

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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, 2016**

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, 2016 (the “Year”) as follows:

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

		<b>For the year ended 31st December,</b>	
	<i>NOTES</i>	<b>2016</b>	<b>2015</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	3	<b>189,429</b>	57,755
Cost of sales		<b>(204,537)</b>	(56,170)
Gross (loss) profit		<b>(15,108)</b>	1,585
Other income, gains and losses	4	<b>3,097</b>	4,792
Selling and distribution expenses		<b>(546)</b>	—
Administrative expenses		<b>(15,635)</b>	(18,363)
Impairment loss on amount due from an associate		—	(72,898)
Share of loss of an associate		—	(135,715)
Loss before taxation	5	<b>(28,192)</b>	(220,599)
Taxation	6	—	—
Loss for the year		<b>(28,192)</b>	(220,599)

		For the year ended	
		31st December,	
		2016	2015
NOTES		HK\$'000	HK\$'000
<b>Other comprehensive income (expense)</b>			
<i>Item that will not be reclassified to profit or loss</i>			
Exchange differences arising on translation to presentation currency		<u>190</u>	<u>(112)</u>
Total comprehensive expense for the year attributable to owners of the Company		<u><b>(28,002)</b></u>	<u><b>(220,711)</b></u>
Loss per share			
— Basic	8	<u><b>(HK5.8 cents)</b></u>	<u><b>(HK45.1 cents)</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31st December,	
		2016	2015
	NOTES	HK\$'000	HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		17,781	20,533
Exploration and evaluation assets		207,918	205,786
Interest in an associate		—	—
		<u>225,699</u>	<u>226,319</u>
<b>Current assets</b>			
Inventories		108,500	29,158
Trade and other receivables and prepayments	9	172,929	4,461
Bank balances and cash		285,020	348,778
		<u>566,449</u>	<u>382,397</u>
<b>Current liabilities</b>			
Trade and other payables and accruals	10	226,175	16,281
Amount due to intermediate holding company		1,801	1,596
Amount due to ultimate holding company		2,407	1,473
Amounts due to fellow subsidiaries		522	121
Income tax payable		19,360	19,360
		<u>250,265</u>	<u>38,831</u>
<b>Net current assets</b>		<u>316,184</u>	<u>343,566</u>
<b>Net assets</b>		<u>541,883</u>	<u>569,885</u>
<b>Capital and reserves</b>			
Share capital		4,892	4,892
Reserves		536,991	564,993
<b>Equity attributable to owners of the Company</b>		<u>541,883</u>	<u>569,885</u>

# 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 (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

## 2. APPLICATION OF NEW AND REVISED HKFRSs

In the current year, the Group has applied, for the first time, the following amendments to Hong Kong Accounting Standards (“HKAS(s)”) and HKFRSs issued by the HKICPA.

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The application of the new and revised 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 HKAS 7	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>1</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>2</sup>
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers <sup>2</sup>
HKFRS 9	Financial Instruments <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
HKFRS 16	Leases <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st January, 2017.

<sup>2</sup> Effective for annual periods beginning on or after 1st January, 2018.

<sup>3</sup> Effective for annual periods beginning on or after 1st January, 2019.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of HKFRS 15 and HKFRS 16 in the future may have a material impact on the amounts reported and/or disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

Except those mentioned above, the directors anticipate that the application of the other new and revised HKFRSs may have no material impact on the results and the 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 resource allocation and assessment of segment performance focuses on the 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 property and exploration and trading of mineral properties. They represent two 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 trading of mineral properties — exploration and trading of uranium

The following is an analysis for the Group's revenue and results from continuing operations by reportable and operating segment:

#### For the year ended 31st December, 2016

	<b>Trading of mineral property <i>HK\$'000</i></b>	<b>Exploration and trading of mineral properties <i>HK\$'000</i></b>	<b>Consolidated <i>HK\$'000</i></b>
Segment revenue	<u>189,429</u>	<u>—</u>	<u>189,429</u>
Segment loss	<u>(15,227)</u>	<u>(2,459)</u>	<u>(17,686)</u>
Unallocated other income and gains			2,214
Central administration costs			<u>(12,720)</u>
Loss before taxation			<u>(28,192)</u>

