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, 2018

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, 2018 (the "Period"), together with comparative figures for the corresponding period of 2017, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30th June, 2018

		Six months ended 30th June,	
		2018	2017
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	3	**717,899**	80,391
Cost of sales		**(711,694)**	(75,603)
Gross profit		**6,205**	4,788
Other income, gains and losses		**1,910**	1,517
Selling and distribution expenses		**(1,224)**	(380)
Administrative expenses		**(6,623)**	(6,609)
Profit (loss) before taxation		**268**	(684)
Income tax credit	4	**4,978**	—
Profit (loss) for the period attributable to owners of the Company	5	**5,246**	(684)
Other comprehensive income that will not be reclassified subsequently to profit or loss			
Exchange differences arising on translation to presentation currency		**648**	1,507
Total comprehensive income for the period, attributable to owners of the Company		**5,894**	823
Basic earnings (loss) per share	7	**HK1.07 cents**	(HK0.14 cent)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2018

	30th June, 2018 HK$'000 (unaudited)	31st December, 2017 HK$'000 (audited)
Non-current assets		
Property, plant and equipment	**15,394**	15,715
Exploration and evaluation assets	**211,502**	210,709
	226,896	226,424
Current assets		
Inventories	**332,107**	179,670
Trade and other receivables and prepayments	**17,138**	74,553
Bank balances and cash	**84,451**	247,743
	433,696	501,966
Current liabilities		
Trade and other payables and accruals	**16,038**	158,622
Contract liabilities	**74,417**	—
Amount due to an intermediate holding company	**1,914**	1,907
Amount due to ultimate holding company	**2,124**	2,678
Amounts due to fellow subsidiaries	**117**	117
Income tax payable	**14,382**	19,360
	108,992	182,684
Net current assets	**324,704**	319,282
Net assets	**551,600**	545,706
Capital and reserves		
Share capital	**4,892**	4,892
Reserves	**546,708**	540,814
Equity attributable to owners of the Company	**551,600**	545,706

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2018

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2017.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1st January, 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

In addition, the Group has applied Amendments to HKFRS 9 "Prepayment Features with Negative Compensation" in advance of the effective date, i.e. 1st January, 2019.

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

Changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group recognises revenue mainly from the following major sources:

- Trading of uranium, electronics and other products; and
- Exploration and trading of uranium.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1st January, 2018. Any difference at the date of initial application is recognised in the opening accumulated losses (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1st January, 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

Key changes in accounting policies resulting from application of HKFRS 15

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Changes in accounting policies of application on HKFRS 9 "Financial Instruments"

In the current period, the Group has applied HKFRS 9 "Financial Instruments", Amendments to HKFRS 9 "Prepayment Features with Negative Compensation" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and other items (for example, financial guarantee contracts) and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1st January, 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1st January, 2018. The difference between carrying amounts as at 31st December, 2017 and the carrying amounts as at 1st January, 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivables arising from sales of uranium, electronics and other products are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, contract assets, loan commitments and financial guarantee contracts). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents that ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, contract assets where the corresponding adjustment is recognised through a loss allowance account.

As at 1st January, 2018, the directors of the Company reviewed and assessed the Group's existing financial position in accordance with the requirements of HKFRS 9 and HKFRS 15. There has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

Information reported to the Group's executive director, being the chief operating decision maker, for the purposes of resources allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group currently organises its operations into three operating divisions, which also represent the operating segments of the Group for financial reporting purposes, namely trading of mineral property, exploration and trading of mineral properties and supply chain. They represent three major lines of business engaged by the Group. The Group's operating and reportable segments under HKFRS 8 are as follows:

- Trading of mineral property — trading of uranium
- Exploration and trading of mineral properties — exploration and trading of uranium
- Supply chain — trading of electronics and other products

