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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, 2020**

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, 2020 (the “Period”), together with comparative figures for the corresponding period of 2019, as follows:

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

For the six months ended 30th June, 2020

		Six months ended 30th June,	
	<i>NOTES</i>	2020	2019
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	3	1,224,963	1,187,537
Cost of sales		(1,211,713)	(1,172,465)
Gross profit		13,250	15,072
Other income and gains		1,245	869
Net exchange (losses) gains		(1,505)	238
Selling and distribution expenses		(2,124)	(1,141)
Administrative expenses		(9,121)	(8,144)
Share of result of an associate		9,130	—
Finance costs		(11,234)	(4,574)
(Loss) profit before taxation		(359)	2,320
Income tax expense	4	(3,399)	(37)
(Loss) profit for the period attributable to owners of the Company	5	(3,758)	2,283
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation to presentation currency		(1,247)	820
Fair value gain on an equity investment at fair value through other comprehensive income (“FVTOCI”)		—	16,846
<i>Item that maybe reclassified subsequently to profit or loss:</i>			
Share of exchange differences of an associate		(11,158)	—
Other comprehensive (expense) income for the period		(12,405)	17,666
Total comprehensive (expense) income for the period, attributable to owners of the Company		(16,163)	19,949
Basic and diluted (loss) earnings per share	7	HK(0.77) cent	HK0.47 cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2020

		30th June, 2020	31st December, 2019
	<i>NOTES</i>	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment		11,948	12,605
Exploration and evaluation assets		—	—
Right-of-use asset		389	556
Interests in associates		394,152	422,069
		406,489	435,230
Current assets			
Inventories		145,954	340,858
Trade and other receivables and prepayments	8	169,312	251,509
Restricted cash		20,554	19,004
Bank balances and cash		67,991	100,543
		403,811	711,914
Current liabilities			
Trade, bills and other payables and accruals	9	74,325	241,622
Contract liabilities		12,381	25,617
Bank borrowings		133,024	538,774
Lease liability		338	331
Amount due to an intermediate holding company		1,891	1,901
Amount due to ultimate holding company		1,977	1,977
Amount due to a fellow subsidiary		140	140
Income tax payable		1,308	1,632
		225,384	811,994
Net current assets (liabilities)		178,427	(100,080)
Total assets less current liabilities		584,916	335,150

	30th June, 2020	31st December, 2019
<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Non-current liability		
Bank borrowings	266,099	—
Lease liability	58	228
	<u>266,157</u>	<u>228</u>
Net assets	<u>318,759</u>	<u>334,922</u>
Capital and reserves		
Share capital	4,892	4,892
Reserves	313,867	330,030
	<u>318,759</u>	<u>334,922</u>
Equity attributable to owners of the Company	<u>318,759</u>	<u>334,922</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2020

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.

The functional currency of the Company is United States dollars (“US\$”). The condensed consolidated interim financial statements are presented in Hong Kong dollars (“HK\$”) for the convenience of the shareholders, as the Company is listed in Hong Kong. All values are rounded to the nearest thousand (“HK\$’000”) unless otherwise indicated.

These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2019 annual financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”) and should be read in conjunction with the 2019 consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values. The condensed consolidated interim financial statements are unaudited but has been reviewed by the Company’s audit committee.

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, 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2019.

Application of new and amendments to Hong Kong Financial Reporting Standards

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1st January, 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 7, HKFRS 9 and HKAS 39	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Conceptual Framework for Financial Reporting (Revised)	

The new and amendments to HKFRSs that are effective from 1st January, 2020 did not have any significant impact on the Group’s accounting policies.

3. REVENUE AND SEGMENT INFORMATION

Information reported to the Group's executive director, being the chief operating decision maker, for the purposes of resources allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group currently organises its operations into three operating divisions, which also represent the operating segments of the Group for financial reporting purposes, namely trading of mineral property, exploration and selling of mineral properties and supply chain. They represent three 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 selling of mineral properties — exploration and selling of uranium
- Supply chain — trading of electronics and other products, dispersed metal and provision of supply chain services