For the year ended 31st December, 2015

	Trading of mineral property <i>HK\$'000</i>	Exploration and trading of mineral properties <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	<u>57,755</u>	<u>—</u>	<u>57,755</u>
Segment loss	<u>(35,409)</u>	<u>(139,737)</u>	(175,146)
Unallocated other income and gains			3,950
Unallocated other expenses			(36,114)
Central administration costs			<u>(13,289)</u>
Loss before taxation			<u>(220,599)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss represents the loss incurred by each segment without allocation of interest income, impairment loss on amount due from an associate and central administration costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

**Segment assets and liabilities**

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

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>ASSETS</b>		
Segment assets		
— Trading of mineral property	<b>274,987</b>	29,158
— Exploration and trading of mineral properties	<b>233,599</b>	233,478
	<u><b>508,586</b></u>	262,636
Unallocated assets	<b>283,562</b>	346,080
	<u><b>792,148</b></u>	<u>608,716</u>
Consolidated assets		
<b>LIABILITIES</b>		
Segment liabilities		
— Trading of mineral property	<b>213,118</b>	—
— Exploration and trading of mineral properties	<b>15,398</b>	15,470
	<u><b>228,516</b></u>	15,470
Unallocated liabilities	<b>21,749</b>	23,361
	<u><b>250,265</b></u>	<u>38,831</u>
Consolidated liabilities		

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 amounts due to intermediate holding company, ultimate holding company and fellow subsidiaries which are directly attributable to the relevant reportable segment.

#### Other segment information

	2016			Total HK\$'000
	Trading of mineral property HK\$'000	Exploration and trading of mineral properties HK\$'000	Unallocated HK\$'000	
Amounts included in the measure of segment results or segment assets:				
Addition to non-current assets	—	2,139	—	2,139
Depreciation of property, plant and equipment	—	(2,512)	(66)	(2,578)

	2015			Total HK\$'000
	Trading of mineral property HK\$'000	Exploration and trading of mineral properties HK\$'000	Unallocated HK\$'000	
Amounts included in the measure of segment results or segment assets:				
Addition to non-current assets	—	2,637	—	2,637
Depreciation of property, plant and equipment	—	(2,498)	(91)	(2,589)
Allowance for inventories	(1,109)	—	—	(1,109)
Impairment loss on amount due from an associate	(36,784)	—	(36,114)	(72,898)
Share of loss of an associate	—	(135,715)	—	(135,715)
Interest income on amount due from an associate	1,036	—	1,018	2,054

#### Geographical information

The Group's revenue by geographical market (irrespective of the origin of the goods) based on the location of the customers are detailed below:

	Revenue	
	2016 HK\$'000	2015 HK\$'000
Overseas	189,429	—
Hong Kong	—	57,755
	<u>189,429</u>	<u>57,755</u>

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

	<b>Non-current assets</b>	
	<b>2016</b>	2015
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Mongolia (country of domicile)	<b>225,531</b>	226,222
Hong Kong	<b>168</b>	97
	<b><u>225,699</u></b>	<u>226,319</u>

#### **Information about major customers**

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	<b>2016</b>	2015
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Customer A	<b>105,530</b>	N/A <sup>1</sup>
Customer B	<b>60,957</b>	N/A <sup>1</sup>
Customer C	<b>22,942</b>	N/A <sup>1</sup>
Customer D	<b>N/A<sup>1</sup></b>	57,755
	<b><u>N/A<sup>1</sup></u></b>	<u>57,755</u>

<sup>1</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group.

#### **4. OTHER INCOME, GAINS AND LOSSES**

	<b>2016</b>	2015
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Included in other income, gains and losses are the following:		
Interest income	<b>2,214</b>	3,898
Net exchange gain	<b>1,292</b>	77
Commission income	—	52
Compensation from a litigation	—	735
	<b><u>—</u></b>	<u>735</u>



## 5. LOSS BEFORE TAXATION

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loss before taxation has been arrived at after charging (crediting):		
Directors' remuneration	2,136	1,844
Other staff costs	4,406	4,960
Retirement benefit schemes contributions	57	73
Total staff costs	<u>6,599</u>	<u>6,877</u>
Less: Amount capitalised in exploration and evaluation assets	<u>(931)</u>	<u>(1,337)</u>
	<u>5,668</u>	<u>5,540</u>
Allowance for inventories (included in cost of sales)	—	1,109
Depreciation of property, plant and equipment	2,578	2,589
Loss (gain) on disposal of property, plant and equipment	430	(6)
Auditors' remuneration	1,372	1,280
Cost of inventories recognised as an expense	204,537	55,061
Operating lease charges on land and buildings	<u>2,609</u>	<u>3,681</u>

## 6. TAXATION

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 owned 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 entities incurred tax losses for both years.

