

*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.*

*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.*



## **CNNC INTERNATIONAL LIMITED**

**中核國際有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2302)**

**DISCLOSEABLE AND CONNECTED TRANSACTION –  
ACQUISITION OF 100% INTEREST IN IDEAL MINING LIMITED  
AND  
ISSUE OF CONVERTIBLE NOTES**

**Financial Advisor to CNNC International Limited**



### **THE ACQUISITION**

On 23 January 2010, the Purchaser, a direct wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares, representing the entire issued share capital of the Target, at a consideration of not more than HK\$414,000,000, subject to adjustment (details of which are set out in the paragraph headed “Consideration” in this announcement). The Company will satisfy the Consideration by issuing to the Vendor the Convertible Notes on Completion.

As the applicable percentage ratios (as set out in the Listing Rules) are more than 5% but less than 25%, the transactions under the Sale and Purchase Agreement constitute a discloseable transaction for the Company under the Listing Rules. The Vendor, which owns the entire issued share capital of the Target, is the controlling Shareholder interested in approximately 62.07% of the issued share capital of the Company and is therefore, a connected person of the Company within the meaning of the Listing Rules. Accordingly, the entering into of the Sale and Purchase Agreement constitutes a connected transaction for the Company under the Listing Rules. As the applicable percentage ratios (as set out in the Listing Rules) exceed 2.5%, the Sale and Purchase Agreement is subject to the reporting, announcement and Independent Shareholders’ approval requirements under the Listing Rules.

## **GENERAL**

A circular containing, among other things, further information on the Acquisition and the Target Group, the valuation report from the independent valuer, the technical report from the technical advisor, the advice of the independent financial advisor, the recommendation of the independent board committee, the notice convening the EGM and a proxy form will be despatched to the Shareholders in accordance with the Listing Rules.

## **THE SALE AND PURCHASE AGREEMENT**

### **Date**

23 January 2010

### **Parties**

Purchaser: China Nuclear International Corporation, a direct wholly-owned subsidiary of the Company

Vendor: CNNC Overseas Uranium Holding Limited

The Vendor is an investment holding company incorporated in Hong Kong and a direct wholly-owned subsidiary of China Uranium Corporation Limited (中國國核海外鈾業有限公司) (“CUC”), which in turn is a wholly-owned subsidiary of China National Nuclear Corporation (中國核工業集團公司) (“CNNC”), a large-scale state-owned enterprise established in the PRC and principally engaged in the research and development of nuclear related products, nuclear electricity production, nuclear fuel and nuclear technology development and application, and the construction and operation of nuclear power plants.

The Vendor, which owns the entire issued share capital of the Target, is the controlling Shareholder interested in approximately 62.07% of the issued share capital of the Company, and is therefore a connected person of the Company within the meaning of the Listing Rules.

### **Assets to be acquired**

Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares, representing the entire issued share capital of the Target. The principal asset of the Target is a 37.2% interest in the issued share capital of the Project Company.

### **Consideration**

The Consideration is initially determined to be HK\$414,000,000, subject to downward adjustment as further disclosed below. The Company will satisfy the Consideration by issuing to the Vendor the Convertible Notes on Completion. The principal terms of the Convertible Notes are set out in the section headed “Principal terms of the Convertible Notes” in this announcement.

The Consideration was determined after arm's length negotiations between the Company and the Vendor by reference to (i) the estimated level of uranium resources of the Azelik Uranium Mine; (ii) the prevailing and projected market price of uranium resources; (iii) the stage of development of the Azelik Uranium Mine; and (iv) the preliminary valuation (the "**Preliminary Valuation**") conducted by Jones Lang LaSalle Sallmanns Limited, an independent valuer, on the Sale Shares of approximately HK\$464 million. The Directors (excluding the independent non-executive Directors whose opinion will be given after taking into account the advice of the independent financial advisor) consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Preliminary Valuation is subject to finalisation. The Company has appointed Jones Lang LaSalle Sallmanns Limited, an independent valuer, to determine the fair value of the Sale Shares. A valuation report (the "**Valuation Report**") prepared by Jones Lang LaSalle Sallmanns Limited will be included in the circular of the Company to be despatched to the Shareholders in accordance with the Listing Rules.

