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, 2011

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, 2011 (the "Year") as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31st December,	
		2011	2010
	NOTES	***HK$'000***	*HK$'000*
			(restated)
Continuing operations			
Revenue	3	**—**	—
Other income, gains and losses	4	**7,426**	7,007
Administrative expenses		**(25,894)**	(25,200)
Other expenses		**(1,197)**	(881)
Share of loss of an associate		**(7,395)**	(8,937)
Effective interest expenses on convertible notes		**(41,118)**	(36,265)
Loss before taxation	5	**(68,178)**	(64,276)
Taxation credit	6	**4,067**	8,172
Loss for the year from continuing operations		**(64,111)**	(56,104)
Discontinued operations			
Profit for the year from discontinued operations	7	**6,718**	1,025
Loss for the year		**(57,393)**	(55,079)

	NOTES	For the year ended 31st December, 2011 HK$'000	2010 HK$'000 (restated)
Other comprehensive (expense) income			
Exchange differences arising on translation		**1,055**	6,216
Reclassification adjustment of exchange differences upon disposal of subsidiaries		**(9,352)**	—
Other comprehensive (expense) income for the year, net of taxation		**(8,297)**	6,216
Total comprehensive expense for the year, attributable to owners of the Company		**(65,690)**	(48,863)
Loss per share			
From continuing and discontinued operations			
— Basic and diluted	8	**(HK13.1 cents)**	(HK12.8 cents)
From continuing operations			
— Basic and diluted	8	**(HK14.6 cents)**	(HK13.1 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	As at 31st December, 2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment		**35,473**	107,855
Exploration and evaluation assets		**199,170**	184,598
Interest in an associate		**447,747**	455,142
Deposits paid on acquisition of property, plant and equipment		—	875
		682,390	748,470
Current assets			
Inventories		**278,684**	309,232
Trade and other receivables and prepayments	9	**46,016**	44,778
Amounts due from shareholders		—	30,748
Investments held for trading		—	367
Bank balances and cash		**383,714**	306,797
		708,414	691,922
Assets classified as held for sale		—	31,891
		708,414	723,813
Current liabilities			
Trade and other payables and accruals	10	**13,480**	33,669
Taxation payable		—	181
Convertible notes		—	99,338
Unsecured bank loan		—	16,000
		13,480	149,188
Net current assets		**694,934**	574,625
Total assets less current liabilities		**1,377,324**	1,323,095
Non-current liabilities			
Convertible notes		**383,606**	365,819
Deferred tax liabilities		**2,369**	6,437
		385,975	372,256
Net assets		**991,349**	950,839
Capital and reserves			
Share capital		**4,892**	4,292
Reserves		**986,457**	946,547
Equity attributable to owners of the Company		**991,349**	950,839

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the 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.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given on exchange of goods.

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 HKFRSs issued by the HKICPA.

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) — Int 14	Prepayments of a Minimum Funding Requirement
HK (IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments

HKAS 24 Related Party Disclosures (as revised in 2009)

The Group has applied HKAS 24 "Related Party Disclosures" (as revised in 2009) in full for the first time in the current period.

The Group is a government-related entity as defined in HKAS 24 (as revised in 2009). HKAS 24 (as revised in 2009) provides a partial exemption from the disclosure requirements for government-related entities whilst the previous version of HKAS 24 did not contain specific exemption for government related entities. Under HKAS 24 (as revised in 2009), the Group has been exempted from making the disclosures required by paragraph 18 of HKAS 24 (as revised in 2009) in relation to related party transactions and outstanding balances (including commitments) with (a) the government that has control, joint control or significant influence over the Group, and (b) other entities that are controlled, jointly controlled or significantly influenced by the same government. Rather, in respect of these transactions and balances, HKAS 24 (as revised in 2009) requires the Group to disclose (a) the nature and amount of each individually significant transaction, and (b) a qualitative or quantitative indication of the extent of transactions that are collectively, but not individually, significant.

