中核集团
CNNC

CNNC INTERNATIONAL LIMITED
中 核 國 際 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2302)

UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2021

UNAUDITED ANNUAL RESULTS

The Board of Directors (the "Board") of CNNC International Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company, together with its subsidiaries (the "Group") for the year ended 31st December, 2021 (the "Year").

For the reasons explained below under the paragraph entitled "Preparation of Unaudited Annual Results", the auditing process for the annual results of the Group for the Year has not been completed. The below statistics are unaudited and are based on preliminary internal information of the Group, which may differ from the figures to be disclosed in the audited financial statements to be published by the Company on an annual or half yearly basis. As such, the below financial statistics are provided for investors' reference only, and do not constitute, nor should they be construed as, an invitation or solicitation to sell or purchase any securities or financial products of the Company. They should not be used as a basis for research reports, and are not intended to, nor should they constitute any investment advice. Investors are advised to exercise caution and not to place undue reliance on such information when dealing in the securities of the Company. When in doubt, investors are advised to seek professional advice from professional or financial advisors.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	For the year ended 31st December, 2021 HK$'000 (Unaudited)	2020 HK$'000 (Unaudited)
Revenue	3	**280,639**	1,648,233
Cost of sales		**(260,029)**	(1,623,783)
Gross profit		**20,610**	24,450
Other income and gains		**4,317**	5,593
Net exchange (loss) gains		**(202)**	273
Selling and distribution expenses		**(1,128)**	(4,221)
Administrative expenses		**(26,775)**	(21,644)
Impairment loss on inventories		**—**	(52,409)
Impairment loss on property, plant and equipment		**—**	(1,369)
Share of result of an associate		**16,543**	(18,446)
Finance costs		**(9,834)**	(16,691)
Profit (Loss) before tax	4	**3,531**	(84,464)
Income tax expense	5	**(2,368)**	(3,860)
Profit (Loss) for the year		**1,163**	(88,324)
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**2,285**	3,460
Item that may be reclassified subsequently to profit or loss:			
Share of exchange difference of an associate		**22,619**	23,533
		24,904	26,993
Total comprehensive income (expense) for the year attributable to owners of the Company		**26,067**	(61,331)
Basic and diluted earnings (loss) per share	7	**HK0.24 cents**	HK(18.1) cents

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31st December,	
		2021	2020
	NOTES	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Non-current assets			
Property, plant and equipment		**9,688**	10,166
Right of use asset		**—**	222
Exploration and evaluation assets		**—**	—
Interests in associates		**437,553**	401,267
		447,241	411,655
Current assets			
Inventories		**—**	3,417
Trade and other receivables and prepayments	8	**16,361**	30,763
Restricted cash		**—**	5,433
Bank balances and cash		**120,646**	144,354
		137,007	183,967
Current liabilities			
Trade, bills and other payables and accruals	9	**23,500**	21,620
Contract liabilities		**14,186**	13,388
Lease liability		**—**	228
Bank borrowings		**—**	282,125
Amount due to immediate holding company		**12,000**	—
Amount due to an intermediate holding company		**1,903**	1,892
Amount due to ultimate holding company		**1,977**	1,977
Amounts due to fellow subsidiaries		**—**	140
Income tax payable		**884**	661
		54,450	322,031
Net current assets (liabilities)		**82,557**	(138,064)

	As at 31st December,	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Total assets less current liabilities	**529,798**	273,591
Non-current liability		
Amount due to immediate holding company	**218,000**	—
Net assets	**311,798**	273,591
Capital and reserves		
Share capital	**4,892**	4,892
Share premium and reserves	**306,906**	268,699
Equity attributable to owners of the Company	**311,798**	273,591

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2021

1. BASIS OF PREPARATION

The unaudited 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 unaudited consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange and by the Hong Kong Companies Ordinance.

The unaudited 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.

The functional currency of the Company is United States dollars ("US$"). The unaudited consolidated financial statements are presented in Hong Kong dollars ("HK$") for the convenience of the shareholders, as the Company is listed in Hong Kong. All values are rounded to the nearest thousand ("HK$'000") unless otherwise indicated.

2. PRINCIPAL ACCOUNTING POLICIES

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

Adoption of new or amended HKFRSs	
Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30th June, 2021

The new/amendments to HKFRSs that are effective from 1st January, 2021 did not have significant financial impact on the Group's accounting policies.