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

	Six months ended 30th June, 2018			
	Trading of mineral property	**Exploration and trading of mineral properties**	**Supply chain**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**
Segment revenue	**231,274**	**—**	**486,625**	**717,899**
Segment profit (loss)	**1,469**	**(3,327)**	**2,348**	**490**
Unallocated other income and gains				**1,562**
Central administration costs				**(1,784)**
Profit before taxation				**268**

	Six months ended 30th June, 2017		
	Trading of mineral property	Exploration and trading of mineral properties	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)
Segment revenue	80,391	—	80,391
Segment profit (loss)	4,408	(4,024)	384
Unallocated other income and gains			1,388
Central administration costs			(2,456)
Loss before taxation			(684)

Segment profit (loss) represents the profit earned or loss incurred by each segment without allocation of interest income and central administration costs.

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

	30th June, 2018 HK$'000 (unaudited)	31st December, 2017 HK$'000 (audited)
ASSETS		
Segment assets		
— Trading of mineral property	**3,995**	249,675
— Exploration and trading of mineral properties	**232,849**	231,888
— Supply chain	**352,463**	—
	589,307	481,563
Unallocated assets	**71,285**	246,827
Consolidated assets	**660,592**	728,390
LIABILITIES		
Segment liabilities		
— Trading of mineral property	**61,383**	144,152
— Exploration and trading of mineral properties	**16,222**	15,710
— Supply chain	**16,263**	—
	93,868	159,862
Unallocated liabilities	**15,124**	22,822
Consolidated liabilities	**108,992**	182,684

For the purposes of monitoring segment performance and allocating resources:

- Segment assets include property, plant and equipment, exploration and evaluation assets, inventories, trade and other receivables and bank balances and cash which are directly attributable to the relevant reportable segment.

- Segment liabilities include trade and other payables and accruals, contract liabilities and amounts due to an intermediate holding company, ultimate holding company and fellow subsidiaries which are directly attributable to the relevant reportable segment.

4. INCOME TAX CREDIT

The income tax credit is related to the write-back of a tax provision in the People's Republic of China which was provided in previous year.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the assessable profits were wholly absorbed by tax losses brought forward.

5. PROFIT (LOSS) FOR THE PERIOD

	Six months ended 30th June,	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit (loss) for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**687**	995
Net exchange gains	**(338)**	(129)
Interest income from bank deposits	**(1,562)**	(1,388)

6. DIVIDENDS

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

7. BASIC EARNINGS (LOSS) PER SHARE

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

	Six months ended 30th June,	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit (loss) for the period attributable to owners of the Company	**5,246**	(684)

	Six months ended 30th June,	
	2018	2017
Number of ordinary shares for the purposes of basic earnings (loss) per share	**489,168,308**	489,168,308

MANAGEMENT DISCUSSION & ANALYSIS

Results

For the six months ended 30th June, 2018 (the "Period"), the Group has recorded revenue from trading of natural uranium and supply chain business of approximately HK$717,899,000 (2017 Period: approximately HK$80,391,000), a substantial increase of approximately 793% over the corresponding period last year. The significant increase in revenue is due to the significant increase in revenue generated from the business of trading of natural uranium and electronics products (which are covered under the supply chain segment). During the Period, a net profit of approximately HK$5,246,000 was recorded as compared to a net loss of approximately HK$684,000 recorded in the corresponding period last year. The aforesaid turnaround from loss to profit is primarily due to the write-back of a tax provision in the People's Republic of China which were provided in previous years.

Market and Business Overview

During the Period, in addition to its investment in uranium resources and its trading business in uranium products, the Group has also commenced the business of trading in electronics products, including but not limited to trading of liquid crystal displays, flash drives, memory cards etc. In view of the significant revenue generated from the business of trading in electronics products of the Group, which was commenced at the beginning of 2018, the Group has set up a new business segment, namely the "Supply Chain" segment, in addition to its "Trading of Mineral Property" and "Exploration and Trading of Mineral Properties" segments, and intends to diversify its trading activities to other products, such as metal raw materials, electrical appliances, etc. The Supply Chain segment covers the Group's business of trading in electronic products and other products, through its participation in supply chain management.

