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, 2024

The Board (the "Board") of Directors (the "Director(s)") 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, 2024 (the "Period"), together with comparative figures for the corresponding period of 2023 (the "2023 Period"), as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30th June, 2024

	NOTES	Six months ended 30th June, 2024 HK$'000 (unaudited)	2023 HK$'000 (unaudited)
Revenue	3	**6,400**	76,144
Cost of sales		**—**	(75,471)
Gross profit		**6,400**	673
Other income and gains, net		**4,258**	2,738
Net exchange gains		**493**	1,239
Selling and distribution expenses		**(1,825)**	(751)
Administrative expenses		**(17,659)**	(10,301)
Share of result of an associate		**15,596**	21,161
Finance costs		**(13,379)**	(6,429)
(Loss) Profit before taxation	5	**(6,116)**	8,330
Income tax expenses	4	**(1,615)**	—
(Loss) Profit for the period attributable to owners of the Company		**(7,731)**	8,330
Other comprehensive expense			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation to presentation currency		**(2,306)**	(2,390)
Item that maybe reclassified subsequently to profit or loss:			
Share of exchange differences of an associate		**(10,822)**	(18,625)
Other comprehensive expense for the period		**(13,128)**	(21,015)
Total comprehensive expense for the period, attributable to owners of the Company		**(20,859)**	(12,685)
Basic and diluted (loss) earnings per share	7	**HK(1.58) cents**	HK1.70 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2024

	NOTES	30th June, 2024 HK$'000 (unaudited)	31st December, 2023 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**966**	647
Exploration and evaluation assets		**—**	—
Right-of-use asset		**3,764**	4,475
Interests in associates		**401,342**	412,718
Deposit		**1,078**	1,074
		407,150	418,914
Current assets			
Inventories		**290,860**	291,708
Other receivables and prepayments	8	**4,396**	3,894
Amount due from immediate holding company		**—**	95,912
Cash and cash equivalents		**128,619**	180,434
		423,875	571,948
Current liabilities			
Trade and other payables	9	**38,449**	332,829
Bank borrowing		**156,256**	—
Amount due to immediate holding company		**982**	1,312
Amount due to an intermediate holding company		**1,906**	1,906
Amount due to ultimate holding company		**1,977**	1,977
Lease liability		**1,576**	1,362
Income tax payable		**5,911**	5,918
		207,057	345,304
Net current assets		**216,818**	226,644
Total assets less current liabilities		**623,968**	645,558

	30th June, 2024 *HK$'000* (unaudited)	31st December, 2023 *HK$'000* (audited)
Non-current liabilities		
Lease liability	**2,540**	3,271
Loan from immediate holding company	**182,000**	182,000
Total non-current liabilities	**184,540**	185,271
Net assets	**439,428**	460,287
Capital and reserves		
Share capital	**4,892**	4,892
Share premium and reserves	**434,536**	455,395
Equity attributable to owners of the Company	**439,428**	460,287

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2024

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 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 D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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 consolidated financial statements for the year ended 31st December, 2023 (the "2023 Annual Report"). 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 2023 Annual Report.

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.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim 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 have been reviewed by the Company's Audit Committee.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated interim financial statements for the Period are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2023.

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, 2024 for the preparation of the Group's condensed consolidated interim financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1 *(note)*	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of new and amendments to HKFRSs in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial information.

The new and amendments that are effective from 1st January, 2024 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 ("CODM"), 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 two operating divisions, which also represent the operating segments of the Group for financial reporting purposes, namely trading of mineral products and exploration and development of mineral properties. They represent two major lines of operating business engaged by the Group. The Group's operating and reportable segments under HKFRS 8 are as follows:

- Trading of mineral products — trading of uranium
- Exploration and development of mineral properties — exploration and development of uranium mine

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

	Six months ended 30th June, 2024		
	Trading of mineral products	**Exploration and development of mineral properties**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***
	(unaudited)	**(unaudited)**	**(unaudited)**
Segment revenue	**6,400**	**—**	**6,400**
Segment loss	**(8,282)**	**(3,051)**	**(11,333)**
Bank interest income			**2,458**
Unallocated corporate income			**1,800**
Unallocated corporate costs			**(7,826)**
Share of result of an associate			**15,596**
Unallocated finance costs			**(6,811)**
Loss before taxation			**(6,116)**

