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, 2018

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, 2018 (the "Year") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended 31st December,	
		2018	2017
	NOTES	***HK\$'000***	*HK\$'000*
Revenue	3	**1,992,052**	652,060
Cost of sales		**(1,969,367)**	(637,830)
Gross profit		**22,685**	14,230
Other income		**2,464**	3,601
Net exchange (losses) gains		**(535)**	1,104
Selling and distribution expenses		**(1,982)**	(850)
Administrative expenses		**(18,340)**	(17,828)
Profit before tax	4	**4,292**	257
Income tax credit	5	**19,321**	—
Profit for the year		**23,613**	257

	NOTES	For the year ended 31st December, 2018 HK$'000	2017 HK$'000
Other comprehensive (expense) income			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**(2,625)**	3,566
Total comprehensive income for the year attributable to owners of the Company		**20,988**	3,823
Basic earnings per share	7	**HK4.8 cents**	HK0.1 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31st December,	
		2018	2017
	NOTES	***HK$'000***	*HK$'000*
Non-current assets			
Property, plant and equipment		**15,048**	15,715
Exploration and evaluation assets		**211,151**	210,709
Deposit paid for acquisition of equity instrument at fair value through other comprehensive income		**2,561**	—
		228,760	226,424
Current assets			
Inventories		**100,380**	179,670
Trade and other receivables and prepayments	8	**103,710**	74,553
Bank balances and cash		**177,917**	247,743
		382,007	501,966
Current liabilities			
Trade and other payables and accruals	9	**24,549**	158,622
Contract liabilities		**15,520**	—
Amount due to an intermediate holding company		**1,910**	1,907
Amount due to ultimate holding company		**1,977**	2,678
Amounts due to fellow subsidiaries		**117**	117
Income tax payable		**—**	19,360
		44,073	182,684
Net current assets		**337,934**	319,282
Net assets		**566,694**	545,706
Capital and reserves			
Share capital		**4,892**	4,892
Share premium and reserves		**561,802**	540,814
Equity attributable to owners of the Company		**566,694**	545,706

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2018

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

2. PRINCIPAL ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

New and amendments to HKFRSs that are mandatorily effective for the current year

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

Except as described below, the application of the new and amendments to HKFRSs in the current year had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 15 "Revenue from Contracts with Customers"

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

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 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.

The Group recognises revenue from trading of uranium, electronics products and provision of merchandising services which arise from contracts with customers.

Summary of effects arising from initial application of HKFRS 15

As at 1st January, 2018, receipt in advance previously included in trade and other payables and accruals were reclassified to contract liabilities as follows:

	Carrying amounts previously reported at 31st December, 2017	Reclassification	Carrying amounts under HKFRS 15 at 1st January, 2018*
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities			
Trade and other payables and accruals	158,622	(194)	158,428
Contract liabilities	—	194	194

* The amounts in this column are before the adjustments from the application of HKFRS 9.

The relevant impact of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31st December, 2018 are as follows:

	As reported	Adjustment	Amounts without application of HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities			
Trade and other payables and accruals	24,549	15,520	40,069
Contract liabilities	15,520	(15,520)	—

The application of HKFRS 15 has no other significant impact on the timing and amounts of revenue in the current year and accumulated losses at 1st January, 2018.

HKFRS 9 "Financial Instruments"

In the current year, the Group has applied HKFRS 9 "Financial Instruments" 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 under ECL model) 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".

The application of HKFRS 9 has no significant impact in the current year.

3. REVENUE AND SEGMENT INFORMATION

Information reported to the Group's executive directors, being the chief operating decision maker (CODM), for the purposes of resource allocation and assessment of segment performance focuses on the types of goods delivered or services 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 and exploration and selling of mineral properties and supply chain which is newly developed in current year. They represent three major lines of business engaged in 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 selling of mineral properties — exploration and selling of uranium
- Supply chain — selling of electronics and other products, including but not limited to trading of liquid crystal displays, flash drives, memory cards, etc and provision of supply chain management services.

Disaggregation of revenue from contracts with customers for the year ended 31st December, 2018

Segments	Trading of mineral property *HK$'000*	Exploration and selling of mineral properties *HK$'000*	Supply chain *HK$'000*	Total *HK$'000*
Trading of				
— uranium	252,886	—	—	252,886
— electronics and other products	—	—	1,731,507	1,731,507
Provision of supply chain management services	—	—	7,659	7,659
	252,886	—	1,739,166	1,992,052

No operating segments have been aggregated in arriving at the reportable segments of the Group.

