CNNC INTERNATIONAL LIMITED
中核國際有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2302)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2009

The Board of Directors (the "Board") of CNNC International Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2009, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31st December,	
		2009	2008
	NOTES	***HK$'000***	*HK$'000*
Revenue	*3*	**136,571**	209,082
Cost of sales		**(132,928)**	(200,166)
Gross profit		**3,643**	8,916
Other income	*4*	**6,709**	2,303
Selling and distribution expenses		**(5,396)**	(8,927)
Administrative expenses		**(31,393)**	(18,066)
Other expenses		**(5,645)**	(2,518)
Finance costs	*5*	**(9,573)**	(2,138)
Loss before taxation		**(41,655)**	(20,430)
Income tax credit	*6*	**1,265**	713
Loss for the year	*7*	**(40,390)**	(19,717)
Other comprehensive income (loss)			
Exchange difference arising on translation		**1,237**	829
Fair value gain on an available-for-sale investment		**—**	44
Reclassification adjustment for the cumulative gain included in profit or loss upon disposal of an available-for-sale investment		**—**	(27)
Other comprehensive income for the year		**1,237**	846
Total comprehensive loss for the year, attributable to owners of the Company		**(39,153)**	(18,871)
Basic loss per share	*8*	**(HK10.1 cents)**	(HK8.1 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	As at 31st December, 2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment		**143,557**	116,004
Exploration and evaluation assets		**165,568**	—
Prepaid lease payments		**5,887**	6,020
Deposits paid for acquisition of property, plant and equipment		**519**	1,070
		315,531	123,094
Current assets			
Inventories		**24,002**	38,848
Trade and other receivables and prepayments	*9*	**47,304**	51,081
Prepaid lease payments		**133**	133
Investments held for trading		**322**	207
Bank balances and cash		**607,626**	400,150
		679,387	490,419
Current liabilities			
Trade and other payables and accruals	*10*	**28,371**	40,549
Taxation payable		**46**	15
Unsecured bank loans wholly repayable within one year		**16,000**	16,000
		44,417	56,564
Net current assets		**634,970**	433,855
Total assets less current liabilities		**950,501**	556,949
Non-current liabilities			
Convertible note		**90,279**	83,284
Deferred tax liabilities		**2,627**	4,025
		92,906	87,309
Net assets		**857,595**	469,640
Capital and reserves			
Share capital		**4,292**	3,792
Reserves		**853,303**	465,848
Equity attributable to owners of the Company		**857,595**	469,640

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants ("the HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRS(s)")

In the current year, the Group has applied the following new and revised Hong Kong Accounting Standards ("HKAS(s)"), Amendments and Interpretations ("new and revised HKFRSs") issued by the HKICPA.

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
Hong Kong (International Financial Reporting Interpretation Committee) ("HK(IFRIC)") — Interpretation ("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
HK(IFRIC) — Int 18	Transfer of Assets form Customers
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

Except as described below, the adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 1 (Revised 2007) has introduced a number of terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments and changes in the basis of measurement of segment profit or loss, segment assets and segment liabilities. Details of which are shown in note 3.

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expanded disclosures in accordance with the transaction provision set out in the amendments.

In previous years, the Group expensed all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset when they were incurred. HKAS 23 (Revised 2007) removes the option previously available to expense all borrowing costs when incurred. The adoption of HKAS 23 (Revised 2007) has resulted in the Group changing its accounting policy to capitalise all such borrowing costs as part of the cost of the qualifying asset. The Group has applied the revised accounting policy to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1st January, 2009 in accordance with the transitional provisions in HKAS 23 (Revised 2007). As the revised accounting policy has been applied prospectively from 1st January, 2009, this change in accounting policy has not resulted in restatement of amounts reported in respect of prior accounting periods. No impact to the consolidated financial statements was resulted from this change during the year.

The Group has not early applied the following new and 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 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK (IFRIC) — Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK (IFRIC) — Int 17	Distributions of Non-cash Assets to Owners[1]
HK (IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

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 and 1st January, 2010, as appropriate.
3 Effective for annual periods beginning on or after 1st January, 2010.
4 Effective for annual periods beginning on or after 1st February, 2010.
5 Effective for annual periods beginning on or after 1st July, 2010.
6 Effective for annual periods beginning on or after 1st January, 2011.
7 Effective for annual periods beginning on or after 1st January, 2013.