HKAS 24 (as revised in 2009) requires retrospective application. The application of HKAS 24 (as revised in 2009) has had no effect on the amounts recognised or recorded in the condensed consolidated financial statements for the current and prior periods.

Except as described above, the application of these new or revised HKFRSs has had no material effect on the condensed consolidated financial statements of the Group for the current or prior periods.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets[1]
	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1 Effective for annual periods beginning on or after 1st July, 2011.

2 Effective for annual periods beginning on or after 1st January, 2013.

3 Effective for annual periods beginning on or after 1st January, 2015.

4 Effective for annual periods beginning on or after 1st July, 2012.

5 Effective for annual periods beginning on or after 1st January, 2014.

New and revised Standards on joint arrangements and disclosures

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC) — Int 12 *Consolidation — Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK (SIC) — Int 13 *Jointly Controlled Entities — Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

The application of HKFRS 11 may result in changes in the accounting of the Group's jointly controlled entity that is currently accounted for using proportionate consolidation. Under HKFRS 11, that jointly controlled entity will be classified as a joint operation or joint venture, ending on the rights and obligations of the parties to the joint arrangement. However, the directors have not yet performed a detailed analysis and hence have not yet quantified the impact.

Other than disclosed above, the directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. SEGMENT INFORMATION

Information reported to the Group's executive directors, being the chief operating decision maker, for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided. Previously, the Group's operating and reportable segments under HKFRS 8 are as follows:

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

As described in more details in note 7, the Group discontinued a reportable and operating segment regarding the manufacture and distribution of die casting parts during the year. Accordingly, the segment information regarding its continuing operations reported below does not include the amounts for the manufacture and distribution of die casting parts. The comparative figures related to discontinued operations have been re-presented.

Segment results

The following is an analysis of the Group's results regarding the sole reportable and operating segment, i.e. the exploration and trading of mineral properties, for the current and prior years:

	2011	2010
	HK$'000	*HK$'000*
Segment revenue	**—**	—
Segment loss	**(21,105)**	(23,039)
Interest income	**3,115**	2,520
Central administration costs	**(9,070)**	(7,492)
Effective interest expenses on convertible notes	**(41,118)**	(36,265)
Loss before taxation (continuing operations)	**(68,178)**	(64,276)

During the year, the Group has not yet commenced trading of its mineral properties.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment loss represents the loss incurred from the segment without allocation of interest income, central administration costs and effective interest expenses on convertible notes. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

Segment assets and liabilities

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

	2011	2010
	HK$'000	*HK$'000*
ASSETS		
Segment assets	**966,432**	964,307
Assets relating to discontinued operations	**—**	230,309
Unallocated assets	**424,372**	277,667
Consolidated assets	**1,390,804**	1,472,283
LIABILITIES		
Segment liabilities	**10,725**	4,423
Liabilities relating to discontinued operations	**—**	45,427
Unallocated liabilities	**388,730**	471,594
Consolidated liabilities	**399,455**	521,444

For the purposes of monitoring segment performance and allocating resources:

- all assets are allocated to operating segment other than receivables and bank balances and cash; and
- all liabilities are allocated to operating segment other than other payables and accruals, convertible notes and deferred tax liabilities.

Other segment information

		2011	
	Exploration and trading of mineral properties	**Unallocated**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Amounts included in the measure of segment results or segment assets (continuing operations):			
Addition to non-current assets	**15,835**	**43**	**15,878**
Depreciation of property, plant and equipment	**(65)**	**(176)**	**(241)**
Interest in an associate	**447,747**	**—**	**447,747**
Share of loss of an associate	**(7,395)**	**—**	**(7,395)**

		2010	
	Exploration and trading of mineral properties	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*
Amounts included in the measure of segment results or segment assets (continuing operations):			
Addition to non-current assets	30,031	488	30,519
Depreciation of property, plant and equipment	(88)	(318)	(406)
Interest in an associate	455,142	—	455,142
Share of loss of an associate	(8,937)	—	(8,937)

