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)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2024

ANNUAL RESULTS

The Board (the "Board") of Directors (the "Directors") of CNNC International Limited (the "Company") is pleased to announce the audited consolidated results of the Company, together with its subsidiaries (the "Group") for the year ended 31st December, 2024 (the "Year"), together with comparative figures for the year ended 31st December, 2023 (the "2023 Year"), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended 31st December,	
		2024	2023
	NOTES	***HK$'000***	*HK$'000*
Revenue	3	**1,841,347**	580,958
Cost of sales		**(1,607,192)**	(453,905)
Gross profit		**234,155**	127,053
Other income and gains and losses, net		**12,885**	6,898
Net exchange (losses) gains		**(4,742)**	1,444
Gain on deemed disposal of interest in an associate		**—**	2,401
Gain on disposal of interest in a subsidiary		**23,414**	—
Selling and distribution expenses		**(3,403)**	(2,331)
Administrative expenses		**(45,980)**	(30,476)
Share of result of an associate		**31,952**	32,170
Finance costs		**(21,729)**	(14,044)
Profit before tax	4	**226,552**	123,115
Income tax expenses	5	**(31,552)**	(16,800)
Profit for the year		**195,000**	106,315

	NOTES	For the year ended 31st December, 2024 HK$'000	2023 HK$'000
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(2,263)**	(1,335)
Exchange difference arising on translation of an associate		**(8,459)**	(43,266)
Release of translation reserve upon deemed disposal of an associate		**—**	6,965
Release of translation reserve upon disposal of a subsidiary		**(2,083)**	—
Release of translation reserve upon disposal of an associate		**31,402**	—
Other comprehensive income (expense) for the year		**18,597**	(37,636)
Total comprehensive income for the year attributable to owners of the Company		**213,597**	68,679
Basic and diluted earnings per share	7	**HK39.9 cents**	HK21.7 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31st December,	
		2024	2023
	NOTES	***HK$'000***	*HK$'000*
Non-current assets			
Property, plant and equipment		**1,001**	647
Exploration and evaluation assets		**—**	—
Right-of-use asset		**2,941**	4,475
Interests in associates		**—**	412,718
Deposit	9	**1,078**	1,074
		5,020	418,914
Current assets			
Inventories	8	**1,274**	291,708
Trade and other receivables	9	**86,816**	3,894
Amount due from immediate holding company		**174,406**	95,912
Income tax receivable		**5,510**	—
Cash and cash equivalents		**607,031**	180,434
		875,037	571,948
Current liabilities			
Trade and other payables	10	**178,306**	332,829
Amount due to immediate holding company		**1,007**	1,312
Amount due to an intermediate holding company		**1,906**	1,906
Amount due to ultimate holding company		**1,960**	1,977
Lease liability		**1,645**	1,362
Income tax payable		**19,723**	5,918
		204,547	345,304
Net current assets		**670,490**	226,644

	As at 31st December,	
	2024	2023
	HK$'000	*HK$'000*
Total assets less current liabilities	**675,510**	645,558
Non-current liabilities		
Lease liability	**1,626**	3,271
Loan from immediate holding company	**—**	182,000
	1,626	185,271
Net assets	**673,884**	460,287
Capital and reserves		
Share capital	**4,892**	4,892
Reserves	**668,992**	455,395
Equity attributable to owners of the Company	**673,884**	460,287

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

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 and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for the financial instrument that are measured at fair value, 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$"). The consolidated financial statements are presented in Hong Kong dollars ("HK$") 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

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning on 1st January, 2024.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in the these consolidated financial statements.