	Six months ended 30th June, 2023		
	Trading of mineral products	Exploration and development of mineral properties	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)
Segment revenue	76,144	—	76,144
Segment loss	(2,203)	(2,908)	(5,111)
Bank interest income			944
Unallocated corporate income			1,798
Unallocated corporate costs			(4,033)
Share of result of an associate			21,161
Unallocated finance costs			(6,429)
Profit before taxation			8,330

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss represents the loss from each segment without allocation of bank interest income, unallocated corporate income, unallocated corporate costs, share of result of an associate and unallocated finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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

	30th June, 2024	31st December, 2023
	HK$'000	*HK$'000*
	(unaudited)	(audited)
ASSETS		
Segment assets		
— Trading of mineral products	**370,387**	514,712
— Exploration and development of mineral properties	**8,128**	7,458
	378,515	522,170
Interests in associates	**401,342**	412,718
Unallocated corporate assets	**51,168**	55,974
Consolidated assets	**831,025**	990,862
LIABILITIES		
Segment liabilities		
— Trading of mineral products	**166,547**	310,337
— Exploration and development of mineral properties	**23,502**	22,275
	190,049	332,612
Unallocated corporate liabilities	**201,548**	197,963
Consolidated liabilities	**391,597**	530,575

For the purposes of monitoring segment performance and allocating resources between segments:

- Segment assets include certain property, plant and equipment, exploration and evaluation assets, inventories, certain other receivables and prepayments, amount due from immediate holding company and certain cash and cash equivalents which are directly attributable to the relevant reportable segment.

- Segment liabilities include certain trade and other payables, amount due to an intermediate holding company, bank borrowing, lease liability and certain income tax payable which are directly attributable to the relevant reportable segment.

4. INCOME TAX EXPENSES

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%.

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,	
	2024	2023
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The income tax expenses comprises:		
Hong Kong profits tax	**—**	—
PRC withholding tax	**1,615**	—
	1,615	—

5. PROFIT BEFORE TAXATION

	Six months ended 30th June,	
	2024	2023
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the Period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**124**	60
Depreciation of right-of-use asset	**694**	—
Expenses relating to short-term leases	**182**	285
Net exchange gains	**(493)**	(1,239)
Interest income	**(2,458)**	(944)

6. DIVIDENDS

No dividends were paid, declared or proposed during the current and prior periods. The directors have determined that no dividend will be paid in respect of the current interim period.

7. BASIC AND DILUTED (LOSS) EARNINGS PER SHARE

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

	Six months ended 30th June,	
	2024	2023
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
(Loss) Profit for the Period attributable to owners of the Company	**(7,731)**	8,330

	Six months ended 30th June,	
	2024	2023
Number of ordinary shares for the purpose of basic (loss) earnings per share	**489,168,308**	489,168,308

There were no potential dilutive ordinary shares outstanding during six months ended 30th June, 2024 and 2023, and hence diluted (loss) earnings per share is the same as basic (loss) earnings per share.

8. OTHER RECEIVABLES AND PREPAYMENTS

	30th June, 2024 *HK$'000* (unaudited)	31st December, 2023 *HK$'000* (audited)
Other receivables	**2,857**	1,573
Deposits paid	**1,175**	1,110
Prepayments	**1,442**	2,285
	5,474	4,968
Less: non-current portion of deposit	**(1,078)**	(1,074)
	4,396	3,894

9. TRADE AND OTHER PAYABLES

	30th June, 2024 *HK$'000* (unaudited)	31st December, 2023 *HK$'000* (audited)
Trade payables — aged 0 to 30 days	**—**	303,699
Interest payable to immediate holding company	**8,859**	2,514
Interest payables	**4,624**	—
Other payables	**2,218**	3,462
Other payable to the joint operator of the joint operation *(Note)*	**19,735**	18,728
Accruals	**3,013**	4,426
	38,449	332,829

Note: The amount is unsecured, interest-free and has no fixed terms of repayment.