The Consideration will be subject to the following adjustment pursuant to the Sale and Purchase Agreement:

- (i) should the valuation on the Sale Shares contained in the Valuation Report (the "**Final Valuation**") be less than the Preliminary Valuation, the Consideration, and accordingly, the aggregate principal amount of the Convertible Notes, will be adjusted downward and determined based on the following formula:

$$\text{Adjusted Consideration} = \text{Final Valuation} \times 90\%$$

- (ii) should the Final Valuation be greater than or equal to the Preliminary Valuation, no adjustment will be made to the Consideration (and the aggregate principal amount of the Convertible Notes) and the Consideration will be HK\$414,000,000.

### **Conditions precedent**

Completion of the Acquisition is conditional upon the fulfilment or (as the case may be) waiver of the following conditions:

- (i) the Purchaser having completed and satisfied with the results of the due diligence review of the Target Group and Azelik Uranium Mine;
- (ii) the Company having issued an announcement and despatched to the Shareholders a circular in respect of the Acquisition and convened the EGM to consider and, if thought fit, approve (a) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (b) the grant of a specific mandate for the issue and allotment of the Conversion Shares in accordance with the Listing Rules;
- (iii) the Independent Shareholders having passed at the EGM the ordinary resolutions to approve (a) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (b) the grant of a specific mandate for the issue and allotment of the Conversion Shares;

- (iv) the Board having passed the resolutions to approve (a) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (b) the issue of the Convertible Notes and the issue and allotment of the Conversion Shares;
- (v) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Conversion Shares;
- (vi) the Purchaser having obtained a valuation report on the fair value of the Sale Shares prepared by an independent and qualified valuer in accordance with the international standards;
- (vii) the Purchaser having obtained a technical report on the Azelik Uranium Mine prepared by an independent and qualified technical advisor in accordance with the international standards and to the satisfaction of the Purchaser;
- (viii) the Vendor having complied with all necessary statutory and regulatory requirements in Hong Kong, the PRC, Niger and other jurisdictions (if applicable) and obtained all regulatory, government and third parties' approvals, consents and/or waivers as necessary for the implementation of the terms of the Sale and Purchase Agreement;
- (ix) the Purchaser having obtained a legal opinion to the satisfaction of the Purchaser and from a firm of lawyers qualified to practice in Niger in respect of the ownership, establishment and licence of the Project Company; and
- (x) all warranties contained in the Sale and Purchase Agreement having remained true and accurate in all material respects at Completion as if repeated at Completion and at all times between the date of the Agreement and Completion.

The Company may at its discretion at any time waive in writing, in whole or in part, conditionally or unconditionally, the condition (ix) above. In the event that any of the above conditions is not fulfilled or (as the case may be) waived on or before 30 April 2010 or such other date as the Parties may agree in writing, the Sale and Purchase Agreement and any rights and obligations of the Parties thereunder shall cease and determine save for any antecedent breaches of the terms thereof.

### **Completion**

Completion shall take place on a date which is the third Business Day after the date on which all conditions precedent are satisfied or (as the case may be) waived or such other date as the Parties may agree in writing.

Upon Completion, the Purchaser will own the entire issued share capital of the Target and the accounts of the Target will be consolidated into the accounts of the Company.

## PRINCIPAL TERMS OF THE CONVERTIBLE NOTES

Pursuant to the Sale and Purchase Agreement, the Company will issue to the Vendor the Convertible Notes, the terms of which have been negotiated between the Company and the Vendor on an arm's length basis, in full settlement of the Consideration on Completion. Principal terms of the Convertible Notes are as follows:

Issuer:	The Company
Principal amount:	Up to US\$53,281,853, subject to adjustment (details of which are set out in the paragraph headed "Consideration" in this announcement)
Form and denomination:	The Convertible Notes shall be issued in registered form in the denomination of US\$10,000,000 each, save that if the outstanding amount of the Convertible Notes to be issued is less than US\$10,000,000, the Convertible Notes may be issued in such amount.
Interest:	The Convertible Notes shall bear interest on the principal amount thereof from and including the date of issue of the Convertible Notes at a rate of 2% per annum.
Maturity date:	The third anniversary of the date of issue of the Convertible Notes
Redemption on the Maturity Date:	The Convertible Notes shall be redeemed by the Company on the Maturity Date at the principal amount outstanding on the Maturity Date.
Early redemption by the Noteholder:	On and at any time after the occurrence of an event of default (as specified in the terms of the Convertible Notes) and pursuant to a resolution sanctioned by the Noteholder, the Noteholder may by notice to the Company demand that all the Convertible Notes be redeemed by the Company immediately.
Conversion price:	HK\$9.50 per Conversion Share, subject to adjustment  The Conversion Price of HK\$9.50 represents:  (i) a premium of approximately 15.9% over the closing price of HK\$8.20 per Share as quoted on the Stock Exchange on the Last Trading Day;  (ii) a premium of approximately 13.0% over the average closing price of approximately HK\$8.410 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;  (iii) a premium of approximately 10.7% over the average closing price of approximately HK\$8.581 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;