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 has two operating divisions, which represent the segments of trading of mineral properties and exploration and selling of mineral properties. The Group's segments of operation under HKFRS 8 are as follows:

- Trading of mineral properties — trading of uranium and commission income from uranium procurement service
- Exploration and selling of mineral properties — exploration and selling of uranium

The following is an analysis for the Group's revenue and results by reportable and operating segments:

For the year ended 31st December, 2024

Segments	**Trading of mineral properties** *HK$'000*	**Exploration and selling of mineral properties** *HK$'000*	**Total** *HK$'000*
Disaggregated by major products or service lines:			
Trading of uranium	**1,816,774**	**—**	**1,816,774**
Commission income from provision of uranium procurement services	**24,573**	**—**	**24,573**
	1,841,347	**—**	**1,841,347**

For the year ended 31st December, 2023

Segments	Trading of mineral properties *HK$'000*	Exploration and selling of mineral properties *HK$'000*	Total *HK$'000*
Disaggregated by major products or service lines:			
Trading of uranium	567,900	—	567,900
Commission income from provision of uranium procurement services	13,058	—	13,058
	580,958	—	580,958

For the year ended 31st December, 2024

	Trading of mineral properties *HK$'000*	Exploration and selling of mineral properties *HK$'000*	Total *HK$'000*
Segment revenue	**1,841,347**	**—**	**1,841,347**
Segment profit (loss)	**209,276**	**(6,183)**	**203,093**
Bank interest income			**8,353**
Unallocated corporate income			**4,532**
Unallocated corporate costs			**(33,395)**
Gain on disposal of interest in a subsidiary			**23,414**
Share of result of an associate			**31,952**
Unallocated finance costs			**(11,397)**
Profit before tax			**226,552**

For the year ended 31st December, 2023

	Trading of mineral properties *HK$'000*	Exploration and selling of mineral properties *HK$'000*	Total *HK$'000*
Segment revenue	580,958	—	580,958
Segment profit (loss)	116,620	(6,009)	110,611
Bank interest income			2,627
Unallocated corporate income			4,271
Unallocated corporate costs			(14,951)
Gain on deemed disposal of interest in an associate			2,401
Share of result of an associate			32,170
Unallocated finance costs			(14,014)
Profit before tax			123,115

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, gain on disposal of interest in a subsidiary, gain on deemed disposal of interest in an associate, share of result of an associate and unallocated finance 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 segments:

	As at 31st December,	
	2024	2023
	HK$'000	*HK$'000*
ASSETS		
Segment assets		
— Trading of mineral properties	**630,699**	514,712
— Exploration and selling of mineral properties	**3,486**	5,977
	634,185	520,689
Interests in associates	**—**	412,718
Unallocated corporate assets	**245,872**	57,455
Consolidated assets	**880,057**	990,862
LIABILITIES		
Segment liabilities		
— Trading of mineral properties	**179,183**	310,337
— Exploration and selling of mineral properties	**19,647**	22,275
	198,830	332,612
Unallocated corporate liabilities	**7,343**	197,963
Consolidated liabilities	**206,173**	530,575

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

- all assets are allocated to operating segments other than interests in associates, certain property, plant and equipment, certain other receivables and certain cash and cash equivalents, which are directly attributable to the relevant reportable segments.

- all liabilities are allocated to operating segments other than certain other payables, certain income tax payable, amounts due to immediate holding company and ultimate holding company and loan from immediate holding company, which are directly attributable to the relevant reportable segment.

Geographical information

The Group's revenue by geographical market based on the operation of the end users are detailed below:

	Revenue For the year ended 31st December, 2024 HK$'000	2023 HK$'000
People's Republic of China ("PRC") (including Hong Kong)	**1,704,606**	455,175
Japan	**63,083**	1,717
United States	**62,475**	39,722
The United Kingdom	**5,330**	84,344
Netherlands	**3,111**	—
Canada	**2,742**	—
	1,841,347	580,958

4. PROFIT BEFORE TAX

	For the year ended 31st December, 2024 HK$'000	2023 HK$'000
Profit before tax has been arrived at after charging:		
Directors' emoluments	**2,457**	1,880
Other staff costs	**24,942**	17,327
Retirement benefit schemes contributions	**1,960**	1,304
Total staff costs	**29,359**	20,511
Depreciation of property, plant and equipment	**250**	142
Depreciation of right-of-use asset	**1,534**	128
Total depreciation	**1,784**	270
Auditor's remuneration		
— Audit services	**1,650**	1,700
— Non-audit services	**280**	154
Cost of inventories recognised as an expense	**1,607,192**	453,905
Loss on disposal of property, plant and equipment	**15**	—

5. INCOME TAX EXPENSES

Hong Kong profits tax

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

PRC enterprise income tax ("EIT")

