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, 2009

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, 2009 (the "period"), together with comparative figures for the corresponding period, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June, 2009

		Six months ended 30th June,	
	NOTES	**2009** ***HK$'000*** **(unaudited)**	2008 *HK$'000* (unaudited)
Revenue	3	**54,769**	108,054
Cost of sales		**(59,149)**	(103,629)
Gross (loss) profit		**(4,380)**	4,425
Other income		**3,049**	1,577
Selling and distribution costs		**(2,441)**	(3,902)
Administrative expenses		**(11,515)**	(6,848)
Finance costs	4	**(4,791)**	(442)
Loss before taxation		**(20,078)**	(5,190)
Income tax (expense) credit	5	**(18)**	318
Loss for the period, attributable to owners of the Company	6	**(20,096)**	(4,872)
Other comprehensive income			
Exchange differences arising on translation		**(147)**	603
Fair value gain on an available-for-sale investment		**—**	13
Other comprehensive (expense) income for the period		**(147)**	616
Total comprehensive expense for the period, attributable to owners of the Company		**(20,243)**	(4,256)
Basic loss per share	7	**(HK5.3 cents)**	(HK2.2 cents)

* *For identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2009

	NOTES	30th June, 2009 HK$'000 (unaudited)	31st December, 2008 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	8	**153,939**	116,004
Exploration and evaluation assets		**154,633**	—
Prepaid lease payments		**5,954**	6,020
Deposits paid on acquisition of property, plant and equipment		**663**	1,070
		315,189	123,094
Current assets			
Inventories		**28,805**	38,848
Trade and other receivables and prepayments	9	**91,345**	51,081
Prepaid lease payments		**133**	133
Investments held for trading		**644**	207
Bank balances and cash		**223,453**	400,150
		344,380	490,419
Current liabilities			
Trade and other payables and accruals	10	**40,114**	40,549
Taxation payable		**4**	15
Unsecured bank loan wholly repayable within one year		**16,000**	16,000
		56,118	56,564
Net current assets		**288,262**	433,855
Total assets less current liabilities		**603,451**	556,949
Non-current liabilities			
Convertible note		**86,958**	83,284
Deferred tax liability		**4,025**	4,025
		90,983	87,309
Net assets		**512,468**	469,640
Capital and Reserves			
Share capital		**3,792**	3,792
Reserves		**445,605**	465,848
Equity attributable to owners of the Company		**449,397**	469,640
Minority interests		**63,071**	—
Total equity		**512,468**	469,640

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2009

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance 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 "Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

2. SIGNIFICANT 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 accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2008. In addition, the following accounting policies were adopted in current period.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment losses.

Exploration and evaluation assets include the cost of exploration rights and the expenditures incurred in the search for natural resources as well as the determination of the technical feasibility and commercial viability of extracting those resources.

When the technical feasibility and commercial viability of extracting natural resources become demonstrable, previously recognised exploration and evaluation assets are reclassified as either intangible assets or property, plant and equipment. These assets are assessed for impairment before reclassification, and any impairment loss is recognised in profit or loss.

Impairment loss on exploration and evaluation assets

The carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment in accordance with HKAS 36 Impairment of Assets whenever one of the following events or changes in circumstances indicate that the carrying amount may not be recoverable (the list is not exhaustive):

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; or
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the Group's financial year beginning on 1st January, 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) — Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) — Int 13	Customer Loyalty Programmes
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1st July, 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 "Segment Reporting", required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments.

The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 3). The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 27 (Revised in 2008)	Consolidated and Separate Financial Statements[1]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised in 2008)	Business Combinations[1]
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) — Int 18	Transfers of Assets from Customers[4]

[1] Effective for annual periods beginning on or after 1st July, 2009.

[2] Amendments that are effective for annual periods beginning on or after 1st July, 2009 or 1st January, 2010, as appropriate.

[3] Effective for annual periods beginning on or after 1st January, 2010.

[4] Effective for transfers on or after 1st July, 2009.

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1st January, 2010. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1st January, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, the Group's Executive Directors, in order to allocate resources to segments and to assess their performance. In contrast, the predecessor standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

In prior years, primary segment information was analysed on the basis of the types of goods sold by the Group's operating divisions (i.e. aluminium, zinc, magnesium and others). However, information reported to the Group's Executive Directors for the purposes of resource allocation and performance assessment focuses more specifically on the principal activities of the Group. The operation of the Group is mainly carried by several subsidiaries which are considered as operating segments. Based on similarities in economic characteristics, the operating segments are aggregated into two reportable segments which are exploration of mineral properties and manufacture and distribution of die casting part.