- (iv) a premium of approximately 365.2% over the unaudited consolidated net asset value attributable to equity holders of the Company as at 30 June 2009 (as adjusted for the net proceeds from the Top-up Placing (as defined below) of HK\$427 million) per Share (based on 429,168,308 Shares in issue immediately following completion of the Top-up Placing) of approximately HK\$2.042; and
- (v) a premium of approximately 667.0% over the audited consolidated net asset value attributable to equity holders of the Company per Share (based on 379,168,308 Shares in issue as at 31 December 2008) of approximately HK\$1.239 as at 31 December 2008.

The Conversion Price is subject to adjustments upon the occurrence of (i) consolidation or subdivision; (ii) capitalisation of profits or reserves; (iii) capital distributions; (iv) offer of new Shares for subscription by way of rights, grant of options, warrants or other rights to subscribe for or purchase Shares at a price less than 95% of the market price of the Shares, on and subject to the terms of the Convertible Notes.

Conversion period: The period commencing on the date of issue of the Convertible Notes and expiring on the date which is seven Business Days preceding the Maturity Date

Conversion right: The Noteholder shall have the right to convert in an amount not less than a whole multiple of US\$10,000,000, the outstanding principal amount of the Convertible Notes into Shares at any time during the Conversion Period, provided that no such conversion right may be exercised, to the extent that following such exercise (i) a Noteholder and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in such percentage of the entire issued share capital of the Company as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer; or (ii) the Company will be in breach of the minimum public float requirement under the Listing Rules.

The number of Conversion Shares to be issued on conversion will be determined by dividing the principal amount of the Convertible Notes to be converted (translated into Hong Kong dollars at the fixed rate of HK\$7.77 to US\$1.00) by the Conversion Price, or the conversion price as adjusted according to the terms and conditions of the Convertible Notes.

Transferability: The Convertible Notes shall be assignable or transferable at any time in whole multiples of US\$10,000,000 to any third party provided that such transfer shall comply with the Listing Rules and/or requirements imposed by the Stock Exchange (if any).

**Ranking:** The payment obligations of the Company under the Convertible Notes shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Company.

The Conversion Shares issued upon conversion of the Convertible Notes shall in all respects rank pari passu with the Shares in issue on the date of such conversion.

**Voting rights:** The Convertible Notes do not confer any voting rights at any meetings of the Company.

**Listing:** The Convertible Notes will not be listed on the Stock Exchange. An application will be made to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

Upon full conversion of the Convertible Notes, 43,578,947 Conversion Shares (based on the fixed exchange rate of HK\$7.77 to US\$1.00 and assuming no adjustment is made to the Consideration) will be issued and allotted by the Company to the Noteholder. The Conversion Shares are to be issued by the Company under a specific mandate to be sought from the Independent Shareholders at the EGM. Application will be made to the Stock Exchange for the listing of and permission to deal in the Conversion Shares.

The Directors (excluding the independent non-executive Directors whose opinion will be given after taking into account the advice of the independent financial advisor) consider that the terms of the Convertible Notes, including the Conversion Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE TARGET GROUP**

### **The Target**

The Target is an investment holding company incorporated in the British Virgin Islands on 16 June 2009 with limited liability and a wholly-owned subsidiary of the Vendor. The principal asset of the Target is a 37.2% interest in the issued share capital of the Project Company. CUC was one of the founding shareholders of the Project Company and contributed RMB3,067,900 as its share of capital contribution for the said 37.2% interest. On 20 December 2007, CUC transferred its entire holding of the 37.2% interest in the Project Company to the Vendor, its direct wholly-owned subsidiary, at nil consideration (the “**First Transfer**”). On 20 August 2009, the 37.2% interest in the Project Company then held by the Vendor was again transferred to the Target (being a direct wholly-owned subsidiary of the Vendor) at nil consideration. The 37.2% interest in the Project Company has been accounted for as “investment in associate” in the management accounts of the Target with a book value of HK\$3,276,000, which represents the original cost of investment by CUC of RMB3,067,900, translated into Hong Kong dollars at the prevailing rate at the time of the First Transfer.