The following is an analysis for the Group's revenue and results from continuing operations by reportable and operating segment:

For the year ended 31st December, 2018

	Trading of mineral property ***HK$'000***	Exploration and selling of mineral properties ***HK$'000***	Supply chain ***HK$'000***	Consolidated ***HK$'000***
Segment revenue	**252,886**	**—**	**1,739,166**	**1,992,052**
Segment profit (loss)	**1,836**	**(6,086)**	**10,281**	**6,031**
Interest income				**2,041**
Unallocated corporate costs				**(3,780)**
Profit before tax				**4,292**

For the year ended 31st December, 2017

	Trading of mineral property *HK$'000*	Exploration and selling of mineral properties *HK$'000*	Consolidated *HK$'000*
Segment revenue	652,060	—	652,060
Segment profit (loss)	14,326	(5,351)	8,975
Interest income			3,636
Unallocated corporate costs			(12,354)
Profit before tax			257

Revenue of the Group represents amounts received or receivable arising from the sale of uranium and electronic products.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of interest income and corporate costs. This is the measure reported to the CODM 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 reportable and operating segment:

	2018 ***HK$'000***	2017 *HK$'000*
ASSETS		
Segment assets		
— Trading of mineral property	**204,636**	249,675
— Exploration and selling of mineral properties	**228,908**	231,888
— Supply chain	**165,822**	—
	599,366	481,563
Unallocated corporate assets	**11,401**	246,827
Consolidated assets	**610,767**	728,390
LIABILITIES		
Segment liabilities		
— Trading of mineral property	**3,373**	144,152
— Exploration and selling of mineral properties	**16,425**	15,710
— Supply chain	**22,629**	—
	42,427	159,862
Unallocated corporate liabilities	**1,646**	22,822
Consolidated liabilities	**44,073**	182,684

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

- Segment assets include property, plant and equipment, exploration and evaluation assets, inventories, trade and other receivables and prepayments 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.

Other segment information

	2018				
	Trading of mineral property *HK$'000*	**Exploration and selling of mineral properties** *HK$'000*	**Supply chain** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Amounts included in the measure of segment results or segment assets:					
Addition to non-current assets	**—**	**142**	**227**	**60**	**429**
Depreciation of property, plant and equipment	**—**	**977**	**35**	**69**	**1,081**

	2017			
	Trading of mineral property *HK$'000*	Exploration and selling of mineral properties *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment results or segment assets:				
Addition to non-current assets	—	1,270	34	1,304
Depreciation of property, plant and equipment	—	2,118	72	2,190
Loss on disposal of property, plant and equipment	—	54	—	54

Geographical information

The Group's revenue by geographical market (irrespective of the origin of the goods) based on the incorporation location of the customers are detailed below:

	Revenue	
	2018	2017
	HK$'000	*HK$'000*
PRC	**1,808,179**	—
Canada	**108,477**	—
Switzerland	**75,396**	228,452
The United States	**—**	329,828
Kazakhstan	**—**	63,995
Others	**—**	29,785
	1,992,052	652,060

The Group's operation is principally located in the Mongolia (country of domicile) and PRC (2017: the Mongolia (country of domicile)). Information about the Group's non-current assets by geographical location of the assets is detailed below:

	Non-current assets	
	2018	2017
	HK$'000	*HK$'000*
Mongolia (country of domicile)	**225,893**	226,294
PRC	**2,867**	130
	228,760	226,424

Information about major customers

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

	2018	2017
	HK$'000	*HK$'000*
Customer A	**1,711,182**[1]	N/A[2]
Customer B	**N/A**[2]	228,452[3]
Customer C	**N/A**[2]	180,282[3]
Customer D	**N/A**[2]	149,546[3]

1 Revenue from supply chain.

2 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

3 Revenue from trading of mineral property.

4. PROFIT BEFORE TAX

	2018	2017
	HK$'000	*HK$'000*
Profit before tax has been arrived at after charging (crediting):		
Directors' emoluments	**1,601**	2,547
Other staff costs	**6,518**	4,729
Retirement benefit schemes contributions	**62**	82
Total staff costs	**8,181**	7,358
Less: Amount capitalised in exploration and evaluation assets	**—**	(785)
	8,181	6,573
Depreciation of property, plant and equipment	**1,081**	2,190
Loss on disposal of property, plant and equipment	**—**	54
Auditors' remuneration	**1,616**	1,400
Cost of inventories recognised as an expense	**1,969,367**	637,830
Operating lease charges on land and buildings	**1,010**	1,190
Bank interest income	**(2,041)**	3,636

5. TAXATION

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the assessable profits were wholly absorbed by tax losses brought forward for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of a PRC subsidiary is 25%, In addition, a PRC subsidiary of the Company was qualified as "Small Low-profit Enterprise" in Shenzhen and subject to an Enterprise Income Tax Rate of 10%.