Geographical information

The Group's operation is principally located in the People of Mongolia (country of domicile) and the Republic of Niger. Information about the Group's non-current assets by geographical location of the assets are detailed below:

	Non-current assets	
	2011	2010
	HK$'000	*HK$'000*
Republic of Niger	**447,747**	455,142
People of Mongolia (country of domicile)	**234,129**	228,052
Hong Kong	**514**	700
The People's Republic of China	**—**	64,576
	682,390	748,470

4. OTHER INCOME, GAINS AND LOSSES

	2011	2010
	HK$'000	*HK$'000*
		(restated)
Included in other income, gains and losses are the following:		
Continuing operations		
Interest income	**3,115**	2,520
Net exchange gain	**3,948**	3,958

5. LOSS BEFORE TAXATION

	2011	2010
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
Loss before taxation has been arrived at after charging (crediting):		
Directors' remuneration	**2,979**	3,488
Other staff costs	**4,806**	4,137
Retirement benefit schemes contributions	**62**	58
Total staff costs	**7,847**	7,683
Depreciation of property, plant and equipment	**8,733**	11,841
Less: Amount capitalised in exploration and evaluation assets	**(8,492)**	(11,435)
	241	406
Auditors' remuneration	**1,352**	2,002
Operating lease charges on land and buildings	**1,605**	1,875

6. TAXATION CREDIT

	2011	2010
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
Deferred tax credit	**4,067**	8,172

The taxation credit represents deferred taxation arising from the temporary difference on convertible notes during both years.

No provision for Hong Kong Profits Tax nor provision for income tax in other jurisdictions has been made in the consolidated financial statements as the group companies incurred tax losses for both years.

7. DISCONTINUED OPERATIONS

On 7th May, 2011, the Company entered into a conditional sale agreement to dispose of its 100% equity interest in United Non-Ferrous (Overseas) Limited ("United Non-Ferrous") together with its subsidiaries (collectively referred to as the "Disposal Group") to an independent third party at a consideration of HK$159,000,000. The Disposal Group carried out all of the Group's manufacture and distribution of die casting parts, which are classified as discontinued operations. Details of the transaction are set out in the Company's circular dated 15th June, 2011. The disposal was completed on 29th July, 2011.

The profit for the year from the discontinued operations is analysed as follows:

	2011	2010
	HK$'000	*HK$'000*
(Loss) profit of discontinued operations for the year	**(5,324)**	1,025
Gain on disposal of discontinued operations	**12,042**	—
	6,718	1,025

The results of the discontinued operations for the period from 1st January, 2011 to 29th July, 2011 and for the year ended 31st December, 2010, which have been included in the consolidated statement of comprehensive income, are analysed as follows:

	1/1/2011– 29/7/2011	1/1/2010– 31/12/2010
	HK$'000	*HK$'000*
Revenue	**93,303**	168,048
Cost of sales	**(86,779)**	(149,228)
Gross profits	**6,524**	18,820
Other income, gains and losses	**1,805**	4,943
Selling and distribution costs	**(1,724)**	(5,088)
Administrative and other expenses	**(11,228)**	(17,154)
Interest on unsecured bank loans wholly repayable within one year	**(65)**	(101)
(Loss) profit before taxation	**(4,688)**	1,420
Taxation	**(636)**	(395)
(Loss) profit for the period/year	**(5,324)**	1,025

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%

(Loss) profit before taxation from discontinued operations has been arrived at after charging (crediting):

	1/1/2011– 29/7/2011	1/1/2010– 31/12/2010
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**8,544**	16,216
Release of prepaid lease payments	**—**	133
Loss (gain) on changes in fair value of investments held for trading	**27**	(45)
Net exchange (gain) loss	**(1,390)**	33
Interest income	**(202)**	(20)
Dividend income	**(4)**	(8)

During the year, the Disposal Group contributed HK$7,235,000 (2010: HK$12,041,000) to the Group's net operating cash flows, paid HK$726,000 (2010: HK$22,180,000) in respect of investing activities and paid HK$65,000 (2010: HK$101,000) in respect of financing activities.