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

PRC withholding tax

The PRC withholding tax at a rate of 10% is levied on one of the Company's subsidiaries in Hong Kong in respect of dividend distributions arising from profits of a PRC associate.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

	For the year ended 31st December,	
	2024	2023
	HK$'000	*HK$'000*
Current tax:		
Hong Kong profits tax	**29,429**	15,231
PRC EIT	**508**	173
Over provision in respect of prior years	**—**	(985)
PRC withholding tax on dividend received from an associate	**1,615**	2,381
	31,552	16,800

6. DIVIDENDS

No dividend was paid, declared or proposed during the current and the prior year. The directors have determined that no dividend will be paid in respect of the year ended 31st December, 2024 (2023 Year: nil).

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:

	For the year ended 31st December,	
	2024	2023
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company	**195,000**	106,315

	For the year ended 31st December,	
	2024	2023
	Shares	*Shares*
Number of ordinary shares for the purposes of calculation of earnings per share	**489,168,308**	489,168,308

	For the year ended 31st December,	
	2024	2023
	HK cents	*HK cents*
Earnings per share	**39.9**	21.7

Diluted earnings per share for the years ended 31st December, 2024 and 2023 were the same as basic earnings per share as there were no potential ordinary shares in issue during the respective years.

8. INVENTORIES

	As at 31st December,	
	2024	2023
	HK$'000	*HK$'000*
Uranium	**—**	290,227
Consumable goods	**1,274**	1,481
	1,274	291,708

9. TRADE AND OTHER RECEIVABLES

	As at 31st December, 2024 HK$'000	2023 HK$'000
Trade receivables	**85,350**	—
Other receivables	**1,186**	3,405
Deposits	**1,112**	1,110
Prepayments	**246**	453
	87,894	4,968
Less: Non-current portion deposit *(note)*	**(1,078)**	(1,074)
	86,816	3,894

Note: Amount represents refundable rental deposits paid for the right-of-use asset.

As at 31st December, 2024, the gross amount of trade receivables arising from contracts with customers amounted to HK$85,350,000 (2023: nil).

The Group allows an average credit period of 5 to 30 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for impairment of trade receivables presented based on the invoice date, which approximates the respective revenue recognition dates at the end of the reporting period.

	As at 31st December, 2024 HK$'000	2023 HK$'000
0 to 30 days	**85,350**	—

As at 31st December, 2024, no trade receivables was past due.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting periods.

There is no loss allowance made during both years.

10. TRADE AND OTHER PAYABLES

	As at 31st December,	
	2024	2023
	HK$'000	*HK$'000*
Trade payables — aged 0 to 30 days *(note i)*	**154,320**	303,699
Interests payables to immediate holding company *(note iii)*	**—**	2,514
Other payables	**2,600**	3,462
Other payable to the joint operator of the joint operation *(note ii)*	**17,605**	18,728
Accruals	**3,781**	4,426
	178,306	332,829

Notes:

i. An aged analysis of the above trade payables presented based on the invoice date at the end of the reporting period. The credit period on purchase of goods is within 5 to 30 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

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

iii. During the year ended 31st December, 2024, the Group entered into a sale and purchase agreement with CNNC Treasury Management Co. Limited, a subsidiary of its ultimate holding company, China National Nuclear Corporation to dispose the entire issued share capital of its wholly-owned subsidiary, CNNC International (HK) Limited for a total cash consideration of HK$162,434,000 (the "Disposal"). Interest expense to immediate holding company was derecognised through the Disposal. The Disposal constituted a major and connected transaction with the meaning ascribed to it in the Company's circular dated 8th November, 2024.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the Year (2023 Year: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the Year, the Group has a gross profit of approximately HK$234,155,000 (2023 Year: approximately HK$127,053,000), with a gross profit margin of approximately 12.7% (2023 Year: approximately 21.9%), representing a decrease of approximately 9.2%; a profit before tax of approximately HK$226,552,000 (2023 Year: approximately HK$123,115,000), with a profit before tax margin of approximately 12.3% (2023 Year: approximately 21.2%), representing a decrease of approximately 8.9%; a net profit of approximately HK$195,000,000 (2023 Year: approximately HK$106,315,000), with a net profit margin of approximately 10.6% (2023 Year: approximately 18.3%), representing a decrease of approximately 7.7%, as compared to the 2023 Year. As at 31st December, 2024, the Group's net assets were approximately HK$673,884,000 (2023 Year: approximately HK$460,287,000), with the return on equity or net assets reaching approximately 28.9% (2023 Year: approximately 23.1%), representing an increase of approximately 5.8%, as compared to the 2023 Year.