Operations

During the Period, the Group recorded a "Revenue" and "Cost of sales" of approximately HK$717,899,000 (2017 Period: approximately HK$80,391,000) and approximately HK$711,694,000 (2017 Period: approximately HK$75,603,000) respectively, a substantial increase of approximately 793% and approximately 841% respectively, which resulted in a "Gross profit" of approximately HK$6,205,000 (2017 Period: approximately HK$4,788,000), an increase of approximately 29.6% over the corresponding period last year. The significant increase in revenue and gross profit is due to the significant increase in revenue generated from the business of trading of natural uranium and electronics products (which are covered under the supply chain segment).

During the Period, “Other income, gains and losses” of approximately HK$1,910,000 (2017 Period: approximately HK$1,517,000) were mainly from interest income, an increase of approximately 25.9% over last year due to the increase of deposit interest rate.

As the Revenue has increased substantially during the Period, the “Selling and distributing expenses” has also increased to approximately HK$1,224,000 (2017 Period: approximately HK$380,000), an increase of approximately 222% over last year. Despite of the substantial increase in “Revenue”, the “Administrative expenses” which amounted to approximately HK$6,623,000 (2017 Period: approximately HK$6,609,000) was similar to that of last year, an increase of approximately 0.2%. The tight control measures in expenses imposed by the Group continued to be effective.

During the Period, the Group did not record any interest expenses (2017 Period: nil). The Group is currently free of any interest bearing debt. After review of the Group tax position, the Group has written back a tax provision in the People’s Republic of China which were provided in previous years of approximately HK$4,978,000 (2017 Period: nil).

Total comprehensive income for the Period

Summing up the combined effects of the foregoing, profit for the Period was approximately HK$5,246,000 (2017 Period: loss of approximately HK$684,000). After taking into account of the other comprehensive income approximately HK$648,000 (2017 Period: approximately HK$1,507,000) relating to exchange differences arising on translation to presentation currency, the total comprehensive income for the Period was approximately HK$5,894,000 (2017 Period: approximately HK$823,000).

Future Strategies and Prospects

During the Period the Group has recorded a significant increase in revenue, the Group will continue to develop its natural uranium trading and supply chain management business, and will be proactive in expanding and diversifying its trading activities, including trading in other products with a view to increase returns for the Group. The Group expects the supply chain segment will be a major source of income of the Group in 2018.

As mentioned in the announcement, dated 12th March, 2018, of the Company (“Announcement”), the Group has plans to invest in CNNC Financial Leasing Company Limited (“CNNC Leasing”). Total consideration will be approximately RMB373,190,000. Upon completion, the Group will hold, in aggregate, not more than 18.51% of the registered capital in CNNC Leasing. By leveraging on the market expertise and size of the shareholders of CNNC Leasing including China National Nuclear Corporation (“CNNC”), the ultimate holding company of the Company, a market leader in the nuclear energy market, the management believes that CNNC

Leasing could be able to develop into a promising business and generate satisfactory returns to its shareholders. Completion of the investment is subject to, among other things, approval of the independent shareholders of the Company. For further details, please refer to the Announcement.

The Group will continue to negotiate with the Mongolian Government for the setting up of a joint venture company for the project. The project has not been, to a material extent, adversely affected by its slow progress, as the market price of natural uranium products has remained low during the Period. To optimise the returns of the project, the Group intends to time the production to match with the recovery of the natural uranium market price.

The Group aims to expand and diversify its business by leveraging on the strengths of CNNC, in the field of nuclear energy, to develop project with reasonable returns for the Group and continues to explore other possible investment opportunities.