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

	Six months ended 30th June, 2020			
	Trading of mineral property HK\$'000 (unaudited)	Exploration and selling of mineral properties HK\$'000 (unaudited)	Supply chain HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
Segment revenue	<u>380,890</u>	—	<u>844,073</u>	<u>1,224,963</u>
Segment profit (loss)	<u>1,290</u>	<u>(3,872)</u>	<u>3,886</u>	1,304
Unallocated other income and gains				145
Unallocated corporate costs				(2,711)
Share of result of an associate				9,130
Unallocated finance costs				<u>(8,227)</u>
Loss before taxation				<u>(359)</u>

Six months ended 30th June, 2019

	Trading of mineral property <i>HK\$'000</i> (unaudited)	Exploration and selling of mineral properties <i>HK\$'000</i> (unaudited)	Supply chain <i>HK\$'000</i> (unaudited)	Consolidated <i>HK\$'000</i> (unaudited)
Segment revenue	<u>175,977</u>	<u>—</u>	<u>1,011,560</u>	<u>1,187,537</u>
Segment profit (loss)	<u>3,093</u>	<u>(2,860)</u>	<u>8,085</u>	8,318
Unallocated other income and gains				1,107
Unallocated corporate costs				(2,531)
Unallocated finance costs				<u>(4,574)</u>
Profit before taxation				<u>2,320</u>

Segment profit (loss) represents the profit earned or loss incurred by each segment without allocation of unallocated other income and gains, unallocated corporate costs, share of result of an associate and unallocated finance costs.

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

	30th June, 2020	31st December, 2019
	HK\$'000	HK\$'000
	(unaudited)	(audited)
ASSETS		
Segment assets		
— Trading of mineral property	181,201	324,479
— Exploration and selling of mineral properties	17,254	15,368
— Supply chain	216,408	378,979
	414,863	718,826
Interests in associates	394,152	422,069
Unallocated corporate assets	1,285	6,249
Consolidated assets	810,300	1,147,144
LIABILITIES		
Segment liabilities		
— Trading of mineral property	77,246	337,588
— Exploration and selling of mineral properties	20,220	16,753
— Supply chain	108,146	167,202
	205,612	521,543
Unallocated corporate liabilities	285,929	290,679
Consolidated liabilities	491,541	812,222

For the purposes of monitoring segment performance and allocating resources:

- Segment assets include property, plant and equipment, exploration and evaluation assets, inventories, trade and other receivables and prepayments, restricted cash and bank balances and cash which are directly attributable to the relevant reportable segment.
- Segment liabilities include trade, bills and other payables and accruals, contract liabilities, and amounts due to an intermediate holding company, ultimate holding company and a fellow subsidiary and bank borrowings which are directly attributable to the relevant reportable segment.

4. INCOME TAX EXPENSE

Hong Kong Profits Tax

On 21st March, 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28th March, 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities that are not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong profits tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

PRC Enterprise Income Tax (“EIT”)

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of a PRC subsidiary is 25%. In 2020, a PRC subsidiary of the Company was qualified as enterprise operating in encouraged industries in Shenzhen and was subject to an Enterprise Income Tax rate of 15%.

PRC Withholding Tax

The PRC withholding tax at a rate of 10% is levied on one of the Company’s subsidiaries in Hong Kong in respect of dividend distributions arising from profits of a PRC associate.

	Six months ended 30th June,	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
The income tax expenses comprises:		
Hong Kong profits tax	414	—
PRC EIT	429	37
Over provision in prior periods	(33)	—
PRC withholding tax	2,589	—
	<u>3,399</u>	<u>37</u>

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The Group allows a credit period of up to 30 to 60 days to its trade customers. The following is an ageing analysis of trade receivables based on the invoice date, which approximated the revenue recognition date at the end of the reporting period:

	30th June, 2020	31st December, 2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Trade receivables — aged 0 to 30 days	123,316	231,322
Trade receivables — aged 31 to 60 days	17,401	16,521
	140,717	247,843
Other receivables	367	3,377
Deposits paid	34	89
Prepayments	2,305	200
Amount due from an associate (note)	25,889	—
	169,312	251,509

Note: The amount is unsecured, interest-free and repayable on demand.

9. TRADE, BILLS AND OTHER PAYABLES AND ACCRUALS

As at 30th June, 2020, approximately HK\$49,266,000 of trade and bills payable are included in trade, bills and other payables and accruals (31st December, 2019: approximately HK\$219,342,000). The age of trade payable was within 30 days at the end of the reporting period.

