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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)

PROFIT WARNING

This announcement is made by CNNC International Limited (the “Company”, together with its subsidiaries shall be referred to as the “Group”) pursuant to Rule 13.09 (2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Reference is also made to the announcement of the Company dated 8th January, 2021 regarding inventory impairment (the “January Announcement”).

The board of directors (the “Board”) of the Company wishes to inform the shareholders of the Company (“Shareholders”) and potential investors that, based on a preliminary review on the unaudited consolidated management accounts for the year ended 31st December, 2020 (the “2020 Year”) of the Group and information presently available to the Board, the Group is expected to record a significant decrease in revenue and gross profit for the 2020 Year of not less than HK\$1,500 million and HK\$8 million respectively, mainly from the supply chain management business, and a reduction of net loss attributable to Shareholders for the 2020 Year to no less than HK\$50 million (2019 Year: net loss of approximately HK\$219 million).

The significant decrease in revenue and gross profit are mainly due to a significant decrease in the turnover generated from the supply chain management business in the second half of the 2020 Year, due to the COVID-19 pandemic outbreak across the globe, which results in, among other things, weakening demand, deteriorating credits, slowdown of the economy and various

other limitations, and the Group's strategies to gradually reduce the scale of its supply chain management business as set out in the 2020 Interim Report of the Company.

The reduction of net loss is mainly due to (i) an expected impairment loss of inventory of approximately HK\$52 million (Amount of inventory impairment in the 2019 Year: Nil), as compared to the impairment loss for the Group's Mongolian Mining Project of approximately HK\$210 million in the 2019 Year; and (ii) the share of profit from an associate of approximately HK\$14 million in the 2020 Year (which covers most of the finance costs for the associated investment), as compared to the share of loss from the associate of approximately HK\$2 million in the 2019 Year. Referring to the January Announcement, further testing of the remaining inventory, mainly comprising electronics components, indicated that such inventory might only carry insignificant net realisable value, due to defects. The final impairment amount is subject to the net realisable value measured by independent valuer or the management of the Company, and audit by the auditors of the Group. The Group had initiated claims against the relevant suppliers.

The above information is only a preliminary assessment by the management of the Company based on the information currently available to the Group, and is not based on any figures or information which has been audited or reviewed by the auditors. Shareholders and potential investors should refer to the announcement of the annual results of the Group for the 2020 Year which is expected to be released before the end of March 2021, and the subsequent publication of the Group's Annual Report 2020.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 15th March, 2021

As at the date of this announcement, the Board comprises the Chairman and Non-executive Director, namely, Mr. Zhong Jie, the Chief Executive Officer and Executive Director, 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.