Accordingly, the Group's reportable segments are redesignated under HKFRS 8.

- Exploration of mineral properties — exploration and development of uranium and coal
- Manufacture and distribution of die casting parts — manufacture and distribution of aluminium, zinc and magnesium die casting parts

During the period ended 30 th June, 2008, the Group was organised into one operating segment, namely the "Manufacture and distribution of die casting parts". As set out in note 11, the acquisition of the segment of exploration of mineral properties was completed on 29th June, 2009. Hence, there are two operating segments during the period ended 30th June, 2009. Yet, the exploration of mineral properties segment does not generate any segment result to the Group for the period.

Information regarding the above segment is reported below. Amounts reported for the prior year have been restated to conform to the requirements of HKFRS 8.

The following is an analysis for the Group's revenue and results by operating segment for the periods under review:

Six months ended 30th June, 2009

	Exploration of mineral properties *HK$'000*	Manufacture and distribution of die casting parts *HK$'000*	Consolidated *HK$'000*
REVENUE	**—**	**54,769**	**54,769**
RESULTS			
Segment loss	**—**	**(15,334)**	**(15,334)**
Change in fair value of investments held for trading			**205**
Interest income			**419**
PRC tax refund on capital investment in a subsidiary			**2,214**
Central administration costs			**(2,791)**
Finance costs			**(4,791)**
Loss before tax			**(20,078)**
Income tax expense			**(18)**
Loss for the period			**(20,096)**

Six months ended 30th June, 2008

	Manufacture and distribution of die casting parts *HK$'000*	Consolidated *HK$'000*
REVENUE	108,054	108,054
RESULTS		
Segment loss	(5,330)	(5,330)
Dividend income from available-for-sale investments		15
Dividend income from investments held for trading		10
Change in fair value of investments held for trading		(189)
Interest income		49
PRC tax refund on capital investment in a subsidiary		1,503
Central administration costs		(806)
Finance costs		(442)
Loss before taxation		(5,190)
Income tax expense		318
Loss for the period		(4,872)

Segment loss represents the loss incurred by each segment without allocation of change in fair value of investments held for trading, dividend income from available-for-sale investments/investments held for trading, interest income, PRC tax refund on capital investment in a subsidiary, central administrative costs and finance costs. This is the measure reported to the Group's Executive Directors for the purposes of resource allocation and performance assessment.

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

	2009	2008
	HK$'000	*HK$'000*
Exploration of mineral properties	**231,166**	—
Manufacture and distribution of die casting parts	**195,972**	224,553
	427,138	224,553

4. FINANCE COSTS

	Six months ended 30th June,	
	2009	2008
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within 5 years	**55**	442
Effective interest expenses on convertible note	**4,736**	—
	4,791	442

5. INCOME TAX EXPENSES (CREDIT)

	Six months ended 30th June,	
	2009	2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax		
Hong Kong Profits Tax	**—**	—
Other jurisdictions	**18**	209
	18	209
Deferred taxation		
Current period	**—**	(527)
	18	(318)

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group had no assessable profit for both periods.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

6. LOSS FOR THE PERIOD

	Six months ended 30th June,	
	2009	2008
	HK$'000	*HK$'000*
Loss for the period has been arrived at after charging (crediting) the following items:		
Depreciation of property, plant and equipment	**8,346**	8,772
Dividend income from available-for-sale investments	**—**	(15)
Dividend income from investments held for trading	**—**	(10)
Change in fair value of investments held for trading	**(205)**	189
Gain on disposal of property, plant and equipment	**—**	(60)

7. LOSS PER SHARE

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

	Six months ended 30th June,	
	2009	2008
	HK$'000	*HK$'000*
Loss for the period attributable to owners of the Company	**(20,096)**	(4,872)

	Six months ended 30th June,	
	2009	2008
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share	**379,168,308**	220,000,000

No diluted loss per share for the period ended 30th June, 2009 is presented as the conversion of convertible note and the exercise of outstanding share options of a subsidiary would result in a decrease in loss per share.