MANAGEMENT DISCUSSION & ANALYSIS

Results

For the Period, the Group has recorded an increase in gross profit of approximately 851% to HK$6,400,000 (2023 Period: approximately HK$673,000), corresponded to the facilitation of trades of 0.6 million pounds of natural uranium products for Rössing uranium mine (a uranium mine in Namibia which was indirectly owned by China National Uranium Corporation, Limited (中國鈾業股份有限公司, formerly known as 中國鈾業有限公司, an indirect holding company of the Company, "CNUC") as to 68.62% and is operated by Rössing Uranium Limited, "Rössing Uranium Mine") through the Uranium Purchase Transactions (has the meaning ascribed to it in the circular of the Company dated 31st May, 2022 (the "May 2022 Circular")), which constituted a continuing connected transaction for the Company). Meanwhile, the Group has recorded a significant decrease in revenue of approximately 92% to approximately HK$6,400,000 (2023 Period: approximately HK$76,144,000). The expected significant decrease in revenue of the Group for the Period was primarily attributable to a substantial drop in trading volume within the Group's uranium trading business. As spot uranium prices had experienced rapid and significant surge and volatility during the Period, the Directors considered the associated transaction risks of conducting spot uranium trades amid such heightened price volatility and uncertainty in the international spot uranium trading environment to be overly burdensome to the Group in the short run. As a means of prudent risk management, the Group had instead focused on executing the continuing connected transactions under the Uranium Purchase Transaction with Rössing Uranium Mine which did not involve assumption of pricing risks by the Group, and consequently contributing to the higher gross profit of the Group for the Period.

For the Period, the Group has completed facilitation of trades of natural uranium products of approximately 0.6 million pounds for Rössing Uranium Mine, which brought in commission income of approximately HK$6,400,000 (2023 Period: commission income of nil). There was also a decrease of share of result of an associate to approximately HK$15,596,000 (2023 Period: approximately HK$21,161,000); an increase in administrative expenses to approximately HK$17,659,000 (2023 Period: approximately HK$10,301,000), primarily attributable to an increase in staff costs of approximately HK$3,802,000 due to manpower expansion and an increase in professional fees of approximately HK$2,803,000 mainly related to the continuing connected transaction exercise conducted during the Period; and an increase in finance cost to approximately HK$13,379,000 (2023 Period: approximately HK$6,429,000) due to a draw down of US$30,000,000 from a general banking facility agreement for the purchase of the uranium products. As a result of the foregoing, a net loss of approximately HK$7,731,000 (2023 Period: a net profit of approximately HK$8,330,000) was recorded for the Period.

Market and Business Overview

The spot uranium prices had experienced rapid and significant surge and volatility during the Period. The presence of associated transaction risks of conducting spot uranium trades amid such heightened price volatility and uncertainty in the international spot uranium trading environment could be overly burdensome to market traders in the short run. The disinclination further exacerbated the reduction of offshore trading business opportunities for both buyers and sellers in the natural uranium market amidst geopolitical tensions and persistence of supply uncertainties, influencing uranium supply dynamics.

During the Period, the spot price of natural uranium mostly fluctuated between US\$82.50/lb U_3O_8 and US\$95.00/lb of U_3O_8, and settled at approximately US\$83.50/lb U_3O_8 at the end of the Period. During the Period, the long-term natural uranium contracting price increased from US\$51/lb U_3O_8 to approximately US\$79/lb U_3O_8 at the end of the Period.

During the Period, the Group has continued its business of trading uranium products in its normal and usual course of business. The Group has been focusing on and developing its uranium products trading business, and actively seeking high-quality uranium resources projects to complement the development of China National Nuclear Corporation and its subsidiaries (excluding the Group) (the "parent group"). The Group has generated revenue of approximately HK\$6,400,000 (2023 Period: approximately HK\$76,144,000). As spot uranium prices had experienced rapid and significant surge and volatility during the Period, the Directors considered the associated transaction risks of conducting spot uranium trades amid such heightened price volatility and uncertainty in the international spot uranium trading environment to be overly burdensome to the Group in the short run. As a means of prudent risk management, the Group had instead focused on executing the continuing connected transactions under the Uranium Purchase Transaction with Rössing Uranium Mine which did not involve assumption of pricing risks by the Group, and consequently contributing to the higher gross profit of approximately HK\$6,400,000 (2023 Period: approximately of HK\$673,000) of the Group for the Period.