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

HKFRS 9 "Financial Instruments" ("HKFRS 9") introduces new requirements for the classification and measurement of financial assets and will be effective from 1st January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

3. Revenue and segmental information

The Group has adopted HKFRS 8 "Operating Segments" ("HKFRS 8") with effect from 1st January, 2009. HKFRS 8 is a disclosure standard that 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" ("HKAS 14")) 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 operating segments as compared with the primary 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.

Accordingly, the Group's operating segments are redesignated under HKFRS 8 as:

- Exploration of mineral properties — exploration of uranium and coal, a new segment designated in 2009 through the acquisition of Western Prospector Group

- Manufacture and distribution of die casting parts — manufacture and distribution of aluminium, zinc and magnesium die casting parts

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

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segment.

For the year ended 31st December, 2009

	Exploration of mineral properties *HK$'000*	**Manufacture and distribution of die casting parts** *HK$'000*	**Total** *HK$'000*
REVENUE	**—**	**136,571**	**136,571**
RESULTS			
Segment results	**(7,759)**	**(16,827)**	**(24,586)**
Central administration costs			**(7,496)**
Finance costs			**(9,573)**
Loss before taxation			**(41,655)**
Income tax credit			**1,265**
Loss for the year			**(40,390)**

For the year ended 31st December, 2008

	Exploration of mineral properties *HK$'000*	Manufacture and distribution of die casting parts *HK$'000*	Total *HK$'000*
REVENUE	—	209,082	209,082
RESULTS			
Segment results	—	(13,362)	(13,362)
Central administration costs			(4,930)
Finance costs			(2,138)
Loss before taxation			(20,430)
Income tax credit			713
Loss for the year			(19,717)

Segment loss represents the loss from each segment without allocation of central administration costs and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

	Exploration of mineral properties *HK$'000*	**Manufacture and distribution of die casting parts** *HK$'000*	**Total** *HK$'000*
As at 31st December, 2009			
ASSETS			
Segment assets	**211,916**	**783,002**	**994,918**
LIABILITIES			
Segment liabilities	**1,153**	**43,264**	**44,417**
Unallocated liabilities			**92,906**
Consolidated liabilities			**137,323**

	Exploration of mineral properties *HK$'000*	Manufacture and distribution of die casting parts *HK$'000*	Total *HK$'000*
As at 31st December, 2008			
ASSETS			
Segment assets	—	613,513	613,513
LIABILITIES			
Segment liabilities	—	56,564	56,564
Unallocated liabilities			87,309
Consolidated liabilities			143,873

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

- all assets are allocated to operating segments; and
- all liabilities are allocated to operating segments other than the convertible note and related deferred tax liability.

Other segment information for the current and prior years:

	Exploration of mineral properties *HK$'000*	Manufacture and distribution of die casting parts *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:			
For the year ended 31st December, 2009			
Addition to non-current assets	**210,021**	**2,555**	**212,576**
Depreciation and amortisation	**2,815**	**16,323**	**19,138**
Loss on write-off of property, plant and equipment	**267**	**29**	**296**
For the year ended 31st December, 2008			
Addition to non-current assets	—	17,218	17,218
Depreciation and amortisation	—	17,173	17,173
Loss on write-off of property, plant and equipment	—	109	109

Revenue from major products

	2009 *HK$'000*	2008 *HK$'000*
Sale of aluminium die casting parts	**127,942**	195,110
Sale of zinc die casting parts	**6,981**	12,647
Sale of magnesium die casting parts	**1,648**	1,181
Others	**—**	144
	136,571	209,082

Geographical information

The Group's operation is principally located in the PRC (country of domicile). The Group's revenue by geographical market based on destination of goods irrespective of locations of customers, and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		**Non-current assets**	
	2009 *HK$'000*	**2008** *HK$'000*	**2009** *HK$'000*	**2008** *HK$'000*
United States of America	**36,535**	52,245	**—**	—
The PRC (country of domicile)	**23,399**	44,400	**107,515**	121,173
Germany	**18,494**	23,544	**—**	—
Hong Kong	**15,002**	16,275	**1,051**	1,921
Italy	**11,788**	21,625	**—**	—
United Kingdom	**6,875**	11,961	**—**	—
Sweden	**5,607**	5,584	**—**	—
Mongolia	**—**	—	**206,965**	—
Others	**18,871**	33,448	**—**	—
	136,571	209,082	**315,531**	123,094

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2009	2008
	HK$'000	*HK$'000*
Customer A	**23,739**	33,852
Customer B	**19,112**	24,492
Customer C	**14,708**	29,826
	57,559	88,170

All customers are related to manufacture and distribution of die casting parts segment.