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 properties, exploration and selling of mineral properties and supply chain. 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 properties — trading of uranium
- Exploration and selling of mineral properties — exploration and selling of uranium
- Supply chain — selling of electronics and other products, dispersed metal

Disaggregation of revenue from contracts with customers

For the year ended 31st December, 2021

Segments	**Trading of mineral properties** *HK$'000*	**Exploration and selling of mineral properties** *HK$'000*	**Supply chain** *HK$'000*	**Total** *HK$'000*
Trading of				
— uranium	**280,639**	**—**	**—**	**280,639**
— electronics and other products	**—**	**—**	**—**	**—**
— dispersed metal	**—**	**—**	**—**	**—**
	280,639	**—**	**—**	**280,639**

For the year ended 31st December, 2020

Segments	Trading of mineral properties *HK$'000*	Exploration and selling of mineral properties *HK$'000*	Supply chain *HK$'000*	Total *HK$'000*
Trading of				
— uranium	662,994	—	—	662,994
— electronics and other products	—	—	841,709	841,709
— dispersed metal	—	—	143,530	143,530
	662,994	—	985,239	1,648,233

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, 2021

	Trading of mineral properties *HK$'000*	**Exploration and selling of mineral properties** *HK$'000*	**Supply chain** *HK$'000*	**Total** *HK$'000*
Segment revenue	**280,639**	**—**	**—**	**280,639**
Segment profit (loss)	**14,223**	**(2,846)**	**—**	**11,377**
Bank interest income				**825**
Unallocated corporate income				**3,290**
Unallocated corporate costs				**(18,670)**
Share of result of an associate				**16,543**
Unallocated finance costs				**(9,834)**
Profit before tax				**3,531**

For the year ended 31st December, 2020

	Trading of mineral properties *HK$'000*	Exploration and selling of mineral properties *HK$'000*	Supply chain *HK$'000*	Total *HK$'000*
Segment revenue	662,994	—	985,239	1,648,233
Segment profit (loss)	8,350	(6,232)	(48,450)	(46,332)
Bank interest income				408
Unallocated corporate income				1,345
Unallocated corporate costs				(8,341)
Share of result of an associate				(18,446)
Unallocated finance costs				(13,098)
(Loss) before tax				(84,464)

Revenue of the Group represents amounts received or receivable arising from the sale of uranium, electronic and other products, dispersed metal, provision of supply chain management service and exploration and selling of mineral properties.

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 bank interest income, unallocated corporate income, unallocated corporate costs, unallocated finance costs and share of result of an associate. 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:

	As at 31st December,	
	2021	2020
	HK$'000	*HK$'000*
ASSETS		
Segment assets		
— Trading of mineral properties	**56,584**	69,262
— Exploration and selling of mineral properties	**13,830**	14,729
— Supply chain	**—**	78,656
	70,414	162,647
Interests in associates	**437,553**	401,267
Unallocated corporate assets	**76,281**	31,708
Consolidated assets	**584,248**	595,622
LIABILITIES		
Segment liabilities		
— Trading of mineral properties	**2,299**	982
— Exploration and selling of mineral properties	**18,333**	18,988
— Supply chain	**14,186**	14,374
	34,818	34,344
Unallocated corporate liabilities	**237,632**	287,687
Consolidated liabilities	**272,450**	322,031

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, restricted cash and bank balances and cash which are directly attributable to the relevant reportable segment.

- Segment liabilities include trade, bills and other payables and accruals, contract liabilities, a bank borrowing and amount due to immediate and an intermediate holding company, which are directly attributable to the relevant reportable segment.

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	
	2021	2020
	HK$'000	*HK$'000*
PRC (including Hong Kong)	**53,580**	1,016,795
The United Kingdom	—	198,021
The United States	—	140,523
Germany	**46,520**	133,396
Switzerland	—	93,657
Canada	**180,539**	65,841
	280,639	1,648,233

4. PROFIT (LOSS) BEFORE TAX

	2021	2020
	HK$'000	*HK$'000*
Profit (Loss) before tax has been arrived at after charging:		
Directors' emoluments	**1,442**	1,648
Other staff costs	**13,348**	9,474
Retirement benefit schemes contributions	**1,633**	334
Total staff costs	**16,423**	11,456
Depreciation of property, plant and equipment	**1,014**	842
Depreciation of right of use asset	**111**	334
Impairment loss on inventories	—	52,409
Impairment loss on property, plant and equipment	—	1,369

5. TAXATION

On 21st March, 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28th March, 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong profits tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

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%.