As disclosed in the announcement of the Company dated 13th November, 2020, the Group was unsuccessful in the appeal to the lawsuit relating to the Mongolian Mining Project. However, on 29th October, 2020, a working committee (the "Committee") including, amongst others, representatives from the Mineral Resources and Petroleum Authority of Mongolia (the "MRPAM", the respondent of the lawsuit) was set up with a view to help resolve the disputes regarding the expiry of the exploration licenses of the Group. The management believes it is a positive sign of the MRPAM's intention towards resolving the disputes, though at this stage, there is no guarantee that the matter shall be resolved in favour of the Group.

The Company is closely monitoring the progress of the lawsuit and the work of the Committee and will make further announcement(s) as and when appropriate.

Operations Review

During the Period, the Group recorded a "Revenue" and "Cost of sales" of approximately HK$6,400,000 (2023 Period: approximately HK$76,144,000) and nil (2023 Period: approximately HK$75,471,000) respectively, representing a significant decrease of approximately 92% for "Revenue" and 100% for "Cost of sales" respectively, which resulted in "Gross profit" of approximately HK$6,400,000 (2023 Period: approximately HK$673,000), an increase of approximately 851% over the Period. As per the explanation above, the significant decline in revenue during the Period was primarily attributable to the associated transaction risks of conducting spot uranium trades amid such heightened price volatility and uncertainty in the international spot uranium trading environment during the Period, amidst a combination of geopolitical tensions and persistence of supply uncertainties.

During the Period, "Other income and gains" of approximately HK$4,258,000 (2023 Period: approximately HK$2,738,000) were mainly from interest income of approximately HK$2,458,000 (2023 Period: approximately HK$944,000), representing an increase of approximately 56% as compared to the corresponding 2023 Period.

"Net exchange gains" of approximately HK$493,000 (2023 Period: approximately HK$1,239,000) were mainly attributable to the differences resulting from the slight appreciation in the US$ against HK$ on the carrying amount of assets denominated in the US$.

"Selling and distributing expenses" amounted to approximately HK$1,825,000 (2023 Period: approximately HK$751,000), which has increased by approximately 143% due to an increase in storage expenses for natural uranium products during the Period as compared to the corresponding 2023 Period.

"Administrative expenses" amounted to approximately HK$17,659,000 (2023 Period: approximately HK$10,301,000), which has increased by approximately 71% during the Period. It is primarily attributable to an increase in staff costs of approximately HK$3,802,000 due to manpower expansion and an increase in professional fees of approximately HK$2,803,000, which was mainly related to the continuing connected transaction exercise conducted during the Period.

Following the merger of our associate, CNNC Leasing, with another financial leasing company within our parent group in December 2020, our interest in the associate reduced to approximately 11.36% (of the enlarged capital). CNNC Leasing issued additional equities in September 2023, resulting in the dilution of the Group's interest in the associate to approximately 7.55% of the enlarged capital. The Group recorded a "Share of result of an associate" of approximately HK$15,596,000 (2023 Period: approximately HK$21,161,000), a decrease of approximately 26%.

During the Period, the Group incurred "Finance costs" of approximately HK$13,379,000 (2023 Period: approximately HK$6,429,000). The increase of finance costs by approximately 108% during the Period as compared to the corresponding 2023 Period was due to a draw down of US$30,000,000 from a general banking facility agreement for the purchase of the uranium products.

"Income tax expense" of approximately HK$1,615,000 was recorded (2023 Period: approximately nil). The increase was entirely due to PRC withholding tax charged and paid during the Period (2023 Period: nil).

Total comprehensive expense for the Period

Summing up the combined effects of the foregoing, loss for the Period was approximately HK$7,731,000 (2023 Period: a net profit of approximately HK$8,330,000). After taking into account the other comprehensive expense of approximately HK$13,128,000 (2023 Period: approximately HK$21,015,000) 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$20,859,000 (2023 Period: approximately HK$12,685,000).

Future Strategies and Prospects

The Group focuses on and will continue to devote its available resources to the development of the uranium products trading business, and to the development of the uranium products trading business, and to actively seek high-quality uranium resources projects, with intended focus on in-production projects, to complement the development of its parent group, as well as to leverage on the strengths of the parent group in the field of nuclear energy.