No diluted loss per share for the period ended 30th June, 2008 is presented as there was no potential dilutive ordinary shares outstanding during the period.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK$1,564,000 (six months ended 30.6.2008: HK$4,448,000) on acquisition of property, plant and equipment in the PRC in order to upgrade its manufacturing capabilities. In addition, upon the acquisition of Western Prospector Group Ltd. ("Western Prospector") and its subsidiaries (together known as the "Western Prospector Group") as set out in note 11, the Group's property, plant and equipment was increased by approximately HK$44,405,000. Western Prospector is a company incorporated in Canada with its shares listed on the Toronto Stock Exchange Venture Exchange ("TSX").

9. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The Group generally allows credit periods ranging from 30 days to 90 days to its trade customers. The following is an analysis of trade receivables by age, presented based on the invoice date net of allowance for doubtful debts:

	30th June, 2009 *HK$'000*	31st December, 2008 *HK$'000*
Trade receivables		
0 to 30 days	**9,678**	15,821
31 to 60 days	**6,664**	15,999
61 to 90 days	**3,059**	6,070
91 to 120 days	**741**	4,036
Over 120 days	**1,344**	2,123
	21,486	44,049
Other receivables		
Deposits paid for the acquisition of Western Prospector Group *(Note)*	**61,967**	—
Deposits paid	**3,120**	3,973
Others	**2,500**	2,184
	67,587	6,157
Prepayments	**2,272**	875
	91,345	51,081

Note: The initial deposit paid to a Canadian share register during the period was intended for an acquisition of the entire equity interest in Western Prospector Group. As only shareholders with an aggregate shareholding of 69.5% agreed to sell their shares to the Group, the remaining balance of HK$61,967,000 at 30th June, 2009 was returned to the Company subsequent to the end of the interim period.

10. TRADE AND OTHER PAYABLES AND ACCRUALS

The following is an analysis of trade payables by age, presented based on invoice date:

	30th June, 2009 *HK$'000*	31st December, 2008 *HK$'000*
Trade payables		
0 to 30 days	**3,766**	10,456
31 to 60 days	**820**	872
61 to 90 days	**26**	352
91 to 120 days	**85**	17
Over 120 days	**517**	289
	5,214	11,986
Other payables		
Accruals	**30,587**	12,354
Other payables	**1,977**	12,094
Deposits received	**2,336**	4,115
	34,900	28,563
	40,114	40,549

11. ACQUISITION OF SUBSIDIARIES

As set out in note 8, the Group acquired approximately 69.5% of the issued share capital of Western Prospector Group from independent third parties for an aggregate consideration of approximately HK$143,589,000. This acquisition has been accounted for as acquisition of assets and liabilities as the only activity of the Western Prospector Group is the holding of exploration licenses in radioactive minerals in Mongolia.

The net assets acquired in the transaction are as follows:

	HK$'000
Property, plant and equipment	44,405
Exploration and evaluation assets	154,633
Other receivables and prepayments	3,220
Bank balances and cash	28,982
Other payables and accruals	(6,688)
	224,552
Minority interests	(63,071)
Net assets acquired	161,481
Consideration satisfied by:	
Cash	143,589
Transaction costs incurred	17,892
	161,481
Net cash outflow arising from acquisition:	
Cash consideration paid	(143,589)
Transaction costs paid	(2,933)
Bank balances and cash acquired	28,982
	117,540

12. EVENTS AFTER THE END OF THE INTERIM PERIOD

(i) Details of the suspension of the Group's exploration licenses are set out in the Group's interim financial information which will be published.

(ii) On 8th July, 2009, the Company entered into a placing agreement with a placing agent to subscribe up to 50,000,000 new shares at a price of HK$8.78 per placing share (the "Placing"). On 20th July, 2009, the transaction was completed and the gross proceeds from the Placing of approximately HK$439 million was received and will be used for the future business developments and the general working capital of the Group.

(iii) On 14th August, 2009, after a special shareholders meeting held by Western Prospector, the shareholders of Western Prospector voted for a complete taken-over by the Group and the Group will pay Canadian dollar ("CAD") 0.56 for each share held by the minority shareholders. The amount paid to minority shareholders amounted CAD9,357,755 (equivalent to approximately HK$63,071,000).

Western Prospector then became a wholly-owned subsidiary of the Group and the ordinary shares of Western Prospector was delisted from the TSX at the close of business on 18th August, 2009.

MANAGEMENT DISCUSSION & ANALYSIS

CNNC International Limited (the "Company") is a member of China National Nuclear Corporation ("CNNC"), which is an enterprise solely owned by the State and the only PRC enterprise offering a complete range of nuclear-technology industries. As the major investor and owner of nuclear power stations in China, CNNC is a supplier of nuclear power designs, nuclear fuel and nuclear technology equipment. The Company and its subsidiaries (collectively the "Group") are engaged in investment and expansion of overseas uranium, and vertical integration of die casting.