## 7. DIVIDENDS

No dividends were paid, declared or proposed during the current and prior years. The directors have determined that no dividend will be paid in respect of the year ended 31st December, 2016.

## 8. LOSS PER SHARE

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company	<u>(28,192)</u>	<u>(220,599)</u>
	2016	2015
Number of ordinary shares for the purposes of loss per share	<u>489,168,308</u>	<u>489,168,308</u>

## 9. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade receivables	166,487	—
Other receivables	3,810	3,712
Deposits paid	110	382
Prepayments	2,522	367
	<u>172,929</u>	<u>4,461</u>

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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0 to 30 days	<u>166,487</u>	<u>—</u>

## 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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade payables	210,190	—
Other payables	13,218	13,404
Accruals	2,767	2,877
	<u>226,175</u>	<u>16,281</u>

The average credit period on purchase of goods is 40 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe. The following is an aged analysis of trade payables at the end of the reporting period:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0 to 30 days	<u>210,190</u>	<u>—</u>

## **FINAL DIVIDEND**

The directors do not recommend the payment of a final dividend for the year ended 31st December, 2016 (2015: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Market Overview**

The principal activities of the Group remained as the development of uranium resources assets and trading of natural uranium products during the year ended 31st December, 2016 (the “Year”). The overall uranium products market sentiment has been one of anxiety about the future due to uncertainty regarding lacklustre demand and a continued supply glut. As reported in the Group’s Interim Report 2016, the market prices of uranium products declined in the first half of 2016. Such market prices continued to decline further during the second half of 2016 and the trading results of the Group has been adversely affected. During the Year, the Group had expanded its trading activities through concluding business transactions with reputable customers and suppliers with a view to establish the Group’s market position as a natural uranium trader.

The application of the mining licenses of the Mongolian uranium resources project has been delayed due to the changes in the relevant Mongolian government officials during the Year. New officials have been appointed in 2016 and the Group has resumed negotiations with the officials for setting up a joint venture company with the Mongolian government for the project and finalising the application procedures for the mining licenses.

### **Business Review**

During the Year, the Group reported a revenue of approximately HK\$189,429,000 (2015: approximately HK\$57,755,000) from its operating business, an increase of approximately 228%. However, as the natural uranium market price continued to drop during 2016, a gross loss of approximately HK\$15,108,000 (2015: gross profit of approximately HK\$1,585,000) was recorded. The gross loss was resulted from the sales of the inventories which were purchased in previous year at higher prices. If the inventories were not sold during the Year, impairment loss would have been required to be provided for an amount which approximates to the gross loss of the Group during the Year.

Other income, gains and losses of approximately HK\$3,097,000 (2015: approximately HK\$4,792,000) were mainly from interest income during the Year. Such amount was approximately 35.4% lowered than that of last year due to the absence of compensation of approximately HK\$735,000 from the litigation by a subsidiary company in Mongolia and the interest of approximately HK\$2,054,000 for the loan advance to its associate, Société des Mines d’Azelik S.A. (“Somina”), recorded in last year.

The selling and distributing expenses amounted to approximately HK\$546,000 during the Year. The corresponding expenses during last year were insignificant. The administrative expenses of approximately HK\$15,635,000 (2015: approximately HK\$18,363,000) was approximately 14.9% below to that of last year, affirming the achievement of the Group’s effort on cost control.

In light of the deteriorating financial position of its associate, Somina, the Group had made full provision of approximately HK\$72,898,000 for the amount due from Somina and also shared the loss of Somina of approximately HK\$135,715,000 in 2015. As the carrying amount of interest in Somina was nil at 31st December, 2015, the Group is no longer required to share any further losses in Somina in the Year, until it becomes a positive net asset position. For further details, please refer to the Annual Report 2015 and the Interim Report 2016 of the Company.

## **Total Comprehensive Expense for the Year**

Summing up the combined effects of the foregoing, loss for the Year was substantially reduced from last year and amounted to approximately HK\$28,192,000 (2015: approximately HK\$220,599,000). After taken into account of the other comprehensive income of approximately HK\$190,000 (2015: expense of approximately HK\$112,000) of the exchange differences arising on translation to presentation currency, the total comprehensive expense for the Year amounted to approximately HK\$28,002,000 (2015: approximately HK\$220,711,000).