Based on the management account of the Target, as at 30 September 2009, the Target did not have any liabilities and the unaudited consolidated total assets and net asset value of the Target were approximately HK\$3,276,000. As the Project Company, being the principal asset of the Target, has not commenced commercial production as at the date of this announcement, no profit or loss has been recorded by the Target.

### **The Project Company**

The Project Company is a company incorporated in Niger on 5 June 2007 with limited liability and is owned as to 37.2% by the Target and the remaining 62.8% by third parties independent of the Company and its connected persons. The Project Company is principally engaged in the exploration, development and mining of uranium properties and is the registered holder of the mining license for the Azelik Uranium Mine granted by the government of Niger on 8 November 2007 for a period of 20 years covering a mining area of 220 square kilometers.

Based on the management account of the Project Company, as at 30 September 2009, the unaudited consolidated total assets and total liabilities of the Project Company were approximately RMB1,427,837,000 (equivalent to approximately HK\$1,627,734,000) and RMB1,420,384,000 (equivalent to approximately HK\$1,619,238,000) respectively. The unaudited consolidated net asset value of the Project Company was approximately RMB7,453,000 (equivalent to approximately HK\$8,496,000) as at 30 September 2009. As the Project Company has not commenced commercial production as at the date of this announcement, no profit or loss has been recorded by the Project Company.

### ***The Azelik Uranium Mine***

The Azelik Uranium Mine is located in the Agadez region of the Tchirozérine department of Niger. Based on the information provided by the Vendor, the Azelik Uranium Mine comprises three uranium deposits namely the IR deposit, G deposit and T deposit and has an estimated mine life of 17 years. Production is expected to commence in the second half of 2010 with an estimated annual production capacity of around 700 tonnes upon full operation. Utilizing a cut-off grade of 0.05%, it is estimated that the Azelik Uranium Mine contains resources of around 11,227 tonnes of uranium. A technical report on the Azelik Uranium Mine prepared by an independent technical adviser appointed by the Company will be included in a circular of the Company to be despatched to the Shareholders in accordance with the Listing Rules.

## *The Long-term Sales Contract*

On 24 August 2009, the Project Company, as seller, and China Nuclear Energy Industry Corporation (中國原子能工業有限公司) (“CNEIC”), a wholly-owned subsidiary of CNNC, as purchaser, entered into the Long-term Sales Contract pursuant to which the Project Company has agreed to sell and CNEIC has agreed to purchase all uranium ore concentrates produced by the Project Company for a term ending on 31 December 2022. Pursuant to the Long-term Sales Contract, the Contract Price shall be determined based on the following formula:

$$C = 2.5998 \times Q \times P$$

where:

- C : Contract Price;
- Q : quantity of uranium ore concentrates delivered (kilograms of uranium);
- $P_T$  : arithmetic average of the long-term  $U_3O_8$  price and spot  $U_3O_8$  price published by Tradetech, Inc. over three consecutive months prior to the month in which Delivery takes place;
- $P_U$  : arithmetic average of the long-term  $U_3O_8$  price and spot  $U_3O_8$  price published by The Ux Consulting Company, LLC over three consecutive months prior to the month in which Delivery takes place;
- P : price for one pound of  $U_3O_8$  delivered, where  $(P_T + P_U)/2$  is between the Floor Price and the Ceiling Price, P shall equal  $(P_T + P_U)/2$ ; where  $(P_T + P_U)/2$  is lower than the Floor Price, P shall equal the Floor Price; where  $(P_T + P_U)/2$  is higher than the Ceiling Price, P shall equal the Ceiling Price.

Pursuant to the Long-term Sales Contract, the actual price payable by CNEIC to the Project Company for each Delivery will be adjusted to take account of the relevant conversion loss and charges, transportation costs and other services as may be provided.