8. LOSS PER SHARE

From continuing and discontinued operations

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

	2011	2010
	HK$'000	*HK$'000* (restated)
Loss for the year attributable to owners of the Company	**(57,393)**	(55,079)

	2011	2010
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**438,702,555**	429,168,308

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	2011	2010
	HK$'000	*HK$'000* (restated)
Loss figures are calculated as follows:		
Loss for the year attributable to owners of the Company	**(57,393)**	(55,079)
Less: Profit for the year from discontinued operations	**(6,718)**	(1,025)
Loss for the purpose of basic and diluted loss per share from continuing operations	**(64,111)**	(56,104)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

From discontinued operations

Basic and diluted earnings per share from discontinued operations is approximately HK1.5 cents (2010: basic and diluted earnings per share of approximately HK0.2 cents), based on the profit for the year from discontinued operations of HK$6,718,000 (2010: HK$1,025,000) and the denominators detailed above for both basic and diluted earnings per share.

The above computation of diluted loss per share for both years does not assume the conversion of the Group's convertible notes as the conversion of the convertible notes would result in a decrease in loss per share for continuing operations.

9. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	—	36,934
Deposits paid	**352**	2,689
Other receivables	**5,622**	3,170
Prepayments	**292**	1,985
Consideration receivable for disposal of subsidiaries	**39,750**	—
	46,016	44,778

Note: The consideration receivable is subsequently settled in March 2012.

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:

	2011	2010
	HK$'000	*HK$'000*
0 to 30 days	—	15,671
31 to 60 days	—	11,616
61 to 90 days	—	7,044
91 to 120 days	—	1,326
Over 120 days	—	1,277
	—	36,934

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 the reporting period:

	2011	2010
	HK$'000	*HK$'000*
Trade payables		
0 to 30 days	—	4,103
31 to 60 days	—	2,464
61 to 90 days	—	542
91 to 120 days	—	22
Over 120 days	—	174
	—	7,305
Accruals	**7,827**	13,574
Other payables	**5,653**	9,967
Deposits received	—	2,823
	13,480	33,669

FINAL DIVIDEND

The directors do not recommend the payment of a final dividend for the year ended 31st December, 2011 (2010: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

During the year ended 31st December 2011 (the "Year"), the Group was principally engaged in (i) the manufacture and distribution of die casting parts; and (ii) the exploration and trading of mineral properties. On 7th May, 2011, the Company entered into an agreement with, amongst others, a purchaser, pursuant to which the Company agreed to sell and the purchaser agreed to purchase the entire interest in United Non-Ferrous (Overseas) Limited ("United Non-Ferrous") (the "Disposal") held by the Company. United Non-Ferrous and its subsidiaries (collectively the "Disposal Group") hold the die-casting assets and business of the Group. The Disposal was completed on 29th July, 2011. The business outlook of the Disposal Group was overshadowed by the raw material prices hikes, domestic labour shortages and wages surges. The management considers that the Disposal represents a good opportunity for the Group to realize the Disposal Group, which has been incurring operating losses for the past years. The Disposal will enable the Group to better utilize and redeploy the Group's resources to improve its balance sheet and liquidity position. Following completion of the Disposal, the Group will continue to engage in the exploration and trading of mineral properties.

Business Overview

Due to the Disposal, the comprehensive income statement for the Year was presented under the headings of continuing operations (the operations of the Group other than the Disposal Group, which consist of the exploration and trading of mineral properties business) and discontinued operations (the operations of the Disposal Group which consist of the die-casting business). During the Year, the Group continued to develop the two uranium resources projects. Mining license was being applied for the Mongolian project. The Group has completed and submitted all of the required materials for the application and the uranium reserve report has been confirmed and approved by the Mongolian government authority. The Group will form a joint venture company with the Mongolian government to develop the project after the granting of the mining license. Through a subsidiary company, Ideal Mining Limited ("Ideal Mining"), the Group is interested in 37.2% of the equity shares in Societe des Mines d'Azelik S.A.("SOMINA") which owns an uranium resources project in Niger. The Niger project has begun trial production. During the Year, SOMINA continued to refine and adjust its production process and facilities to prepare a solid foundation for full production.