Market Overview

The development of clean energy is gaining pace in the PRC, with nuclear power emerging as an area for major development. On the back of CNNC's leadership and solid experience in the uranium leveraging business, the Group is actively expanding its overseas uranium leveraging business to answer the demand for uranium resources created by the development of nuclear power generation.

For the six months ended 30th June, 2009 (the "Period"), inventory clear-up has been the order of the day in a die casting market succumbed by the global economic downturn, as demand fell sharply after new projects had been either shelved or cancelled altogether. Nevertheless, the difficult situation was slightly alleviated by tax incentives plans launched by governments around the world, which had the effect of boosting production.

Business Review

Turnover and cost of sales for the Period were mainly derived from the die casting business. Owing to the lacklustre performance of the automotive and construction industries, which historically accounted for a substantial amount of our orders in the die casting business,, turnover of the Group for the Period dropped 49.3% to approximately HK$54,769,000 as compared to the same period last year. The decline in selling prices was in line with the decline in material costs during the Period, as selling prices and material costs are linked to each other. While the Group had endeavoured to lower its cost of sales, turnover generated was not sufficient to offset fixed production costs such as rents, electricity fees and depreciation, resulting in a gross loss of approximately 8.0%.

Other income for the Period benefited from the tax refund policy to increase by approximately 93.3% to approximately HK$3,049,000. Selling and distribution expenses decreased by approximately 37.4% to approximately HK$2,441,000 in line with the decrease in turnover. Our uranium leveraging business, which was started towards the end of last year, was still in its investment period. Administrative expenses increased by approximately 68.2% to approximately HK$11,515,000 when compared to the same period last year.

On 5th November, 2008, the Company issued a three-year convertible note with a principal amount of HK$106,200,000 and a coupon rate of 2% per annum to CNNC Overseas Uranium Holding Limited, its controlling shareholder. The interest element in the finance cost for the Period arising from the convertible note was calculated with reference to an estimated effective interest rate of 11.58%. While no interests were payable in respect of the portion effective interest rate in excess of the annual coupon rate, the amount in respect of such portion was required to be charged to the income statement and be reversed and credited to reserves upon redemption under Hong Kong Accounting Standards. As a result, the finance cost for the Period increased to approximately HK$4,791,000 (first half 2008: approximately HK$442,000).

As a result of the combined effect of the foregoing, loss after taxation for the Period increased to approximately HK$20,096,000 (first half 2008: loss of approximately HK$4,872,000).

Operational Review

On 29th June 2009, the Group acquired 69.5% equity of Western Prospector Group Ltd. ("Western Prospector") which was then a company listed in Canada. Upon approval of the privatization proposal by the shareholders of Western Prospector at its special shareholders' meeting held on 14th August 2009, Western Prospector became an indirect wholly-owned subsidiary of the Company. The principal business activity of Western Prospector is acquiring, exploring and developing mineral properties. All of Western Prospector's mineral property interests, consisting of various uranium and coal properties, are located in Mongolia. All of the relevant licences have been obtained by the indirect wholly-owned subsidiaries of Western Prospector in Mongolia. The Group will obtain direct access to exploration facilities and licenses of Western Prospector which allows the Group to share the future growth prospect in uranium industry. The exploration licenses of Western Prospector were suspended for three months starting from 10th July 2009 by the Mineral Resources Authority of Mongolia due to certain non-compliance issues. The Group has properly addressed the non-compliance and an application has been made for the restoration of the licenses.

Cost Control

The Group is committed to strengthening cost control. In the die casting business, ongoing technological improvements were made to boost efficiency and quality, outsourced workers were hired according to production schedules to increase flexibility, departments were consolidated to save costs, the workforce was realigned to match the requirements of customers' orders, and procurements were reviewed on a quarterly basis with a view to more stringent control over cost and inventory.

Placing and Subscription Of Shares

The Company completed the top-up Placing and Subscription of an aggregate of 50,000,000 ordinary shares of HK$0.01 each (representing approximately 13.2% of the issued share capital of 379,168,308 Shares of the Company before the Placing) at a subscription price of HK$8.78 on 9th July, 2009 and 20th July, 2009, respectively. Gross proceeds from the Placing amounted to approximately HK$439,000,000; and net proceeds after expenses amounted to approximately HK$427,000,000. The amount will be used for the future business development and the general working capital of the Group.