	2021	2020
	HK$'000	*HK$'000*
The charge (credit) comprises:		
Current tax:		
Hong Kong Profits Tax	**884**	—
PRC EIT	**—**	587
Dividend withholding tax	**1,492**	2,589
	2,376	3,176
Under (over) provision in prior year:		
— Hong Kong Profits Tax	**(10)**	(36)
— PRC EIT	**2**	720
	2,368	3,860

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, 2021.

7. EARNINGS (LOSS) PER SHARE

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

	2021	2020
	HK$'000	*HK$'000*
Profit/(Loss) for the year attributable to owners of the Company	**1,163**	(88,324)

	2021	2020
Number of ordinary shares for the purposes of earnings (loss) per share	**489,168,308**	489,168,308

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2021	2020
	HK$'000	*HK$'000*
Trade receivables — aged 0 to 30 days	**—**	29,305
Other receivables	**774**	482
Deposits paid	**34**	34
Prepayments	**2,122**	942
Amount due from an associate *(note)*	**13,431**	—
	16,361	30,763

The Group allows a credit period of 0 to 60 days to its trade customers and presented the aged analysis of trade receivables based on the invoice date.

Note: The amount is unsecured, interest-free and repayable on demand.

9. TRADE, BILLS 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:

	2021	2020
	HK$'000	*HK$'000*
Trade payables — aged 0 to 30 days	**—**	—
Bills payables	**—**	—
Interests payables	**1,047**	63
Other payables	**2,605**	1,897
Amount due to a joint operator *(note)*	**16,431**	15,971
Accruals	**3,417**	3,689
	23,500	21,620

The average credit period on purchase of goods is 30 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Note: The amount is unsecured, interest-free and has no fixed term of repayment.

FINAL DIVIDEND

The directors do not recommend the payment of a final dividend for the year ended 31st December, 2021 (2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Market and Business Overview

During the Year, the Group has continued its business of trading of uranium products in its normal and usual course of business, but has not conducted any supply chain business after having assessed the supply chain business prospects and the strategy of the Group.

As disclosed in the announcements of the Company dated 6th July, 2020, 31st March and 29th July, 2021, and the Interim Report of the Company for the six months ended 30th June, 2021, the global pandemic ("Pandemic") had led to, among other things, weaker demand, deteriorating credits, economic slowdown and various limitations, such as movement of people and goods and work resumptions, which had material adverse effects to the Group's supply chain business. Considering the financial benefits from the supply chain business had been decreasing, whilst the financial risks had been increasing, and the adverse impacts of the Pandemic were expected to continue in the near future, the management had decided to reduce the scale of its supply chain business since mid-year of 2020, and focus on the uranium products trading business, and to actively seek high-quality uranium resources projects to complement the development of its parent group. The Group ceased the supply chain business, other than for the purposes of dealing with the impaired inventory during the Year.

As disclosed in the announcement of the Company dated 13th November, 2020, the Group was unsuccessful in the appeal to the lawsuit relating to the Mongolian Mining Project. However, on 29th October, 2020, a working committee ("Committee") including, amongst others, representatives from the Mineral Resources and Petroleum Authority of Mongolia ("MRPAM", the respondent of the lawsuit) was set up with a view to help resolve the disputes regarding the expiry of the exploration licenses of the Group. The management believes it is a positive sign of the MRPAM's intention towards resolving the disputes, though at this stage, there is no guarantee that the matter shall be resolved in favour of the Group.

The Company is closely monitoring the progress of the lawsuit and the work of the Committee and will make further announcement(s) as and when appropriate.