	2018	2017
	HK$'000	*HK$'000*
The (charge) credit comprises:		
PRC Enterprise Income Tax ("EIT")	**(39)**	—
Write-back of EIT provision in prior year	**19,360**	—
	19,321	—

6. DIVIDENDS

No dividend was paid, declared or proposed during the current and prior years. The directors have determined that no dividend will be paid in respect of the year ended 31st December, 2018.

7. EARNINGS PER SHARE

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

	2018	2017
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company	**23,613**	257

	2018	2017
Number of ordinary shares for the purposes of earnings per share	**489,168,308**	489,168,308

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2018	2017
	HK$'000	*HK$'000*
Trade receivables — aged 0 to 30 days	**21,611**	70,005

The Group allows a credit period of 30 days to its trade customers.

9. TRADE AND OTHER PAYABLES AND ACCRUALS

	2018	2017
	HK$'000	*HK$'000*
Trade payables — aged 0 to 30 days	**—**	141,357

The average credit period on purchase of goods is 20 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

FINAL DIVIDEND

The directors do not recommend the payment of a final dividend for the year ended 31st December, 2018 (2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Market and Business Overview

During the year ended 31st December, 2018 (the "Year"), 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 at the beginning of the Year, including but not limited to trading of liquid crystal displays, flash drives, memory cards etc.

The Group has recorded revenue from trading of natural uranium and supply chain business of approximately HK$1,992,052,000 (2017: approximately HK$652,060,000) for the Year, a substantial increase of approximately 206% over last year. The significant increase in revenue is due to the significant increase in revenue generated from the business of trading of electronics products. In view of the above, 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 Selling of Mineral Properties" segments, and diversified its trading activities to other products such as metal raw materials, electrical appliances, etc. and supply chain management service since July 2018. The Supply Chain segment covers the Group's business of trading in electronic products and other products, through its participation in the supply chain management. During the Year, a net profit of approximately HK$23,613,000 was recorded as compared to a net profit of approximately HK$257,000 recorded in the corresponding period last year. The aforesaid significant increase is primarily due to the write-back of a tax provision in the People's Republic of China which were provided in previous years and the gross profit generated from the trading business of the Group in the Year.

During the Year, the Group continued to communicate and negotiate with the Mongolian Government to set up a joint venture company for the application of the mining licenses of the Group's Mongolian uranium resources project. The process has been slow as the Group has to revise the application materials to comply with the official requirements. The Group will endeavour to expedite the negotiations and application.

Operations Review

During the Year, the Group recorded a "Revenue" and "Cost of sales" of approximately HK$1,992,052,000 (2017: approximately HK$652,060,000) and approximately HK$1,969,367,000 (2017: approximately HK$637,830,000) respectively, a substantial increase of approximately 206% and approximately 209% respectively, which resulted in a "Gross profit" of approximately HK$22,685,000 (2017: approximately

HK$14,230,000), an increase of approximately 59.4% over 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 electronics products (which are covered under the Supply Chain segment).

"Other income", of approximately HK$2,464,000 (2017: approximately HK$3,601,000), was mainly interest income, a decrease of approximately 31.6% from last year, as most of the funds of the Group has been utilized the trading business during the Year. "Other gains and losses" of approximately HK$535,000 were the exchange loss recorded during the Year (2017: exchange gains of approximately HK$1,104,000).

Due to the substantial increase of business activities during the Year, the "Selling and distribution expenses" has increased by approximately 133% to approximately HK$1,982,000 (2017: approximately HK$850,000) as compared to last year. The "Administrative expenses" amounted to approximately HK$18,340,000 (2017: approximately HK$17,828,000) during the Year, an increase of approximately 2.9% compared to last year as the general activities of the Group has increased during the Year.

During the Year, the Group did not record any interest expenses (2017: nil). As at 31st December 2018, the Group did not have 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$19,360,000 (2017: nil) during the Year.

Total Comprehensive Income for the Year

Summing up the combined effects of the foregoing, profit for the Year amounted to approximately HK$23,613,000 (2017: approximately HK$257,000). After taken into account of the other comprehensive expense of approximately HK$2,625,000 (2017: income approximately HK$3,566,000) relating to exchange differences arising on translation to presentation currency, the total comprehensive income for the Year amounted to approximately HK$20,988,000 (2017: approximately HK$3,823,000), a substantial increase over last year.