Market and Business Overview

Market Overview

In 2024, the natural uranium market continued to face challenges. Supply chain disruptions, continued geopolitical developments, and the active involvement of large investment funds in the uranium spot market in recent years, whose purchasing activities are more speculative in nature and sensitive to market and momentum conditions, have exerted increasing influences on the global uranium supply-demand dynamics and at times exacerbating market and pricing volatility.

The spot price of natural uranium surged to approximately US$107 per pound in around January and February 2024, an unprecedented high level since August 2007, but subsequently exhibited a downward trend and declined continuously, reaching a range of approximately US$70–US$75 per pound by the end of the Year. The decline was primarily attributable to (i) the high uranium spot prices at the beginning of the Year not being substantively supported by the underlying supply-demand fundamentals; (ii) financial market fluctuations, which led to a decline in the share prices of uranium investment funds, in turn constraining their ability to raise funds for further procurement and resulting in a significant contraction in global spot trading volume; and (iii) elevated uranium spot prices in early 2024 dampening purchasing desire of buyers with rigid demand, such as power plants, while simultaneously incentivizing inventory holders to release stock into the market, further exerting downward pressure on prices.

Conversely, the long-term price of natural uranium demonstrated a steady upward trajectory. By the end of 2024, the long-term price of natural uranium has risen to approximately US$80 per pound, thereby ending the three-year-long inversion between the long-term and spot prices. The rise in the long-term price reflects prevailing market concerns about the future supply availability of natural uranium, rising mining costs, and especially the commissioning of new uranium mines.

Geopolitical Policy

In May 2024, the Biden administration of the United States formally enacted legislation to ban imports of Russian low-enriched uranium, but at the same time granted exemptions, allowing the U.S. Department of Commerce to approve Russian low-enriched uranium imports on a case-by-case basis until 2028.

This policy shift is expected to further restructure the global nuclear fuel supply landscape, as power plants in the United States and Europe will need to secure alternative sources of low-enriched uranium, thereby providing upward momentum for uranium prices. Meanwhile, Russian low-enriched uranium may explore new export channels in response to these regulatory changes.

Market Supply

The development of uranium mining in Niger remains complex and evolving. Between June to July 2024, the Nigerien government successfully revoked the mining licenses of the Im and Madwella projects held by France's Orano and Canada's Gervis in Niger. In December 2024, the Nigerien government replaced France's Orano and obtained the operational control of the Somayil uranium mine, Niger's only producing uranium project.

The shortage of sulfuric acid in Kazakhstan has constrained uranium production in the country. Given that all uranium mining in Kazakhstan relies on acid in-situ leaching, the shortage of sulfuric acid has prevented planned production increases. In August 2024, Kazakhstan Atomic Energy announced a downward revision of its 2025 natural uranium production forecast, reducing the expected output from the range of 30,500–31,500 tonnes of uranium to the range of 25,000–26,500 tonnes. If the sulfuric acid supply issue persists, Kazakhstan Atomic Energy's 2025 production target will continue to be adversely affected.

Global uranium production is growing, but contribution from new mines is deemed to be little or limited. In 2024, global natural uranium production is expected to be 58,800 tonnes, representing a 7% increase from 55,000 tonnes of uranium in 2023, but still lower than that of the global total annual demand for nuclear power (65,000–70,000 tonnes of uranium). The main contribution to the increase in production came from the increase in production of the two major uranium mines in Canada, including McArthur River, which produced approximately over 7,000 tonnes of uranium, and Cigar Lake, which produced approximately over 6,000 tonnes of uranium.

Market Demand

The global nuclear power sector has been experiencing accelerated growth, Western governments' commitments to tripling production of nuclear energy and the vigorous development of artificial intelligence have stimulated a surge in demand for nuclear power in the international market. The "dual carbon" goals or the two climate goals continue to lead the rapid development of China's nuclear power.