Operations Review

During the Year, the Group has recorded revenue from trading of natural uranium of approximately HK$280,639,000 (2020: approximately HK$1,648,233,000) for the Year, a decrease of approximately 83% over last year. The significant reduction was mainly due to the fact that (i) the Group has not concluded any supply chain business and (ii) there has also been a significant reduction in revenue for the uranium products trading business due to market fluctuations, whereby worldwide supplies of natural uranium products was affected by, among others, delays in exploration and wellfield development stemming from the Pandemic in certain mines and temporary closure of certain mines for operational maintenance during the Year. The Group succeeded in reversing its loss position and reported a net profit for the Year of approximately HK$1,163,000 (2020: net loss of approximately HK$88,324,000) as compared to the corresponding period last year, mainly driven by, among other things: (i) the absence of the impairment loss of inventory in the Year (2020: approximately HK$52 million); (ii) a share of profit from an associate in the Year (2020: share of loss of approximately HK$18 million); and (iii) a reduction in finance costs in the Year (2020: approximately HK$16.7 million) after the Group ceased its supply chain business.

"Other income and gains", of approximately HK$4,317,000 (2020: approximately HK$5,593,000), was mainly operating income generated from the supply chain business from customers' overdue charges and interest income generating from the bank. Exchange loss of approximately HK$202,000 were recorded during the Year (2020: net exchange gains of approximately HK$273,000).

"Selling and distribution expenses" has decreased by approximately 73% to approximately HK$1,128,000 (2020: approximately HK$4,221,000) as compared to last year due to decrease in revenue.

"Administrative expenses" amounted to approximately HK$26,775,000 (2020: approximately HK$21,644,000), which has increased by approximately 24%, as the Group had incurred additional professional fees for the independent review on the causes of the impairment loss of inventory of approximately HK$52,409,000 (the "Impairment") for the year ended 31st December, 2020 and the internal control issues (if any) and legal services in relation to the Impairment during the Year.

Following the merger of our associate, CNNC Financial Leasing Company Limited ("CNNC Leasing"), with another financial leasing company within our parent group in December 2020, our interest in the associate was diluted to approximately 11.36% (of the enlarged capital). The Group recorded "share of result of an associate" of profits of approximately HK$16,543,000 (2020: loss of approximately HK$18,446,000), an increase of approximately 190%, as the financial results of the associate have improved after the merger.

During the Year, the Group incurred "Finance costs" of approximately HK$9,834,000 (2020: approximately HK$16,691,000) mainly due to interests incurred for the investment in an associate, a reduction of approximately 41% due to the absence of finance costs relating to the supply chain business.

During the Year, "Income tax expense" of approximately HK$2,368,000 was provided (2020: approximately HK$3,860,000). The decrease was mainly due to the provision of PRC withholding tax of approximately HK$1,493,000 (2020: approximately HK$2,589,000) as compared to the corresponding period last year.

Total Comprehensive Income for the Year

Summing up the combined effects of the foregoing, net income for the Year amounted to approximately HK$1,163,000 (2020: loss of approximately HK$88,324,000). After taken into account of the other comprehensive income of approximately HK$24,904,000 (2020: approximately HK$26,993,000) relating to exchange differences arising from the translation to presentation currency, and share of exchange difference of an associate, the total comprehensive income for the Year amounted to approximately HK$26,067,000 (2020: expense of approximately HK$61,331,000).

FUTURE STRATEGIES

As set out in the sub-section headed "Market and Business Overview" above, the Group ceased the supply chain business, other than for the purposes of dealing with the impaired inventory, to the extent practicable during the Year. The Group intends to focus on and will continue to devote to the development of the uranium products trading business, and to actively seek high-quality uranium resources projects to complement the development of its parent group, as well as to leverage on the strengths of the parent group in the field of nuclear energy.

As disclosed in the announcement of the Company dated 23rd February, 2022, the Company (for itself and on behalf of each of its subsidiaries) and China National Uranium Corporation, Limited (中國鈾業有限公司) ("CNUC"), an indirect holding company of the Company, (for itself and on behalf of each of its subsidiaries (other than the Group) ("CNUC Group")) entered into a continuing connected transactions framework agreement ("FA"), pursuant to which the Group agreed to i) act as the prioritised supplier of CNUC Group for its short term demand for natural uranium products and the regional sole supplier of CNUC Group for its medium-to-long-term demand for natural uranium products; and ii) act as the exclusive authorised distributor for the sale and distribution of uranium products produced by the Rössing uranium mine (being indirectly owned by CNUC as to approximately 68.62%), for on-sale to third party customers in all countries and regions around the world except the PRC.