The Group's other payables included an amount due to a joint operator of the joint operation of approximately HK\$18,214,000 (31st December, 2019: approximately HK\$14,703,000). The amount is unsecured, interest-free and repayable on demand.

MANAGEMENT DISCUSSION & ANALYSIS

Results

For the six months ended 30th June, 2020 (the “Period”), the Group has recorded a slight increase in revenue of approximately 3%, mainly from trading of natural uranium business, to approximately HK\$1,224,963,000 (2019 Period: approximately HK\$1,187,537,000) over the corresponding period last year (“2019 Period”). During the Period, a net loss of approximately HK\$3,758,000 (2019 Period: profit of approximately HK\$2,283,000) was recorded. Despite the Group has recorded a slight increase in revenue and the share of result of an associate of approximately HK\$9,130,000 (which covers the finance costs for the associated investment) (2019 Period: nil) for the Period, a net loss for the Period was recorded, due to, as compared to the 2019 Period, (i) a decrease of approximately HK\$1,822,000 in gross profit from the business of trading of uranium and electronics and other products; and (ii) an increase of expenses as detailed below in the sub-section headed “Operations”.

Market and Business Overview

During the Period, the Group has continued its business of trading of mineral properties and the provision of supply chain management services, including the trading of electronics, dispersed metals and other products. Despite the uncertainty resulted from the COVID-19 pandemic outbreak (the “Pandemic”), the Group is able to record a slight increase in turnover.

During the Period, the Group continued to communicate and negotiate with the Mongolian Government to set up a joint venture company for the application of the mining licenses of the Group’s Mongolian Mining Project. As mentioned in the announcements dated 9th January, 3rd February, 17th March, 28th April, 4th and 22nd May, 5th June, and 6th July, 2020, the Company has received the written judgment of the Appellate Court regarding the hearing on 4th June, 2020 (the “Written Judgment”). According to the Group’s Mongolian legal adviser, the Appellate Court did not consider the new evidence as it was not previously presented to Capital City Administrative Court of First-Instance of Mongolia (the “Court”). The Written Judgment concluded the decision of the Court was right. In light of the new evidence, the Appellate Court stated that the Group had the rights to make the application with the new evidence to the Court again. After receiving further advice of the Group’s Mongolian legal adviser, the Group had made the application to the Court again on 26th August, 2020.

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

Operations

During the Period, the Group recorded a “Revenue” and “Cost of sales” of approximately HK\$1,224,963,000 (2019 Period: approximately HK\$1,187,537,000) and approximately HK\$1,211,713,000 (2019 Period: approximately HK\$1,172,465,000) respectively, an increase of approximately 3% in both “Revenue” and “Cost of sales”, which resulted in a “Gross profit” of approximately HK\$13,250,000 (2019 Period: approximately HK\$15,072,000), a decrease of approximately 12% over the corresponding period last year. The increase in revenue is due to the increase in revenue generated from the business of trading of mineral properties. However the gross profit of trading of mineral properties for the Period decreased as compared to the 2019 Period.

During the Period, “Other income and gains” of approximately HK\$1,245,000 (2019 Period: approximately HK\$869,000) were mainly earned from interest income, an increase of approximately HK\$376,000 over the 2019 Period.

“Net exchange losses” of approximately HK\$1,505,000 (2019 Period: gains of approximately HK\$238,000) were mainly from the depreciation of assets denominated in the US\$ during the Period.

Although the Revenue has increased slightly during the Period, the “Selling and distributing expenses” has been increased by approximately 86% to approximately HK\$2,124,000 (2019 Period: approximately HK\$1,141,000) due to the increase in transportation costs. In addition, the “Administrative expenses” which amounted to approximately HK\$9,121,000 (2019 Period: approximately HK\$8,144,000) has increased by approximately 12%.

The Group recorded “share of result of an associate” of approximately HK\$9,130,000 (2019 Period: nil). The share of result of associate was generated from the Group’s 18.45% share of the registered capital in CNNC Financial Leasing Company Limited (“CNNC Leasing”) since CNNC leasing became the Group’s associate on 11th September, 2019.

During the Period, the Group incurred “Finance costs” of approximately HK\$11,234,000 (2019 Period: approximately HK\$4,574,000) mainly due to interests incurred for the investment in an associate and trading facilities.