Human Resources Management

As at 30th June, 2018, the Group employed 13 full-time 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$163,331,000 (2017 Period: approximately HK$66,676,000) during the Period, which was mainly due to the payment of inventories for electronics products. The Group's financial position remained healthy and does not have any interest bearing borrowing. The gearing ratio, which is represented by the ratio of total debts to total assets, was reduced to approximately 0.16 as at 30th June, 2018 (as at 31st December, 2017: approximately 0.25).

The working capital of the Group was generally financed by bank and cash balance. As at 30th June, 2018 due to the increase of inventories and the reduction of trade payables amount, the Group's bank balances and cash have reduced to approximately HK$84,451,000 (as at 31st December, 2017: approximately HK$247,743,000) and the Group had no bank loan outstanding (as at 31st December, 2017: nil). At 30th June 2018, the Group's net current assets and current liabilities are approximately HK$324,704,000 (as at 31st December, 2017: approximately HK$319,282,000) and approximately HK$108,992,000 (as at 31st December, 2017: approximately HK$182,684,000) respectively.

Total shareholders' funds increased from approximately HK$545,706,000 as at 31st December, 2017 to approximately HK$551,600,000 as at 30th June, 2018, as a result of the increase of total comprehensive income during the Period.

Acquisitions and Disposals of Subsidiaries and Associated Companies

Apart from the plans to invest in CNNC Leasing as mentioned in the Announcement of the Company, there were no material acquisitions and disposals of subsidiaries and associated companies for the Period.

Exposure to Foreign Exchange Risk

The Group's income, cost of sales, administrative expenses, investment and borrowings are mainly denominated in USD, HKD, Mongolian Tugrik and RMB. Fluctuations of the exchange rates of Mongolian Tugrik and RMB could affect the operating costs of the Group. Currencies other than Mongolian Tugrik and RMB were relatively stable during the Period. The Group currently does not have a foreign currency hedging policy. However, management will continue to monitor foreign exchange exposure and will take prudence measure to minimise the currency translation risk. The Group will consider hedging significant foreign currency exposure should the need arise.

Capital Structure

There has been no significant change in the capital structure of the Group since 31st December, 2017.

Charge on Assets

Apart from the 37.2% of the share capital in Société des Mines d'Azelik S.A. ("Somina") held by a wholly owned subsidiary of the Company, Ideal Mining Limited, pledged to a bank for banking facilities granted to Somina, there was no charge on the Group's assets during the Period (2017 Period: apart from the shares in Somina, nil).

Interim Dividend

The Board of Directors does not recommend the payment of an interim dividend for the Period (2017 Period: nil).

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

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

Code on Corporate Governance Practices

The Company has complied with 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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the Period.

Model Code for Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules. The Company has received confirmation from all Directors 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 throughout the Period.

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. Li Zhihuang. Mr. Cheong Ying Chew Henry is the Chairman of the Audit Committee. The Group's interim results for the Period and the accounting principles and practices adopted by the Group 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 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. Bai Donghai and one Non-executive Director namely Mr. Li Zhihuang. Mr. Cui Liguo is the Chairman of the Remuneration Committee.

Nomination Committee

In accordance with the requirements of the CG Code, a Nomination Committee has been established by the Company to review the structure of the Board and identify individuals suitably qualified to become Board Members. The Nomination 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. Bai Donghai and one Non-executive Director namely Mr. Yang Chaodong. Mr. Yang Chaodong is the Chairman of the Nomination Committee.

Disclosure of Information on the Website of The Stock Exchange

The electronic version of this announcement will be published on the website of the Stock Exchange (http://www.hkexnews.hk). An interim report for the six months ended 30th June, 2018 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 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
Yang Chaodong

Hong Kong, 22nd August, 2018

As of the date of this announcement, the Board comprises non-executive Director and chairman, namely, Mr. Yang Chaodong, executive Director and chief executive officer, namely, Mr. Bai Donghai, non-executive Director, namely, Mr. Li Zhihuang and independent non-executive Directors, namely, Mr. Cheong Ying Chew Henry, Mr. Cui Liguo and Mr. Zhang Lei.