4. Other income

	2009	2008
	HK$'000	*HK$'000*
Included in other income are the following:		
Dividend income from available-for-sale investments	**—**	30
Dividend income from investments held for trading	**7**	—
Fair value change on investments held for trading	**115**	—
Gain on disposal of available-for-sale investment	**—**	27
Interest income	**790**	718
PRC tax refund on capital investment in a subsidiary	**2,214**	1,459

5. Finance Costs

	2009	2008
	HK$'000	*HK$'000*
Interest on unsecured bank loans wholly repayable within five years	**100**	659
Effective interest expenses on convertible note	**9,473**	1,479
	9,573	2,138

6. Income tax credit

	2009	2008
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**—**	—
PRC Enterprise Income Tax	**133**	245
	133	245
Deferred tax:		
Current year	**(1,398)**	(903)
Effect of change in tax rate	**—**	(55)
	(1,398)	(958)
Taxation attributable to the Company and its subsidiaries	**(1,265)**	(713)

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

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1st January, 2008 onwards.

7. Loss for the year

	2009	2008
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Directors' remuneration	**1,772**	4,956
Other staff costs	**41,213**	51,917
Retirement benefit schemes contributions	**3,166**	3,105
Total staff costs	**46,151**	59,978
Amortisation of prepaid lease payments	**133**	133
Less: Amount capitalised in construction in progress	**(133)**	(133)
	—	—
Auditors' remuneration	**1,670**	1,016
Cost of inventories recognised as expense	**132,928**	200,166
Depreciation of property, plant and equipment	**19,138**	17,173
Less: Depreciation of property, plant and equipment capitalised to exploration and evaluation assets	**(2,742)**	—
Depreciation of property, plant and equipment charged to profit or loss	**16,396**	17,173
Loss on write-off of property, plant and equipment	**296**	109
Net exchange loss	**968**	466
Operating lease charges on land and buildings	**5,422**	4,414
Penalty paid to a construction contractor in respect of a lawsuit, included in other expenses on the consolidated statement of comprehensive income	**—**	1,704

8. Loss per share

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

	2009	2008
	HK$'000	*HK$'000*
Loss for the purpose of basic loss per share	**(40,390)**	(19,717)

Number of shares

	2009	2008
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per share	**401,771**	244,856

No diluted loss per share for the year ended 31st December, 2009 and 2008 is presented as the conversion of the convertible note would result in a decrease in loss per share.

9. Trade and other receivables and prepayments

	2009 HK$'000	2008 HK$'000
Trade receivables	**38,814**	44,049
Less: Allowance for doubtful debts	**—**	—
	38,814	44,049
Other receivables		
Deposits paid	**3,316**	3,973
Others	**3,002**	2,184
	6,318	6,157
Prepayments	**2,172**	875
	47,304	51,081

The Group allows a credit period of 30 to 90 days to its trade customers. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period.

	2009 HK$'000	2008 HK$'000
0 to 30 days	**12,179**	15,821
31 to 60 days	**12,613**	15,999
61 to 90 days	**9,818**	6,070
91 to 120 days	**2,684**	4,036
Over 120 days	**1,520**	2,123
	38,814	44,049

10. Trade and other payables and accruals

The following is an aged analysis of trade payables presented based on the invoice date at the end of both reporting periods:

	2009 HK$'000	2008 HK$'000
Trade payables		
0 to 30 days	**6,294**	10,456
31 to 60 days	**298**	872
61 to 90 days	**63**	352
91 to 120 days	**15**	17
Over 120 days	**351**	289
	7,021	11,986
Other payables		
Accruals	**12,691**	12,354
Other payables	**6,454**	12,094
Deposits received	**2,205**	4,115
	21,350	28,563
	28,371	40,549

FINAL DIVIDEND

The directors do not recommend the payment of a final dividend for the year ended 31st December, 2009 (2008 : Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