As disclosed in the announcements of the Company dated 18th April, 2024, and 17th June, 2024, and the circular of the Company dated 20th May 2024, the Company (for itself and on behalf of each of its subsidiaries) and China National Uranium Corporation, Limited (中國鈾業股份有限公司, formerly known as 中國鈾業有限公司) ("CNUC"), an indirect holding company of the Company (for itself and on behalf of each of its subsidiaries other than the Group ("CNUC Group")) entered into a framework agreement in relation to the proposed continuing connected transactions in June 2024 ("2024 FA"), pursuant to which the Group agreed to i) act as the exclusive supplier of CNUC Group for natural uranium products purchased from sellers other than those based in Asia and Africa; ii) act as an agent of CNUC Group to procure natural uranium products in the market to meet the sporadic demand of the CNUC Group; and iii) act as the exclusive authorised distributor for the sale and distribution of uranium products produced by the Rössing Uranium Mine, for on-sale to third party customers in all countries and regions around the world except the PRC. On 17th June, 2024, the 2024 FA, the transactions contemplated thereunder, and the proposed annual caps under the continuing connected transactions for the years ending 31st December, 2024 and 2025 have been approved by the independent shareholders of the Company at the extraordinary general meeting of the Company.

The Group believes the transactions contemplated under the 2024 FA are in line with the Group's strategic pursuit of becoming CNUC Group's major platform in overseas uranium resources exploration, development and trading, and would facilitate the Group in further strengthening its uranium trading business and expand its reach into the PRC and worldwide market, which in turn would enhance the Group's profitability in the long run. The continuing connected transactions contemplated under the 2024 FA are expected to occur on a regular and continuing basis and in the ordinary and usual course of business of the Group.

Being a member of CNUC Group and having considered the competitive edges of the Group, the Group would be considered to be in a better strategic position to be designated as the procurement arm of CNUC Group in the international uranium market. To further enlarge its business scale, the Group will continue to actively participate in international market bidding, increase its market exposure, and explore various financing channels to complement the expansion of uranium trade. The Group is committed to actively exploring trading opportunities with new business partner(s) with the aim of further expanding our collaborating business partner base and continuously growing out uranium trading business.

As of the date of this announcement, the Company has completed sales of approximately 0.65 million pounds of natural uranium products sold to the parent Company through the Uranium Supply Transactions (has the meaning ascribed to it in the May 2024 Circular). The Company also completed the facilitation of trades of 0.4 million pounds of natural uranium products for the Rössing Uranium Mine under the Uranium Purchase Transaction (has the meaning ascribed to it in the May 2024 Circular), which continues to bring in commission income in the second half of 2024 for the Company. As spot uranium prices are observed to have somewhat stabilised, it is currently expected that the Group would be able to resume and pick-up its uranium trading business in the second half of 2024. It is expected that further transactions under the 2024 FA will be concluded in the second half of 2024.

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.

In relation to the Group's Mongolian Mining Project, the Group will continue to be engaged in the discussion with the Mongolian Authority to resolve the expiry issue of the exploration licenses of the Group's investment in its uranium resources project in Mongolia. The project has not been, to a material extent, adversely affected by its slow progress.

In the long run, the Group also aims to expand and diversify its business by leveraging on the strengths of CNUC Group, in the field of nuclear energy, to develop projects with reasonable returns and continues to explore possible investment opportunities in uranium resources considering the financial health of the Company, and the overall global uranium market supply and demand dynamics.

The Company will inform shareholders of the Company on any major development of the business of the Group in a timely manner and in accordance with the requirements of the Listing Rules.

Human Resources Management

As at 30th June, 2024, the Group employed 36 (30th June, 2023: 23) full-time employees of whom 6 (30th June, 2023: 5) were based in Hong Kong, 26 (30th June, 2023: 14) were based in PRC and 4 (30th June, 2023: 4) were based in Mongolia. 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$49,536,000 (2023 Period: approximately HK$53,993,000) during the Period, which was mainly due to the cash used in the purchase of uranium products during the Period. The Group's financial position remained healthy.

The working capital of the Group was generally financed by bank balances and cash. The Group's cash and cash equivalents decreased from approximately HK$180,434,000 as at 31st December, 2023 to approximately HK$128,619,000 as at 30th June, 2024.