During the Period, “Income tax expense” of approximately HK\$3,399,000 was provided (2019 Period: approximately HK\$37,000). The increase was mainly due to the provision of PRC withholding tax of approximately HK\$2,589,000 (2019 Period: nil).

Total comprehensive income for the Period

Summing up the combined effects of the foregoing and income tax expense, loss for the Period was approximately HK\$3,758,000 (2019 Period: profit of approximately HK\$2,283,000). After taking into account of the other comprehensive expense of approximately HK\$12,405,000 (2019 Period: income of approximately HK\$17,666,000)

relating to exchange differences arising from translation to presentation currency and the share of exchange difference of an associate, the total comprehensive expense for the Period was approximately HK\$16,163,000 (2019 Period: income of approximately HK\$19,949,000).

Future Strategies and Prospects

Due to the Pandemic in the PRC and across the globe, which results in, among other things, weakening demand, deteriorating credits, slowdown of the economy and various limitations, such as movement of people and goods and work resumptions, the customers, end-users and suppliers of the Group's supply chain management business, who are mostly based in the PRC, have been affected. As stated in the business update announcement of the Company dated 6th July, 2020, considering the financial benefits from the supply chain management business are decreasing, whilst the financial risks are increasing, and the adverse impacts of the Pandemic are expected to continue in the near future, the Group would gradually reduce the scale of its supply chain management business, and focus more in the uranium products trading business, in which the Group has established competitive advantages, and to actively seek high-quality uranium resources projects to complement the development of its parent group.

The associate of the Group (Société des Mines d'Azelik S.A. ("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.

The Group will continue to negotiate with the Mongolian Government for the setting up of a joint venture company for the project. The Group will endeavour to expedite the process although 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 Period.

For the Mongolian Mining Project, the Group filed the lawsuit in January 2020. For further details, please refer to the sub-section headed "Market and Business Overview" above. The management remains optimistic that the lawsuit could eventually be resolved satisfactorily. The management will work closely with the Group's Mongolian legal adviser and had made the application to the Court again on 26th August, 2020. The Group would continue to closely monitor the progress of the case and will make further announcement(s) as and when appropriate to inform its shareholders and potential investors if there is any significant development in respect of the case.

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 and a market leader in the nuclear energy market in the PRC, in the field of nuclear energy, to develop project with reasonable returns and continues to explore other possible investment opportunities.

Human Resources Management

As at 30th June, 2020, the Group employed 23 full-time 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\$31,337,000 (2019 Period: approximately HK\$118,598,000) during the Period, which was mainly due to the repayment of bank borrowings. The Group's financial position remained healthy.

The working capital of the Group was generally financed by bank borrowings and bank balance and cash. The Group's cash on hand and bank balances after repayment of bank borrowings decreased from approximately HK\$100,543,000 as at 31st December, 2019 to approximately HK\$67,991,000 as at 30th June, 2020. The Group also has restricted cash of approximately HK\$20,554,000 (at 31st December, 2019: approximately HK\$19,004,000) as at 30th June, 2020 which was pledged to various banks for bank facilities and bills payables.

As stated in the 2019 Annual Report, the Group had not complied with certain financial covenant as stipulated in the bank loan agreement of the Group's bank borrowings of approximately HK\$285,013,000 outstanding as at 31st December, 2019, which required the Group to meet certain ratio of consolidated total liabilities to consolidated total assets at all times, after recognition of the impairment loss of exploration and evaluation assets in the consolidated financial statements as at 31st December, 2019. Accordingly, such bank borrowings were repayable on demand. Subsequently, the Group has applied for a waiver from the bank for such non-compliance. The waiver, which included a short term adjustment on certain ratio, for the non-compliance of the covenant as stated in the bank loan agreement has been granted by the bank. Therefore, as at 30th June, 2020, the Group reclassified bank borrowings of an amount of approximately HK\$266,099,000 as non-current liability (31st December, 2019: nil). The Group had net current assets amounting to approximately HK\$178,427,000 (at 31st December, 2019: net current liabilities approximately HK\$100,080,000) and the current liabilities amounting to approximately HK\$225,384,000 (at 31st December, 2019: approximately HK\$811,994,000) as at 30th June, 2020.