The development of clean energy is gaining pace in the PRC, with nuclear power emerging as an important area for development. The Group is actively expanding its overseas uranium leveraging business to meet the demand for uranium resources. The directors believe that this is an ideal timing for investment to stock up uranium resources projects with high quality, as the market price of uranium, which is expected to soar in tandem with the increasing construction of nuclear power plants around the world, currently remains at a low level. For the year ended 31st December, 2009 (the "Year"), inventory clear-up was 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

On 29th June, 2009, the Group acquired 69.5% equity of Western Prospector Group Ltd. ("Western Prospector") which was then 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. Western Prospector is principally engaged in the acquisition, exploration and development of 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's subsidiaries which allows the Group to share the future growth prospect in uranium industry. The uranium exploration licenses suspended by the Mineral Resources Authority of Mongolia in April and July, 2009 were subsequently re-registered by the relevant authority of Mongolia on 12th November, 2009 and all uranium exploration activities has resumed as normal. The Group is in the process of application for mining licenses and production is expected to commence in the next two to three years.

For the Year, the operating results of the Group mainly came from the die casting business. Owing to the lacklustre performance of the overseas automotive and construction industries, which historically accounted for a substantial amount of our orders in the die casting business, and the decline in selling prices which was linked to falling material costs during the Year, turnover of the Group for the Year dropped approximately 34.7% to approximately HK$136,571,000 (2008: approximately HK$209,082,000). In the light of the gradual recovery of overseas automotive industries in the second half of 2009 and continuous exploration of new customers by the management, the amount of our orders increased over the first half of the year. The turnover for the second half of the year accounted for approximately 60.0% of the total turnover for the Year. It is expected the amount of orders will continue to increase in 2010. Gross profit margin dropped to approximately 2.7% (2008: approximately 4.3%) as costs of sales were driven up by Renminbi appreciation, higher inflation and shortage of labour, while fixed production costs such as rents, electricity fees and depreciation remained at the same level despite of lower turnover. The Group was committed to production cost control and inventory reduction. During the Year, the die casting plant was restructured to enhance its work rate and improve cost efficiency, while automated equipment was developed to reduce reliance on labour force, and machinery was also upgraded to attain energy conservation and efficiency enhancement. It is expected that gross profit margin will grow rapidly following the gradual increase in turnover.

Other income for the Year increased by approximately 191% to approximately HK$6,709,000 (2008: HK$2,303,000) with the benefit of the tax refund policy, interest income and exchange gains. Selling and distribution expenses decreased by approximately 39.6% to approximately HK$5,396,000 (2008: HK$8,927,000) in line with the decrease in turnover.

Administrative expenses increased by approximately 74% to approximately HK$31,393,000 (2008: HK$18,066,000) while other expenses increased by approximately 124% to approximately HK$5,645,000 (2008: HK$2,518,000), reflecting as the first full year of the Group's operation of the uranium leveraging business in 2009 as well as the consolidation of the results of Western Prospector from July, 2009.

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 Year 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 of 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 Year increased to approximately HK$9,573,000 (2008: approximately HK$2,138,000).

As a result of the combined effect of the foregoing, loss attributable to equity holders of the Company for the Year of approximately HK$39,153,000 (2008: loss of approximately HK$18,871,000) was reported.

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 identify new business and investment opportunities in uranium projects globally to satisfy the needs for nuclear energy development in the PRC, while developing its existing business of metal die-casting. As the production costs are already under controlled, the result of die-casting business will be improved following increase in sales orders. In January 2010, the Company announced the proposed acquisition of 37.2% equity interests in the Somina uranium mines in Niger, Africa from its parent, CNNC Overseas Uranium Holding Limited. The transaction was completed on 25th March, 2010, following the execution of an acquisition agreement on 23rd January, 2010 and approval by the shareholders of the Company (other than the connected shareholders) on 19th March, 2010. 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 management expects its new business initiatives will be benefited from the strong fundamentals underlying the uranium industry.

Employees and Remuneration Policies

As at 31st December, 2009, the Group employed approximately 1,158 (2008: 1,420) full-time employees of whom 25 (2008: 27) were based in Hong Kong, 1,092 (2008: 1,393) were based in the Group's factories in Dongguan and office in Beijing, the PRC and 41 (2008: Nil) were based in Mongolia. Total staff cost incurred during the Year amounted to approximately HK$46,151,000 (2008: HK$59,978,000).