However, financial market conditions have impacted investment activity in the uranium sector. One of the prominent uranium investment funds acquired approximately over 1,000 tonnes of uranium in 2024 only, which was the third consecutive year in decline in terms of purchase volume.

Business Overview

During the Year, the Group has continued its business of trading of uranium products in its normal and usual course of business. Leveraging on the strengths of China National Nuclear Corporation (中國核工業集團有限公司) ("CNNC", the ultimate parent company of the Group) and its subsidiaries (but excluding the Group) (the "Parent Group") in the field of nuclear energy, the Company has been focusing on and developing its uranium products trading business, and actively seeking high-quality uranium resources projects to complement the development of the Parent Group. For the Year, the Group generated revenue from trading of uranium of approximately HK$1,841,347,000 (2023 Year: approximately HK$580,958,000), corresponding to sales of approximately 5.77 million pounds of natural uranium, of which approximately 0.20 million pounds were sold under trades to and from independent third parties, and approximately 3.32 million pounds and 0.75 million pounds were sold to the Parent Group through the Uranium Supply Transaction and the Uranium Agency Transaction, respectively. The terms "Uranium Supply Transaction" and "Uranium Agency Transaction" both shall have their respective meaning ascribed thereto in the Company's circular dated 21st May, 2024 (the "May 2024 Circular"), which constituted continuing connected transactions for the Company. For the Year, the Group also facilitated trades of 1.50 million pounds of natural uranium for Rössing through the Uranium Purchase Transaction. The term "Uranium Purchase Transaction" has the meaning ascribed to it in the May 2024 Circular, which constituted a continuing connected transaction for the Company. The Uranium Purchase Transaction and the Uranium Agency Transaction have brought in commission income of approximately HK$18,775,000 (2023 Year: approximately HK$13,058,000) and approximately HK$5,798,000 (2023 Year: nil) for the Year, respectively.

In 2024, the Company has continued to maintain close communication and coordination with relevant departments of the Mongolian government. The formation of a new government in Mongolia in 2024 may bring potential positive sign for the development of uranium mining in the country. According to publicly available market information, there has been new progress in the cooperation of a uranium mine project in Mongolia. The management believes these developments may present the Company with a more supportive geopolitical environment in resolving the Company's mining rights issues for its Mongolia mining project. The Company will continue to maintain close communication with relevant departments of the Mongolian government and explore possible approaches to advance the resolution of mining rights disputes. Further announcements will be issued as and when appropriate to inform shareholders (the "Shareholders") and potential investors of the Company on any material progress in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Although the associate of the Group, Société des Mines d'Azelik S.A. ("Somina"), is still facing serious cash flow problems and is unable to resume production in the short term, the Group made efforts in 2024 to address the situation, maintained close communication with the Nigerien government and continued to discuss with other shareholders of Somina to formulate a preliminary production restart plan in the foreseeable future.

Operations Review

During the Year, the Group had "Revenue" from the trading of natural uranium of approximately HK$1,841,347,000 (2023 Year: approximately HK$580,958,000), representing an increase of approximately 217.0% compared to the 2023 Year, and a corresponding "Cost of Sales" of HK$1,607,192,000 (2023 Year: approximately HK$453,905,000), representing an increase of 254.1% compared to the 2023 Year, resulting in "Gross Profit" of approximately HK$234,155,000 (2023 Year: approximately HK$127,053,000) and a gross profit margin of approximately 12.7% (2023 Year: approximately 21.9%), representing a decrease of approximately 9.2%.

The episodes of the influx of financial players into the market with their financial-related purchases that fueled the demand for uranium in the spot market and led to the notable increase in spot prices in the second half of 2023 did not recur in the second half of 2024. While the Group resumed and picked-up its uranium trading business in the second half of 2024 on the back of a more manageable market and business risk consideration, it resulted in a lower profit margin on average for the Year as compared with the 2023 Year. Notwithstanding the decrease in profit margin, there was a significant increase in revenue for the Year. The significant increase in revenue was primarily attributable to the Group's ability to expand its uranium trading activities on the back of a more manageable risk environment, which also facilitated the Company in fulfilling the back-log in uranium product demand from its Parent Group carried over from the 2023 Year (please refer to the May 2024 Circular for further details).

