foreign currencies, the total comprehensive expense for the Period amounted to approximately HK$1,552,000 (six months ended 30th June, 2012: approximately HK$25,669,000), a substantial reduction compared to the last corresponding period.

Future strategy and outlook

The Group will continue to develop its uranium products trading business and has secured sale orders for its uranium products trading business for the second half of 2013. The Group is confident that the trade will provide stable income and favourable returns to improve the 2013 results to a profit making position.

For the Mongolian project, the Group will continue to negotiate with the Mongolian Government to form a joint venture company and to obtain the mining license for the uranium mining project. The Group will closely monitor the re-engineering works and the underground mine construction of the SOMINA project and ensure optimum production will be achieved after the process is redesigned.

Overseas uranium resources business is still the key development of the Group. The current market price of uranium products is still at a low level and is beneficial to the long term investment of the Group. The Group will continue to look for opportunities and invest in overseas uranium resources business to endow shareholders with substantial returns.

Human Resources Management

As at 30th June, 2013, the Group employed 17 fulltime 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$299,119,000 during the Period, which was mainly due to the redemption of convertible notes. The Group's financial position remained healthy. The gearing ratio, which is represented by the ratio of total debts to total assets, has dropped to 0.04 as at 30th June, 2013 (as at 31st December, 2012: 0.31).

The working capital of the Group was generally financed by bank and cash balance. As at 30th June, 2013, the Group's cash-on-hand and bank balances amounted to approximately HK$322,723,000 (as at 31st December, 2012: approximately HK$621,879,000) and the Group had no bank loan outstanding (as at 31st December, 2012: nil). The CN 2010 expired and was fully repaid in March 2013, together with the proceeds from the trading profit during the Period, which caused the Group's net current assets increased and current liabilities decreased to approximately HK$341,814,000 (as at 31st December, 2012: approximately HK$298,642,000) and approximately HK$44,884,000 (as at 31st December, 2012: approximately HK$430,507,000) respectively as at 30th June, 2013.

Total shareholders' funds decreased from approximately HK$964,747,000 as at 31st December, 2012 to approximately HK$963,195,000 as at 30th June, 2013, as a result of the recognised loss incurred for the Period.

Acquisitions and Disposals of Subsidiaries and Associated Companies

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

Exposure to Foreign Exchange Risk

The Group's income, expenditure of raw materials, manufacturing, investment and borrowings are mainly denominated in USD, HKD, Mongolian Tugrik and RMB. Fluctuations of the exchange rates of Mongolian Tugrik and RMB against foreign currencies could affect the operating costs of the Group. Currencies other than Mongolian Tugrik and RMB were relatively stable during the Period, the Group did not expose to significant foreign exchange risk. 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 minimize 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, 2012.

Charge on Assets

Apart from the 37.2% of the share capital in SOMINA held by Ideal Mining pledged to a bank for banking facilities granted to SOMINA, there was no charge on the Group's assets during the Period (six months ended 30th June, 2012: apart from the shares in SOMINA, nil).

Interim Dividend

The Board of Directors does not recommend the payment of an interim dividend for the Period (six months ended 30th June, 2012: 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 Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the Period.

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. Cheong Ying Chew Henry, Mr. Cui Liguo and Mr. Zhang Lei, and one non-executive director namely Mr. Xu Shouyi. Mr. Cheong Ying Chew Henry is the Chairman of the Audit Committee. The Group's interim results for the Period have been reviewed by the Audit Committee and the independent auditor, Deloitte Touche Tohmatsu.

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. Cheong Ying Chew Henry, Mr. Cui Liguo and Mr. Zhang Lei, one executive director namely Mr. Zhang Hongqing and one non-executive director namely Mr. Xu Shouyi. Mr. Cui Liguo 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. Cheong Ying Chew Henry, Mr. Cui Liguo and Mr. Zhang Lei, one executive director namely Mr. Zhang Hongqing and one non-executive director namely Mr. Cai Xifu. Mr. Cai Xifu 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, 2013 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 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
Cai Xifu

Hong Kong, 20th August, 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 Ms. Wang Ying, 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.