Total shareholders' funds decreased from approximately HK\$334,922,000 as at 31st December, 2019 to approximately HK\$318,759,000 as at 30th June, 2020, mainly due to the total comprehensive expense during the Period. The gearing ratio, in terms of total debts to total assets, decreased to 0.61 (at 31st December, 2019: 0.71) as at 30th June, 2020 due to the decrease in bank borrowings.

Acquisitions and Disposals of Subsidiaries and Associated Companies

The Group had no material acquisitions or disposals of subsidiaries and associated companies during the Period.

Exposure to Foreign Exchange Risk

The Group's income, cost of sales, administrative expenses, finance costs, investment and borrowings are mainly denominated in USD, HKD, Mongolian Tugrik and RMB. Fluctuations of the exchange rates of Mongolian Tugrik and RMB could affect the operating costs of the Group. Currencies other than Mongolian Tugrik and RMB were relatively stable during the Period. 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 minimise 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, 2019.

Charge on Assets

The 37.2% of the share capital in Somina held by a wholly owned subsidiary of the Company, Ideal Mining Limited, was pledged to a bank for banking facilities granted to Somina. As security for banking facilities granted to the Group for its approximately 18.45% investment in CNNC Leasing ("Investment Interest"), the following was charged on the Group: (i) the Investment Interest; (ii) the 100% share capital in CNNC International (HK) Limited ("CNNC (HK)") (a wholly owned subsidiary of the Company and the holder of the Investment Interest); (iii) the dividend payment of CNNC Leasing; and (iv) certain bank account(s) of CNNC (HK). As security for banking facilities granted to the Group for its trading operation, certain bank accounts of China Nuclear International Corporation and CNNC International Holdings (Shenzhen) Limited, both are wholly owned subsidiaries of the Company, was charged. Apart from the above, there was no charge on the Group's assets during the Period and the corresponding period last year.

Interim Dividend

The Board of Directors does not recommend the payment of an interim dividend for the Period (2019 Period: 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, except that when Mr. Cheong Ying Chew Henry resigned as an Independent Non-executor Director on 31st December, 2019, (i) the Company had only two Independent Non-executive Directors, which fell below the minimum number required under Rule 3.10(1) of the Listing Rules, and did not have an Independent Non-executive Director with the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules (“Appropriate Expertise”); (ii) the Audit Committee did not have an Independent Non-executive Director with Appropriate Expertise nor have a Chairman as required under Rule 3.21 of the Listing Rules; and (iii) each of the Remuneration Committee and the Nomination Committee comprised an Executive Director, a Non-executive director and two Independent Non-executive Directors, which failed to meet the requirements under Rule 3.25 and Code Provision A.5.1 of the CG Code, which respectively require the Remuneration Committee and the Nomination Committee comprising a majority of Independent Non-executive Directors. Following the appointment of Mr. Chan Yee Hoi as an Independent Non-executor Director and Chairman or member of committees of the Company on 9th March, 2020, the Company has complied with the requirements under Rules 3.10(1), 3.10(2), 3.21 and 3.25 of the Listing Rules and Code Provision A.5.1 of the CG Code.

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. Chan Yee Hoi, Mr. Cui Liguang and Mr. Zhang Lei, and one Non-executive director namely Mr. Wu Ge. Mr. Chan Yee Hoi is the Chairman of the Audit Committee. The Group’s interim results for the Period and the accounting principles and practices adopted by the Group 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 Directors of the Company. The Remuneration Committee comprises three Independent Non-executive Directors namely Mr. Cui Ligu, Mr. Zhang Lei and Mr. Chan Yee Hoi, one Executive Director namely Mr. Zhang Yi and one Non-executive Director namely Mr. Wu Ge. Mr. Cui Ligu 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. Cui Ligu, Mr. Zhang Lei and Mr. Chan Yee Hoi, one Executive Director namely Mr. Zhang Yi and one Non-executive Director namely Mr. Zhong Jie. Mr. Zhong Jie 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, 2020 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
Zhong Jie

Hong Kong, 31st August, 2020

As of the date of this announcement, the Board comprises Non-executive Director and Chairman, namely, Mr. Zhong Jie, Executive Director and Chief Executive Officer, namely, Mr. Zhang Yi, Non-executive Director, namely, Mr. Wu Ge and Independent Non-executive Directors, namely, Mr. Cui Ligu, Mr. Zhang Lei and Mr. Chan Yee Hoi.