All in all, in the Year, the Group has benefited from the uranium supply market in the PRC by serving as the procurement arm of China National Uranium Corporation, Limited (中國鈾業股份有限公司, formerly known as 中國鈾業有限公司, an indirect holding company of the Company) ("CNUC") and its subsidiaries other than the Group (collectively, the "CNUC Group")) in the international uranium trading market, while continued to carry out its uranium products trading business to and from independent third parties in the normal and usual course of business.

On the back of significant revenue improvement in the Year coupled with a gain on disposal of interest in a subsidiary in the second half of 2024 (please refer to the announcements of the Company dated 16th October, 2024, 25th November, 2024, and the circular dated 8th November, 2024 of the Company (the "November 2024 Circular") for more details), the Company recorded a significant increase in net profit for the Year to approximately HK$195,000,000, (2023 Year: approximately HK$106,315,000), mainly driven by, among other things: (i) a gross profit of approximately HK$234,155,000 (2023 Year: approximately HK$127,053,000) from the trading of natural uranium; and (ii) gain on disposal of interest in a subsidiary of approximately HK$23,414,000 for the Year (2023 Year: nil).

"Other income and gains and losses, net", of approximately HK$12,885,000 (2023 Year: approximately HK$6,898,000), were mainly due to the substantial increase of bank interest income for the Year.

Losses under "Net exchange (losses) gains" of approximately HK$4,742,000 (2023 Year: gains of approximately HK$1,444,000), were mainly attributable to the realized losses resulted from the Group's operating expenses, proceeds received from disposal of a subsidiary and repayment of an amount due from a fellow subsidiary subsequent to the disposal of a subsidiary denominated in currencies other than the functional currency of the United States dollars.

"Gain on disposal of interest in a subsidiary" of approximately HK$23,414,000 (2023 Year: nil) was recorded for the Year. On 27th November, 2024, the Company completed the disposal of its interest in a wholly-owned subsidiary, together with the interest in an associate, (the "Disposal"), which constituted a major and connected transaction for the Company with the meaning ascribed to it in the November 2024 Circular.

"Selling and distribution expenses" of approximately HK$3,403,000, an increase of approximately 46.0% compared to the 2023 Year (2023 Year: approximately HK$2,331,000), were mainly due to the storage fees incurred at one of the designated natural uranium conversion facilities in the second half of the Year for the increased trading volume as compared to the 2023 Year.

"Administrative expenses" of approximately HK$45,980,000, an increase of approximately 50.9% compared to the 2023 Year (2023 Year: approximately HK$30,476,000), were primarily attributable to (i) an increase in total staff costs of approximately HK$8,848,000 driven by manpower expansion, increased provisions for social insurance and retirement schemes in accordance to the PRC regulations, and costs associated with staff relocation and turnover; and (ii) an increase in professional fees of approximately HK$4,887,000 on the back of two corporate transactions conducted during the Year, namely the entering into of the continuing connected transaction pursuant to the 2024 Framework Agreement (has the meaning ascribed to it in the May 2024 Circular) in the first half of the Year and the Disposal in the second half of the Year.

"Finance costs" of approximately HK$21,729,000, an increase of approximately 54.7% as compared to the 2023 Year (2023 Year: approximately HK$14,044,000), was mainly arising from interest expense incurred on the general banking facility utilized in the purchase of natural uranium products during the Year as the Group has expanded its ability in uranium trading activities. There was no outstanding bank loan as at 31st December, 2024.

"Income tax expense" was approximately HK$31,552,000, representing an increase of approximately 87.8% as compared to the 2023 Year (2023 Year: approximately HK$16,800,000). The increase was primarily attributable to the substantial increase in taxable profit.

Total Comprehensive Income for the Year

Summing up the combined effects of the foregoing, net income for the Year amounted to approximately HK$195,000,000 (2023 Year: approximately HK$106,315,000). Having taken into account the other comprehensive income of approximately HK$18,597,000 (2023 Year: expense of approximately HK$37,636,000) relating to exchange differences arising on translation of foreign operations, exchange difference arising on translation of an associate, release of translation reserve upon deemed disposal of an associate, release of translation reserve upon disposal of a subsidiary, and release of translation reserve upon disposal of an associate, the total comprehensive income for the Year amounted to approximately HK$213,597,000 (2023 Year: approximately HK$68,679,000).