Continuing Operations

Other income, gains and losses of the continuing operations of approximately HK$7,426,000 (2010: approximately HK$7,007,000) of the continuing operations were mainly from interest income and exchange gains from the appreciation of Renminbi deposits during the Year under review and was at the same level of the corresponding period last year. The administrative expenses of the continuing operations of approximately HK$25,894,000 (2010: approximately HK$25,200,000) was also at the same level of the corresponding period last year. Share of loss of an associate of approximately HK$7,395,000 (2010: approximately HK$8,937,000), was related to the equity share of loss of SOMINA through the acquisition of Ideal Mining in March 2010 for the Year under review. SOMINA had yet to generate revenue. The loss was due to the administrative expenses. The effective interest expenses on convertible notes for the Year under review increased by approximately 13.4%

to approximately HK$41,118,000 (2010: approximately HK$36,265,000) as a result of the issuance of the HK$414 million convertible notes on 25th March, 2010. The income tax credit of HK$4,067,000 (2010: approximately HK$8,172,000) was due to the reduction of deferred tax during the Year under review. Loss after taxation for the Year of the continuing operations amounted to approximately HK$64,111,000 (2010: approximately HK$56,104,000).

Discontinuing Operations

The operating results of the discontinuing operations for the Year were derived from the die casting business which was disposal on 29th July, 2011. The rise in material costs and the minimum labour wages in the PRC had pushed up the cost of sales which were the main reasons for the losses of approximately HK$5,324,000 for the seven months operations (2010 for the full year: profit approximately HK$1,025,000). The gain for the disposal of subsidiaries amounted to approximately HK$12,042,000 (2010: Nil) and thus the net profit from the discontinued operations amounted to approximately HK$6,718,000 (2010: approximately HK$1,025,000).

Comprehensive Expenses for the Year

After taken into account of the exchange differences arising on translation of foreign currencies of approximately HK$1,055,000 (2010: approximately HK$6,216,000) and exchange differences realised upon disposal of subsidiaries of approximately HK$9,352,000 (2010: Nil), the total comprehensive expenses for the Year amounted to approximately HK$65,690,000 (2010: approximately HK$48,863,000).

Future Strategies

Following completion of the Disposal, the Group will make its full effort to develop the exploration and trading of mineral properties. The two existing uranium projects, one in Mongolia and the other one with 37.2% ownership in Niger, held by the Group are in their initial stages. For the project in Mongolia, the Group will strive to obtain the mining license as soon as possible, prepare for the construction of the mining site and wish to commence production in the near future. For the project in Niger, it has already entered into the stage of trial production and the Group has prepared for full production. The Company believes the uranium resources operations are destined to endow shareholders with substantial returns upon maturity. The Group will also continue to look for the optimum business opportunities in its uranium product trading business. Overseas uranium resources business is the key development of the Group. The Group will serve the needs of the PRC's nuclear power development by identifying more suitable uranium projects of premier quality and in developing towards the directions of uranium product processing and nuclear energy compliant industries.

Employees and Remuneration Policies

As at 31st December, 2011, the Group employed approximately 29 (2010: continuing operations 45) full-time employees of whom 4 (2010: continuing operations 4) were based in Hong Kong, 2 (2010: continuing operations 6) were based in the PRC and 23 (2010: continuing operations 35) were based in Mongolia. Total staff cost incurred for the continuing operations during the Year amounted to approximately HK$7,847,000 (2010: approximately HK$7,683,000).