## **Future Strategies**

The Group has expanded its natural uranium trading business by concluding business transactions with a number of customers and suppliers. The Group will continue to monitor and research into the natural uranium trading market with a view to further expand its trading activities, whilst waiting for the recovery of the natural uranium market price to develop its uranium resources projects.

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.

For the Mongolian project, the new Mongolian government officials in charge of the Group's uranium resources project are in place. The Group will continue to negotiate with the Mongolian Government for the setting up of a joint venture company for the project. 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 Year. The Group intends to time the production to match with the recovery of the natural uranium market price.

The Group aims to expand and diversify its business by leveraging on the strengths of China National Nuclear Corporation, the ultimate holding company of the Company, in the field of nuclear energy.

## **Employees and Remuneration Policies**

As at 31st December, 2016, the Group employed approximately 15 (2015: 15) full-time employees of whom 2 (2015: 2) were based in Hong Kong, 8 (2015: 8) were based in Beijing and 5 (2015: 5) were based in Mongolia. Total staff costs incurred during the Year amounted to approximately HK\$6,599,000 (2015: approximately HK\$6,877,000).

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, 2016, the Group did not have any bank borrowings (at 31st December, 2015: Nil). The Group had net current assets amounting to approximately HK\$316,184,000 (at 31st December, 2015: approximately HK\$343,566,000) and the current liabilities amounting to approximately HK\$250,265,000 (at 31st December, 2015: approximately HK\$38,831,000) as at 31st December, 2016. During the Year, the Group continued trading in uranium products, and as at 31st December, 2016, the Group had trade receivables of approximately HK\$166,487,000 (at 31st December, 2015: Nil) and trade payables of approximately HK\$210,190,000 (at 31st December, 2015: Nil). Capital expenditures on property, plant and equipment were approximately HK\$327,000 during the Year (2015: approximately HK\$204,000). Capital expenditures on exploration and evaluation assets were approximately HK\$1,950,000 (2015: approximately HK\$2,433,000). The Group did not have any commitment to purchase additional property, plant and equipment that had been contracted for but not provided in the consolidated financial statements as at 31st December, 2016 (at 31st December, 2015: Nil).

During the Year, net cash outflow from operating activities amounted to approximately HK\$65,324,000 (2015: cash inflow approximately HK\$143,519,000). The Group's cash on hand and bank balances decreased from approximately HK\$348,778,000 as at 31st December, 2015 to approximately HK\$285,020,000 as at 31st December, 2016.

Total shareholders' funds decreased from approximately HK\$569,885,000 as at 31st December, 2015 to approximately HK\$541,883,000 as at 31st December, 2016, mainly due to the loss during the Year. Due to the substantial increase in both trade receivables and payables, the gearing ratio, in terms of total debts to total assets, increased to approximately 0.32 (at 31st December, 2015: approximately 0.06) as at 31st December, 2016.

## **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 Tugrigns and RMB. Fluctuations of the exchange rates of Mongolian Tugrigns and RMB against foreign currencies could affect the operating costs of the Group. Currencies other than Mongolian Tugrigns and RMB were relatively stable during the Year, 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, 2015.

## **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 (2015: apart from the shares in Somina, Nil).

## **PURCHASE OR REDEMPTION OF THE COMPANY'S LISTED SHARES**

During the Year, 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 financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31st December, 2016 as set out in the preliminary announcement have been agreed by the Group's auditors, 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.

## **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 Liguu and Mr. Zhang Lei and one non-executive director namely Mr. Xu Shouyi. The Group's annual report for the Year 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 Liguu (Chairman of the remuneration committee), Mr. Cheong Ying Chew Henry and Mr. Zhang Lei, one executive director namely Ms. Wang Ying 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. Du Yunbin (Chairman of the Board and the nomination committee), one executive director namely Ms. Wang Ying and three independent non-executive directors namely Mr. Cheong Ying Chew Henry, Mr. Cui Ligu and Mr. Zhang Lei.

## **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 (<http://www.hkexnews.hk>). An annual report for the year ended 31st December, 2016 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  
**Du Yunbin**  
Chairman

Hong Kong, 20th March, 2017

*As at the date of this announcement, the Board comprises chairman and non-executive director, namely Mr. Du Yunbin, executive directors, namely Ms. Wang Ying and Mr. Gao Shangxiang, non-executive director, namely, Mr. Xu Shouyi and independent non-executive directors, namely, Mr. Cheong Ying Chew Henry, Mr. Cui Ligu and Mr. Zhang Lei.*