## **SOURCE OF FUNDING OF THE COMPANY FOR THE ACQUISITION**

The Consideration will be satisfied by the Company by the issue of the Convertible Notes to the Vendor on Completion.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The principal activities of the Group are production and trading of metal die-casting products. As disclosed in the announcement of the Company dated 23 June 2008, following completion of the unconditional mandatory cash offer to acquire all the Shares in the Company by the Vendor, the Vendor might look into investment or business opportunities, particularly those relating to uranium leveraging on the background of its shareholders, to diversify the Group's business for the purpose of broadening its income sources.

On 14 April 2009, the Company issued an announcement in respect of the offer by the Company to acquire all of the issued and outstanding shares and the subscription by the Company of 5,371,350 shares in Western Prospector Group Ltd., a company then listed on the Toronto Stock Exchange Venture Exchange with interests in various mineral properties including the Saddle Hills uranium project located in Mongolia. Taking into account the number of new nuclear reactors being planned and under construction globally, the Directors are of the view that the demand for uranium will be strong and the outlook for the uranium market is promising. While the Group will, on the one hand, continue its existing business in production and trading of metal die-casting products, it will, at the same time, explore new business and/or investment opportunities in uranium projects globally. The Acquisition aligns with the Group's strategy in entering into the uranium mining business and the development of its uranium resources-related business. After taking into account the future prospects and growth potential of the uranium mining industry, the Directors are of the view that the Acquisition will help strengthen and broaden the Group's income source.

The Directors (excluding the independent non-executive Directors whose opinion will be given after taking into account the advice of the independent financial advisor) consider that the terms of the Sale and Purchase Agreement and the Convertible Notes are on normal commercial terms and are fair and reasonable and the entering into of the Sale and Purchase Agreement and the issue of the Convertible Notes are in the interests of the Company and the Shareholders as a whole.

## EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following chart sets out the shareholding structure of the Company, (i) as at the date of this announcement; (ii) immediately upon Completion assuming the Convertible Notes are converted in full into Shares; (iii) immediately upon Completion assuming the Convertible Notes and the 2008 Convertible Notes are converted in full into Shares, without taking into account any possible adjustment to the Consideration and assuming there being no other changes to the shareholding structure from the date of this announcement:

	As at the date of the announcement		Immediately upon Completion assuming the Convertible Notes are converted in full into Shares		Immediately upon Completion assuming the Convertible Notes and the 2008 Convertible Note are converted in full into Shares	
	<i>Number of Shares</i>	<i>Approximate shareholding percentage (%)</i>	<i>Number of Shares</i>	<i>Approximate shareholding percentage (%)</i>	<i>Number of Shares</i>	<i>Approximate shareholding percentage (%)</i>
The Vendor	266,372,273	62.07	309,951,220	65.56	369,951,220	69.44
Public Shareholders	162,796,035	37.93	162,796,035	34.44	162,796,035	30.56
Total number of issued Shares	<u>429,168,308</u>	<u>100.00</u>	<u>472,747,255</u>	<u>100.00</u>	<u>532,747,255</u>	<u>100.00</u>

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

On 8 July 2009, the Company announced the placing of 50,000,000 existing Shares and the subscription of 50,000,000 new Shares by the Vendor at a price of HK\$8.78 per Share (collectively, the “Top-up Placing”). The placing of existing Shares and the subscription of new Shares were completed on 9 July 2009 and 20 July 2009 respectively. The Company raised net proceeds of approximately HK\$427 million in the Top-up Placing which were intended to be applied to the Group’s future business development and general working capital of the Group. The net proceeds from the Top-up Placing have not yet been utilized by the Company as at the date of this announcement. The Company will utilize the net proceeds in accordance with the plans as described above in the future.

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

## LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as set out in the Listing Rules) are more than 5% but less than 25%, the transactions under the Sale and Purchase Agreement constitute a discloseable transaction for the Company under the Listing Rules. The Vendor, which owns the entire issued share capital of the Target, is the controlling Shareholder interested in approximately 62.07% of the issued share capital of the Company and is therefore, a connected person of the Company within the meaning of the Listing Rules. Accordingly, the entering into of the Sale and Purchase Agreement constitutes a connected transaction for the Company under the Listing Rules. As the applicable percentage ratios (as set out in the Listing Rules) exceed 2.5%, the Sale and Purchase Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

A circular containing, among other things, further information on the Acquisition and the Target Group, the Valuation Report, the technical report from the technical advisor, the advice of the independent financial advisor, the recommendation of the independent board committee, the notice convening the EGM and a proxy form will be despatched to the Shareholders in accordance with the Listing Rules.