FUTURE STRATEGIES

As set out in the sub-section headed "Market and Business Overview" above, the Group focuses on and will continue to devote its available resources to the development of the uranium products trading business, and to actively seek high-quality uranium resources projects, with intended focus on in-production projects, to complement the development of its Parent Group. By leveraging on the strengths of the Parent Group in the field of nuclear energy, the Group views this as a strategic alliance that produces synergistic effects, further cementing its position in the uranium products trading sector.

As disclosed in the announcements of the Company dated 18th April, 2024 and 17th June, 2024, and the May 2024 Circular, the Company (for itself and on behalf of each of its subsidiaries) and CNUC entered into the 2024 Framework Agreement in relation to the proposed continuing connected transactions in June 2024, pursuant to which the Group agreed to (i) act as the exclusive supplier of the CNUC Group for natural uranium products purchased from sellers other than those based in Asia and Africa; (ii) act as an agent of the CNUC Group to procure natural uranium products in the market to meet the sporadic demand of the CNUC Group; and (iii) act as the exclusive authorised distributor for the sale and distribution of uranium products produced by the Rössing Uranium Mine, for on-sale to third party customers in all countries and regions around the world except the PRC. On 17th June, 2024, the 2024 Framework Agreement, the transactions contemplated thereunder, and the proposed annual caps under the continuing connected transactions for the year ended 31st December, 2024, and year ending 31st December, 2025 have been approved by the independent Shareholders at an extraordinary general meeting of the Company.

The Group believes the transactions contemplated under the 2024 Framework Agreement 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 would facilitate the Group in further strengthening its uranium trading business and expand its reach into the PRC and worldwide market, which in turn would enhance the Group's profitability in the long run. The continuing connected transactions contemplated under the 2024 Framework Agreement 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 the CNUC Group and having considered the competitive edges of the Group, the Group would be considered to be in a better strategic position to be designated as the procurement arm of the CNUC Group in the international uranium market. To further enlarge its business scale, the Group will continue to actively participate in international market bidding, increase its market exposure, and explore various financing channels to complement the expansion of uranium trade. The Group is committed to actively exploring trading opportunities with new business partners with the aim of further expanding its network of business partner base and continuously grow its uranium trading business.

In relation to the Group's Mongolian Mining Project, the Group will continue to engage 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.

For the Group's Somina project, the Group will maintain close communication with the Nigerien government and continue to discuss with other shareholders of Somina to formulate a preliminary production restart plan in the foreseeable future.

In the long run, the Group also aims to expand and diversify its business by leveraging on the strengths of its ultimate parent company, CNNC, 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 and the overall global uranium market supply and demand dynamics.

The Company will inform Shareholders and potential investors of the Company on any major development of the business of the Group as and when appropriate in accordance with the requirements of the Listing Rules.

EMPLOYEES AND REMUNERATION POLICIES

As at 31st December, 2024, the Group employed 35 (2023 Year: 32) full-time employees of whom 6 (2023 Year: 6) were based in Hong Kong SAR, 25 (2023 Year: 22) were based in the PRC and 4 (2023 Year: 4) were based in Mongolia. Total staff costs (among others, included the director's emoluments, provision of social insurances and retirement schemes in accordance to the PRC regulations on the provision of the social insurance services, and costs associated with staff's relocation and turnover, and bonuses paid-out) incurred during the Year amounted to approximately HK$29,359,000 (2023 Year: approximately HK$20,511,000).

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 inflow of approximately HK$427,592,000 (2023 Year: approximately HK$51,042,000) during the Year, which was mainly due to the net proceeds received from disposal of a subsidiary in the amount of approximately HK$161,659,000 (2023 Year: nil), the repayment from an amount due from a fellow subsidiary subsequent to the disposal of a subsidiary in the amount of approximately HK$115,223,000 (2023 Year: nil), and the net cash generated from operating activities of approximately HK$139,954,000 (2023 Year: approximately HK$73,368,000). The working capital of the Group was generally financed by bank balance and cash. The Group's cash on hand and bank balances increased from approximately HK$180,434,000 as at 31st December, 2023 to approximately HK$607,031,000 as at 31st December, 2024. The Group's financial position remained healthy in the Year.