Remuneration policies and packages for the Group's employees are based on their performance, working experiences and conditions prevailing in the industry. Depending on the financial results of the Group and the performance of individual employees, eligible staff may also be granted discretionary share options and performance bonuses, in addition to basic salaries, retirement schemes and medical benefit schemes. To raise work quality and management abilities of its employees, the Group provides job rotation, in-house training and external training courses to employees.

Liquidity and Financial Resources

As at 31st December, 2009, total bank borrowings amounted to HK$16,000,000 (At 31st December, 2008: HK$16,000,000) which would be due within one year. The bank borrowings are denominated in Hong Kong dollars, and bear interest at rates calculated with reference to Hong Kong Interbank Offered Rate ("HIBOR") plus basis.

The Group had a net current assets amounting to approximately HK$634,970,000 (At 31st December, 2008: approximately HK$433,855,000) and a current liabilities of approximately HK$44,417,000 (At 31st December, 2008: approximately HK$56,564,000) as at 31st December, 2009. Average stock turnover days decreased to about 66 days as at 31st December, 2009 from about 71 days as at 31st December, 2008. The proportion of long term customers with longer credit periods increased as the overall turnover decreased. Debtors' turnover days increased from about 77 days as at 31st December, 2008 to about 104 days as at 31st December, 2009. Capital expenditures on plant, equipment, exploration and evaluation assets, leasehold improvements and construction in progress totalled approximately HK$212,576,000 in 2009 (2008: approximately HK$17,218,000), of which approximately HK$95,000 (2008: approximately HK$3,015,000) was related to the construction cost of the new manufacturing plant situated in Shanghai, the PRC. Commitment to purchase additional property, plant and equipment that had been contracted for but not provided in the financial statements as at 31st December, 2009 amounted to approximately HK$17,952,000 (At 31st December, 2008: approximately HK$18,000,000).

Net cash outflow from operating activities amounted to approximately HK$12,206,000 (2008: net cash inflow of approximately HK$14,775,000). The Group's cash on hand and bank balances increased from approximately HK$400,150,000 as at 31st December, 2008 to approximately HK$607,626,000 as at 31st December, 2009. The increase was due to the issue of new shares during the Year.

Total shareholders' funds increased from approximately HK$469,640,000 as at 31st December, 2008 to approximately HK$857,595,000 as at 31st December, 2009, mainly due to the issue of new shares during the Year. As at 31st December, 2009, the gearing ratio, in terms of total debts to total assets, decreased to approximately 0.14 (At 31st December, 2008: approximately 0.23).

Acquisitions and Disposals of Subsidiaries and Associated Companies

Save from the acquisition of Western Prospector and the acquisition of Somina uranium mines project in Niger subsequent to the balance sheet date mentioned above, there were no material acquisitions and disposals of subsidiaries and associated companies for the year ended 31st December, 2009.

Exposure to Foreign Exchange Risk

The Group's income, expenditure of raw materials, manufacturing, investment and borrowings are mainly denominated in USD, 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 Year, the Group did not expose to significant foreign exchange risk. The Group currently does not have a foreign currency hedging policy for hedging significant foreign currency exposure.

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 year ended 31st December, 2009 (At 31st December, 2008: Nil).

PURCHASE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

PRELIMINARY ANNOUNCEMENT OF THE RESULTS AGREED BY AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st December, 2009 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

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 Listing Rules throughout the year ended 31st December, 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 the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 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 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 system, internal control procedures and risk management and maintaining good and independent communications with the management as well as external auditors of the Company.

The audit committee comprises three independent non-executive directors and one non-executive director. The present members are Mr. Cheong Ying Chew Henry (Chairman of the audit committee), Mr. Huang Mingang, Mr. Cui Liguo and Mr. Zhang Lei. The Group's annual report for the year ended 31st December, 2009 as well as the accounting principles and practices 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 the 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 who chairs the remuneration committee and one non-executive director namely Mr. Huang Mingang.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The electronic version of this announcement will be published on the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (http://www.hkexnews.hk). An annual report for the year ended 31st December, 2009 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 directors 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
Qiu Jiangang
Chairman

Hong Kong, 19th April, 2010

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*