The Group believes the transactions contemplated under the FA are in line with the Group's strategic pursuit of becoming CNUC Group's major platform in overseas uranium resources exploration, development and trading, and will facilitate the Group in further strengthening its uranium trading business and expand its reach into the PRC and worldwide market, which in turn will enhance the Group's profitability in the long run. The continuing connected transactions contemplated under the FA are expected to occur on a regular and continuing basis and in the ordinary and usual course of business of the Group.

Being a member of CNUC Group and having considered the competitive edges of the Group, the Group is considered to be in a better strategic position to be designated as the procurement arm of CNUC Group in the international uranium market.

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.

In relation to the Group's Mongolian Mining Project, the Group will continue to be engaged in the discussion with the Mongolian Authority to resolve the expiry issue of the exploration licenses of the Group's investment in its uranium resources project in Mongolia. 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.

In the long run, the Group also aims to expand and diversify its business by leveraging on the strengths of its ultimately holding company, China National Nuclear Corporation, in the field of nuclear energy, to develop projects with reasonable returns and continues to explore possible investment opportunities in uranium resources considering the financial health of the Company, the overall global uranium market supply and demand dynamics.

The Company will inform shareholders of the Company (the "Shareholders") on any major development of the business of the Group in a timely manner and in accordance with the requirements of the Listing Rules.

Employees and Remuneration Policies

As at 31st December, 2021, the Group employed 22 (2020: 23) full-time employees of whom 4 (2020: 5) were based in Hong Kong, 14 (2020: 14) were based in the PRC and 4 (2020: 4) were based in Mongolia. Total staff costs incurred during the Year amounted to approximately HK$16,423,000 (2020: approximately HK$11,456,000).

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

The Group recorded a net cash outflow of approximately HK$25,451,000 (2020: approximately HK$273,943,000) during the Year, which was mainly due to the repayment of bank borrowings. The Group's financial position remained healthy.

The working capital of the Group was generally financed by bank balance and cash. The Group's cash on hand and bank balances decreased from approximately HK$144,354,000 as at 31st December, 2020 to approximately HK$120,646,000 as at 31st December, 2021. The Group has no restricted cash (at 31st December, 2020: approximately HK$5,433,000) as at 31st December, 2021 due to full repayment of bank borrowings.

As stated in the unaudited annual result announcement for the year ended 31st December, 2020, the Group had not complied with certain financial covenant as stipulated in the bank loan agreement of the Group's bank borrowing of approximately HK$282,125,000 outstanding as at 31st December, 2020, which requires the Group to meet certain amount of consolidated tangible net worth at all times, after recognition of the impairment loss on inventories of approximately HK$52,409,000 in the unaudited consolidated financial statements as at 31st December, 2020.

During the Year, the Group obtained a three years term loan of approximately HK$230,000,000 (the "Loan") from its immediate shareholder. The Loan was fully exempt from the Listing Rules for connected transaction requirements as: (1) the Loan was conducted on normal commercial terms or better; and (2) the Loan was not secured by the assets of the Group. The proceeds of the Loan were applied to the repayment of Group's bank borrowing. At the end of the Year, the Group did not have any outstanding bank borrowing.

Total shareholders' funds increased from approximately HK$273,591,000 as at 31st December, 2020 to approximately HK$311,798,000 as at 31st December, 2021, mainly due to the total comprehensive income during the Year. The gearing ratio, in terms of total debts to total assets, decreased to 0.47 (at 31st December, 2020: 0.54) as at 31st December, 2021 due to the decrease in bank borrowings.

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 for operation, 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, 2020.

Charge on Assets

The 37.2% of the share capital in Somina held by a wholly owned subsidiary of the Company, Ideal Mining Limited, was pledged to a bank for banking facilities granted to Somina.

As security for banking facilities granted to the Group for its approximately 11.36% investment in CNNC Leasing ("Investment Interest"), the following was charged on the Group: (i) the Investment Interest; (ii) the 100% share capital in CNNC International (HK) Limited ("CNNC (HK)") (a wholly owned subsidiary of the Company and the holder of the Investment Interest); (iii) the dividend payment of CNNC Leasing; and (iv) certain bank account(s) of CNNC (HK). As security for banking facilities granted to the Group for its trading operation, certain bank account(s) of China Nuclear International Corporation ("CNIC"), a wholly owned subsidiary of the Company, was charged. All the charges on Investment Interest were released on 26th November, 2021 upon full repayment of bank loan to the lender (2020: apart from the shares in Somina, Investment Interest, CNNC (HK), dividend payment of CNNC Leasing, and certain bank account(s) of CNNC (HK), and certain bank account(s) of CNIC, 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.