Application will be made to the Stock Exchange for the listing of and permission to deal in the Conversion Shares.

**This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.**

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“2008 Convertible Note”	the unsecured, three-year maturity 2% annual coupon convertible note with a principal amount of HK\$106,200,000 issued by the Company to the Vendor on 5 November 2008 (details of which are set out in the announcements of the Company dated 23 June 2008 and 5 November 2008 respectively)
“Acquisition”	the proposed acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Azelik Uranium Mine”	an uranium mine located in the Agadez region of the Tchirozérine department of Niger (details of which are set out in the sub-paragraph headed “The Azelik Uranium Mine” in this announcement)
“Board”	the board of Directors

“Business Day”	a day, other than a Saturday and a Sunday, on which licensed banks in Hong Kong are open for business throughout their normal trading hours
“Ceiling Price”	US\$100 per pound of U <sub>3</sub> O <sub>8</sub>
“Company”	CNNC International Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition pursuant to the Sale and Purchase Agreement
“Consideration”	consideration for the Sale Shares of not more than HK\$414,000,000 payable by the Company to the Vendor pursuant to the Sale and Purchase Agreement, subject to adjustment (details of which are set out in the paragraph headed “Consideration” in this announcement)
“Contract Price”	price for the uranium ore concentrates of each Delivery calculated in accordance with the terms of the Long-term Sales Contract (details of which are set out in the sub-paragraph headed “The Long-term Sales Contract” in this announcement)
“Conversion Period”	The period commencing on the date of issue of the Convertible Notes and expiring on the date which is seven Business Days preceding the Maturity Date
“Conversion Price”	HK\$9.50 per Conversion Share, subject to adjustment (details of which are set out in the section headed “Principal terms of the Convertible Notes” in this announcement)
“Conversion Shares”	Shares to be allotted and issued upon exercise by the Noteholder(s) the conversion right attached to the Convertible Notes
“Convertible Notes”	three-year maturity 2% annual coupon convertible notes with an aggregate principal amount of up to US\$53,281,853 to be issued by the Company to the Vendor on Completion to satisfy the Consideration
“Delivery”	delivery of uranium ore concentrates by the Project Company to CNEIC in accordance with the terms of the Long-term Sales Contract

“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting to be convened and held by the Company to consider and, if thought fit, to approve (a) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (b) the grant of a specific mandate for the issue and allotment of the Conversion Shares
“Floor Price”	US\$60 per pound of U <sub>3</sub> O <sub>8</sub>
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholder(s)”	Shareholder(s) other than the Vendor and its associates
“Last Trading Day”	22 January 2010, being the last trading day of the Shares before the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long-term Sales Contract”	the long-term sales contract entered into between the Project Company and CNEIC on 24 August 2009 for the purchase of uranium ore concentrates by CNEIC from the Project Company
“Maturity Date”	the third anniversary of the date of issue of the Convertible Notes
“Niger”	the Republic of Niger
“Noteholder(s)”	holder(s) of the Convertible Notes
“Parties”	parties to the Sale and Purchase Agreement
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Project Company”	Société des Mines d’Azelik S.A, a company incorporated in Niger with limited liability and owned as to 37.2% by the Target as at the date of this announcement

“Purchaser”	China Nuclear International Corporation, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 23 January 2010 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Sale Shares”	50,000 issued ordinary shares of US\$1.00 each in the issued share capital of the Target, representing the entire issued share capital of the Target
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Ideal Mining Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Vendor
“Target Group”	the Target and the Project Company
“US\$”	US dollars, the lawful currency of the United States of America
“Vendor”	CNNC Overseas Uranium Holding Limited, a company incorporated in Hong Kong and the controlling shareholder of the Company interested in approximately 62.07% of the issued share capital of the Company as at the date of this announcement
“%”	per cent.

For reference purposes only and unless otherwise specified, RMB has been converted to HK\$ at the rate of RMB1.00 = HK\$1.14 and US\$ has been converted to HK\$ at the rate of US\$1.00 = HK\$7.77 in this announcement. No representation is made that any amount in RMB or US\$ has been, could have been or could be converted at the above rate or at any other rates or at all.

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

Hong Kong, 23 January 2010

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

*\* For identification purpose only*