As at 30th June, 2024, the non-current assets of the Group amounted to approximately HK407,150,000, representing a decrease of approximately 2.8% as compared with approximately HK$418,914,000 as at 31st December, 2023, which was mainly due to share of result of an associate being diluted to 7.55% during the Period, leading to the decrease in interests in associates.

As at 30th June, 2024, the current assets of the Group amounted to approximately HK$423,875,000, representing a decrease of approximately 25.9% as compared with approximately HK$571,948,000 as at 31st December, 2023, mainly due to the decrease in cash and cash equivalents and the reduction in amounts due from immediate holding company.

As at 30th June, 2024, the current liabilities of the Group amounted to approximately HK$207,057,000, representing an increase of approximately 40.0% as compared with approximately HK$345,304,000 as at 31st December, 2023, mainly due to a draw down of US$30,000,000 from a general banking facility agreement for the purchase of the uranium products and settlement of trade payables during the Period.

Total shareholders' funds decreased from approximately HK$460,287,000 as at 31st December, 2023 to approximately HK$439,428,000 as at 30th June, 2024, mainly due to the total comprehensive expense during the Period. The gearing ratio, in terms of total debts to total assets, decreases to approximately 0.47 as at 30th June, 2024 (at 31st December, 2023: approximately 0.54).

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 loan from immediate holding company 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, the 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, 2023.

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 or its designated contracting parties for banking facilities granted to Somina.

As security for banking facilities granted to the Group for its trading operations, certain bank accounts of a wholly-owned subsidiary of the Group were charged.

Apart from the above, there was no charge on the Group's assets during the Period and 2023 Period.

Material Events after the Reporting Period

Save as disclosed, up to the date of this announcement, there was no significant event relevant to the business or financial performance of the Company that comes to the attention of the Directors after the Period.

Interim Dividend

The Board of Directors does not recommend the payment of an interim dividend for the Period (2023 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 all the code provisions set out in Part 2 of Appendix C1 to the Listing Rules throughout the Period.

Model Code for Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix C3 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 the securities transactions by Directors adopted by the Company.

Audit Committee

An audit committee (the "Audit Committee") has been established by the Company and its principal duties include reviewing the Group's financial reporting system, internal control procedures, risk management, assessing the adequacy of the human resources of the Group's accounting and finance department and maintaining good and independent communications with the management as well as external auditor of the Company. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Chan Yee Hoi, Mr. Cui Liguo 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 unaudited condensed consolidated interim financial statements of the Group for the six months ended 30th June, 2024 have been reviewed by the Audit Committee and the Audit Committee is of the view that the interim financial statements are prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

Remuneration Committee

In accordance with the requirements of the Listing Rules, a remuneration committee (the "Remuneration Committee") has been established by the Company, and its principal responsibilities include making recommendations to Board on the Company's policy and structure for the remuneration of directors and reviewing their specific remuneration package for Directors and senior management. The Remuneration Committee comprises three independent non-executive Directors, namely, Mr. Cui Liguo, 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 Liguo is the Chairman of the Remuneration Committee.

Nomination Committee

In accordance with the requirements of the Listing Rules, a nomination committee (the "Nomination Committee") has been established by the Company and its principal responsibilities include reviewing the structure, size, diversity and composition of the Board at least annually; making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of the independent non-executive Directors; and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer. The Nomination Committee comprises three independent non-executive Directors, namely, Mr. Cui Liguo, Mr. Zhang Lei and Mr. Chan Yee Hoi, one executive Director, namely, Mr. Zhang Yi and one non-executive Director, namely, Mr. Wang Cheng. Mr. Wang Cheng is the Chairman of the Nomination Committee.

Publication of Interim Results and Interim Report

This announcement is published on the website of the Stock Exchange (http://www.hkexnews.hk). An interim report for the six months ended 30th June, 2024 containing all the information required by Appendix D2 to the Listing Rules will be published on the websites 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
Wang Cheng

Hong Kong, 23rd August, 2024

As of the date of this announcement, the Board comprises Non-executive Director and Chairman, namely, Mr. Wang Cheng, Executive Director and Chief Executive Officer, namely, Mr. Zhang Yi, Non-executive Directors, namely, Mr. Wu Ge and Mr. Sun Ruo Fan, and Independent Non-executive Directors, namely, Mr. Cui Liguo, Mr. Zhang Lei and Mr. Chan Yee Hoi.