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, 2011, the Group did not have any bank borrowings (at 31st December, 2010: HK$16,000,000). The bank borrowings in 2010 were 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 net current assets amounting to approximately HK$694,934,000 (at 31st December, 2010: approximately HK$574,625,000) and a current liabilities of approximately HK$13,480,000 (at 31st December, 2010: approximately HK$149,188,000) as at 31st December, 2011. During the Year, the Group disposed of the Disposal Group. As at 31st December, 2011, the continuing operations retained approximately 300 tonnes of uranium concentrates in stock at 31st December, 2011 and did not have any trade receivables and payables. Capital expenditures on plant, equipment, leasehold improvements and construction in progress totalled approximately HK$993,000 during the Year (2010: approximately HK$142,200,000). Capital expenditures on exploration and evaluation assets were approximately HK$15,835,000 (2010: approximately HK$19,030,000). The Group did not have any commitment to purchase additional property, plant and equipment that had been contracted for but not provided in the financial statements as at 31st December, 2011 (At 31st December, 2010: approximately HK$4,980,000).

During the Year, net cash outflow from operating activities amounted to approximately HK$12,827,000 (2010: approximately HK$278,833,000). The Group's cash on hand and bank balances decreased from approximately HK$306,797,000 as at 31st December, 2010 to approximately HK$383,714,000 as at 31st December, 2011.

Total shareholders' funds increased from approximately HK$950,839,000 as at 31st December, 2010 to approximately HK$991,349,000 as at 31st December, 2011, mainly due to the increase in share capital and share premium arising from the issue of 60,000,000 ordinary shares to redeem the convertible note issued in 2008. As a result of the conversation of the above-mentioned convertible note, the gearing ratio, in terms of total debts to total assets, decreased to approximately 0.29 (At 31st December, 2010: approximately 0.35) as at 31st December, 2011.

Acquisitions and Disposals of Subsidiaries and Associated Companies

Save from the disposal of the Disposal Group mentioned above, there were no material acquisitions and disposals of subsidiaries and associated companies for the Year.

Exposure to Foreign Exchange Risk

The Group's income, expenditure of raw materials, manufacturing, investment and borrowings are mainly denominated in USD, HKD, Mongolian Tugrigs and RMB. Fluctuations of the exchange rates of Mongolian Tugrigs and RMB against foreign currencies could affect the operating costs of the Group. Currencies other than Mongolian Tugrigs and RMB were relatively stable during the Year under review, 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

The Company issued a three-year maturity convertible bond with a principal amount of HK$106,200,000, coupon interest rate of 2% per annum and convertible price at HK$1.77 per share (convertible to 60,000,000 ordinary shares) to its parent company, CNNC Overseas Uranium Holding Limited ("CNNC Overseas"), in 2008. In November 2011, CNNC Overseas converted the bond into 60,000,000 ordinary shares and its shareholding in the Company increased to 66.72%. Apart from the issue of 60,000,000 ordinary shares as mentioned above, there has been no significant change in the capital structure of the Group since 31st December, 2010.

Charge on Assets

Apart from the 37.2% of the share capital in SOMINA held by Ideal Mining pledged to a bank for banking facilities granted to SOMINA, there was no charge on the Group's assets during the Year (2010: apart from the shares in SOMINA, Nil).

PURCHASE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the Year under review, 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, 2011 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 under review.

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. Cui Liguo, Mr. Zhang Lei and Mr. Xu Shouyi. The Group's annual report for the Year under review 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. Cui Liguo (Chairman of the remuneration committee), Mr. Cheong Ying Chew Henry and Mr. Zhang Lei, one executive director namely Mr. Han Ruiping and one non-executive director namely Mr. Xu Shouyi.

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, 2011 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
Cai Xifu
Chairman

Hong Kong, 27th March, 2012

As of the date of this announcement, the Board comprises non-executive director and chairman, namely Mr. Cai Xifu, executive directors, namely, Mr. Han Ruiping and Mr. Xu Hongchao, non-executive director, namely, Mr. Xu Shouyi and independent non-executive directors, namely, Mr. Cheong Ying Chew Henry, Mr. Cui Liguo and Mr. Zhang Lei.

* *For identification purpose only*