EVENTS AFTER THE YEAR UNDER REVIEW

As mentioned under the "Future Strategies" section above, the Company and CNUC Group entered into the FA on 23rd February, 2022. The Company is preparing a circular for the approval of the FA by independent shareholders in an extraordinary general meeting.

Save as those disclosed above, no other important events which have an impact on the Group took place after the end of the Year.

PREPARATION OF UNAUDITED ANNUAL RESULTS

The Board wishes to emphasize that the unaudited consolidated results of the Group for the Year set out herein are extracted from the latest unaudited management accounts of the Group for the Year and are subject to changes resulting from, among other things, (i) the fair market valuation of certain non-current assets; (ii) the audit work on the amounts of share of result of an associate and the carrying value of interests in associates as presented in the consolidated financial statements of the Company to be completed by the Company's auditor under the relevant audit standard; (iii) further review by the Company and relevant professional parties; and (iv) any potential adjustments that might be necessary according to the work results of the Company's auditor. The unaudited consolidated results of the Group for the Year are subject to change and has not been agreed by the Company's auditors as required under Rule 13.49(2) of the Listing Rules. The audit process for the annual results for the Year has not been completed due to the increased business risk caused by the Pandemic outbreak in Hong Kong in the first quarter of 2022, which in turn made it necessary in the view of the Company's auditors to carry out additional audit procedures and works to be done on the fair market valuation and impairment loss of the Group (if any).

To facilitate the request of the Company's auditors, the Company needs additional time to prepare the relevant information for the Company's auditors. In order to keep the Shareholders and potential investors of the Company informed of the Group's business operation and financial position, the Board has set forth in this announcement the unaudited consolidated results of the Group for the Year as extracted from the latest unaudited management accounts of the Group for the Year. The Board confirmed that the unaudited consolidated results of the Group for the Year were prepared on the same basis as used in the audited consolidated financial statements of the Group for the year ended 31st December, 2019 and subsequently the unaudited consolidated financial statements of the Group for the year ended 31st December, 2020 except for the application of new and amendments to HKFRSs set out in note 2 to this announcement. The Board cannot guarantee that the unaudited consolidated results of the Group for the Year truly reflects the financial performance and position of the Group and such information might be misleading if any potential adjustments have not been taken into account. The Company has been using its best endeavors to assist the Company's auditors to perform and complete their additional audit procedures. Based on the current situation and as informed by the Company's auditor, the Company expects that an announcement relating to the audited annual results of the Group for the Year will be made in around the mid of May 2022, although this may be subject to further developments of the Pandemic outbreak.

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 process and internal control of the Group. The Audit Committee comprises three Independent Non-executive Directors namely, Mr. Chan Yee Hoi, Mr. Cui Liguo and Mr. Zhang Lei, and one Non-executive Director namely Mr. Wu Ge. Mr. Chan Yee Hoi is the Chairman of the Audit Committee. The Group's unaudited annual results for the Year 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. Cui Liguo, Mr. Zhang Lei and Mr. Chan Yee Hoi, one Executive Director namely Mr. Zhang Yi and one Non-executive Director namely Mr. Wu Ge. 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. Cui Liguo, Mr. Zhang Lei and Mr. Chan Yee Hoi, one Executive Director namely Mr. Zhang Yi and one Non-executive Director namely Mr. Zhong Jie. Mr. Zhong Jie is the Chairman of the Nomination Committee.

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) and the Company (http://www.cnncintl.com). An annual report for the year ended 31st December, 2021 containing all the information required by Appendix 16 of the Listing Rules will be despatched to the Shareholders and published on the website of the Stock Exchange as well as the Company in due course.

FURTHER ANNOUNCEMENT

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited annual results for the Year as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material developments in the completing of the audit process. The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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
Zhong Jie
Chairman

Hong Kong, 31st March, 2022

As at the date of this announcement, the Board comprises non-executive director and chairman, namely Mr. Zhong Jie, executive director and chief executive officer, namely Mr. Zhang Yi, non-executive director, namely, Mr. Wu Ge and independent non-executive directors, namely, Mr. Cui Liguo, Mr. Zhang Lei and Mr. Chan Yee Hoi.