Future Strategies

Looking ahead, the Group will continue to develop its existing business of the production and trading of metal die-casting products, while seeking to identify new business and investment opportunities in uranium projects globally. The outlook of the uranium business is very promising as global demand for natural uranium is expected to increase given the number of new nuclear power reactors being planned for or under construction. As such, the Company expects its new business initiatives to benefit from the strong fundamentals underlying the uranium industry.

Human Resources Management

As at 30th June, 2009, the Group employed approximately 1,340 fulltime 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$176,694,000 during the first six months ended 30th June, 2009, which was mainly for investment purpose, resulting in cash-on-hand and bank balances of approximately HK$223,453,000 as at the balance sheet date.

Due to the decline in turnover, stock turnover days increased to 96 days, compared with a yearly average of about 68 days for the previous year. Debtors' turnover days decreased from 77 days as at 31st December, 2008 to 72 days as at 30th June, 2009.

The Group's financial position remained healthy. In respect of its gearing position, which is represented by the ratio of total debts to total assets, the ratio stood at 0.22 (as at 31st December, 2008: 0.23).

The working capital of the Group was generally financed by internally generated cash flows from its operation and existing banking facilities. As at 30th June, 2009, the Group's cash-on-hand and bank balances amounted to approximately HK$223,453,000 (as at 31st December, 2008: HK$400,150,000) and unsecured bank loans which was due within one year amounted to approximately HK$16,000,000 (as at 31st December, 2008: HK$16,000,000). The Group's net current assets and current liabilities amounted to HK$288,262,000 (as at 31st December, 2008: HK$433,855,000) and HK$56,118,000 (as at 31st December, 2008: HK$56,564,000) respectively as at 30th June, 2009.

Total shareholders' funds decreased from HK$469,640,000 as at 31st December, 2008 to HK$449,397,000 as at 30th June, 2009, as a result of HK$20,243,000 total recognized loss incurred for the Period.

Acquisitions and Disposals of Subsidiaries and Associated Companies

Save from the acquisition of Western Prospector mentioned above, there were no material acquisitions and disposals of subsidiaries and associated companies for the six months ended 30th June, 2009.

Exposure to Foreign Exchange Risk

The Group's income, expenditure of raw materials, manufacturing, investment and borrowings are mainly denominated in USD, CAD, HKD and RMB. Fluctuations of the exchange rates of RMB against foreign currencies could affect the operating costs of the Group. Currencies other than RMB were relatively stable during the Period, the Group did not expose to significant foreign exchange risk. 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 minimize 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, 2008, apart from the Placing and Subscription of 50,000,000 ordinary shares of HK$0.01 each mentioned above.

Charge on Assets

There was no charge on the Group's assets during the six months ended 30th June, 2009 (at 31st December, 2008: Nil).

Interim Dividend

The Board of Directors (the "Board") does not recommend the payment of an interim dividend for the six months ended 30th June, 2009 (six months ended 30th June, 2008: Nil).

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30th June, 2009, 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 on the Stock Exchange (the "Listing Rules") throughout the six months ended 30th June, 2009.

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. Having made specific enquiry of all directors, all directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

Audit Committee

An Audit Committee has been established by the Company for the purpose of reviewing and providing supervision on the financial reporting process and internal control of the Group. The Audit Committee comprises three independent non-executive directors namely, Mr. Cheong Ying Chew Henry, Mr. Cui Liguo and Mr. Zhang Lei, and one non-executive director namely Mr. Huang Mingang. Mr. Cheong Ying Chew Henry is the Chairman of the Audit Committee. The Group's interim report for the six months ended 30th June, 2009 as well as the accounting principles and practices have been reviewed by the Audit Committee and the independent auditor, Deloitte Touche Tohmatsu.

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. Cheong Ying Chew Henry, Mr. Cui Liguo and Mr. Zhang Lei, one executive director namely Mr. Han Ruiping and a non-executive director namely Mr. Huang Mingang. Mr. Han Ruiping is the Chairman of the Remuneration Committee.

Publication of Interim Report on the Website of The Stock Exchange

The interim report for the six months ended 30th June, 2009 containing all the information as required by the Listing Rules will be published on the websites of the Stock Exchange and the Company respectively and copies will be dispatched to shareholders of 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
Qiu Jiangang

Hong Kong, 23rd September, 2009

As of the date of this announcement, the Board 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 Liguo and Mr. Zhang Lei.

* *For identification purpose only*