Future Strategies

The Group has recorded a significant increase in revenue during the Year. 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 2019.

As mentioned in the announcement, dated 26th February, 2019, of the Company, the Group has completed the investment in CNNC Financial Leasing Company Limited ("CNNC Leasing"). Total consideration was approximately RMB373,190,000. Following completion and upon registration at the relevant authorities, the Group will hold approximately 18.45% of the enlarged registered capital in CNNC Leasing and such equity investments will be accounted for as equity instrument at fair value through other comprehensive income of the Company. 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 in the PRC, the management believes that CNNC Leasing could be able to develop into a promising business and generate satisfactory returns to its shareholders. Further details of the investments are set out in the circular of the Company dated 12th November, 2018.

The associate of the Group (Société des Mines d'Azelik S.A. ("Somina")) is still facing severe cash flow problems and will not be able to resume production within a short period of time. The Group will closely monitor the situation and continue to work with the other shareholders of Somina for its future plans.

For the Mongolian project, 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 Year. 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 and continues to explore other possible investment opportunities.

Employees and Remuneration Policies

As at 31st December, 2018, the Group employed 16 (2017: 12) full-time employees of whom 3 (2017: 2) were based in Hong Kong, 9 (2017: 6) were based in the PRC and 4 (2017: 4) were based in Mongolia. Total staff costs incurred during the Year amounted to approximately HK$8,181,000 (2017: approximately HK$7,358,000).

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 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, 2018, the Group did not have any bank borrowings (at 31st December, 2017: Nil). The Group had net current assets amounting to approximately HK$337,934,000 (at 31st December, 2017: approximately HK$319,282,000) and the current liabilities amounting to approximately HK$44,073,000 (at 31st December, 2017: approximately HK$182,684,000) as at 31st December, 2018. During the Year, the Group continued trading in uranium products and engaged in electronic products trading, and as at 31st December, 2018, the Group had trade receivables of approximately HK$21,611,000 (at 31st December, 2017: HK$70,005,000) and did not have any trade payables (at 31st December, 2017: HK$141,357,000). Capital expenditures on property, plant and equipment were approximated HK$429,000 during the Year (2017: approximately HK$56,000). During the Year, the Group did not have any capital expenditures on exploration and evaluation assets (2017: approximately HK$1,248,000). The Group did not have any commitment to purchase additional property, plant and equipment that had been contracted for but not provided in the consolidated financial statements as at 31st December, 2018 (at 31st December, 2017: Nil).

During the Year, net cash outflow from operating activities amounted to approximately HK$64,074,000 (2017: approximately HK$40,951,000). The Group's cash on hand and bank balances decreased from approximately HK$247,743,000 as at 31st December, 2017 to approximately HK$177,917,000 as at 31st December, 2018.

Total shareholders' funds increased from approximately HK$545,706,000 as at 31st December, 2017 to approximately HK$566,694,000 as at 31st December, 2018, mainly due to the total comprehensive income during the Year. The gearing ratio, in terms of total debts to total assets, decreased to approximately 0.07 (at 31st December, 2017: approximately 0.25) as at 31st December, 2018.

Acquisitions and Disposals of Subsidiaries and Associated Companies

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, 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, 2017.

Charge on Assets

Apart from the 37.2% of the share capital in Somina held by Ideal Mining Limited pledged to a bank for banking facilities granted to Somina, there was no charge on the Group's assets during the Year (2017: apart from the shares in Somina, 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.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31st December, 2018 as set out in the preliminary announcement have been agreed by the Group's auditors, 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 the 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.

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 namely Mr. Cheong Ying Chew Henry (Chairman of the audit committee), Mr. Cui Liguo and Mr. Zhang Lei and one non-executive director namely Mr. Li Zhihuang. The Group's annual report for the Year 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. Bai Donghai and one non-executive director namely Mr. Li Zhihuang.

NOMINATION COMMITTEE

In accordance with the requirements of the CG Code, a nomination committee has been established by the Company to review the structure, size and composition of the Board and identify individuals suitably qualified to become Board members. The nomination committee comprises one non-executive director namely Mr. Yang Chaodong (Chairman of the Board and the nomination committee), one executive director namely Mr. Bai Donghai and three independent non-executive directors namely Mr. Cheong Ying Chew Henry, Mr. Cui Liguo and Mr. Zhang Lei.

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 (http://www.hkexnews.hk). An annual report for the year ended 31st December, 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 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
中核國際有限公司
Chairman
Yang Chaodong

Hong Kong, 15th March, 2019

As at 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.