As at 31st December, 2024, the Group had net current assets amounting to approximately HK$670,490,000 (as at 31st December, 2023: approximately HK$226,644,000) and current liabilities amounting to approximately HK$204,547,000 (as at 31st December, 2023: approximately HK$345,304,000). As at 31st December, 2024, the Group had an amount due from immediate holding company of approximately HK$174,406,000 (as at 31st December, 2023: HK$95,912,000) which is of trade nature, and trade and other payables of approximately HK$178,306,000 (as at 31st December, 2023: HK$332,829,000). As at 31st December, 2024, no trade receivable was past due.

Capital expenditures spent on property, plant and equipment were approximately HK$629,000 during the Year (2023 Year: approximately HK$432,000).

Total shareholders' funds increased from approximately HK$460,287,000 as at 31st December, 2023 to approximately HK$673,884,000 as at 31st December, 2024, mainly due to the total comprehensive income during the Year. The gearing ratio, in terms of total debts to total assets, decreased to 0.23 as at 31st December, 2024 (as at 31st December, 2023: 0.54), mainly due to an increase in the amount due from immediate holding company to approximately HK$174,406,000 (2023 Year: approximately HK$95,912,000), which is of trade nature, an increase in cash and cash equivalents to approximately HK$607,031,000 in the Year (2023 Year: approximately HK$180,434,000), a decrease in trade and other payables to approximately HK$178,306,000 (2023 Year: approximately HK$332,829,000), and combined with the disposal of interest in a subsidiary, resulted in the decrease of a loan due to immediate holding company to nil in the Year (2023 Year: approximately HK$182,000,000).

On 18th July, 2024, CNNC Treasury Management Co. Limited ("CNNCTM") entered into a loan agreement (the "CNNCTM Facility Agreement") with the Company, pursuant to which CNNCTM agreed to provide a revolving loan for a maximum principal amount of US$50,000,000 (the "CNNCTM Facility") to the Company with a drawdown period of one year, during which the Company can make multiple drawdowns in accordance with the terms of the CNNCTM Facility. CNNCTM is a subsidiary of CNNC, which in turn is the ultimate controlling shareholder (has the meaning ascribed to it under the Listing Rules) of the Company holding an indirect interest of approximately 66.72% of the issued share capital of the Company. As such, the CNNCTM Facility constituted a connected transaction for the Company under Chapter 14A of the Listing Rules, but was fully exempt from all disclosure, annual review, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The CNNCTM Facility demonstrated the commitment and full support of the Parent Group towards the Group in its future development in the uranium trading business.

Acquisitions and disposals of Subsidiaries and Associated Companies

On 16th October, 2024, the Group entered into the sale and purchase agreement with CNNCTM to dispose of the entire issued share capital of its wholly-owned subsidiary, CNNC International (HK) Limited ("CNNCHK"), including CNNCHK's 7.55% equity interest in the Group's associate, CNNC Financial Leasing Company Limited ("CNNC Leasing"), for a total cash consideration of approximately HK$162,434,000. On 27th November, 2024, the Company completed the Disposal, which constituted a major and connected transaction for the Company under the Listing Rules. The net asset of CNNCHK was approximately HK$139,020,000, which included 7.55% equity interest in CNNC Leasing held by the Group which amounted to approximately HK$420,060,000. The Group recognized a gain of approximately HK$23,414,000 related to the Disposal. CNNCTM undertook to procure (i) the payment of the outstanding principal balance of the non-interest bearing and unsecured shareholder's loans provided by the Company to CNNCHK of approximately HK$115,223,000; and (ii) the payment of the outstanding principal balance of approximately HK$182,000,000, bearing an accrued interest balance of approximately HK$13,911,000, of an unsecured loan provided by the immediate shareholder of the Company to CNNCHK, of which were subsequently settled after the completion of the Disposal.

By divesting from the non-core assets, the Group will be better positioned to reduce financial exposure and capital commitment to non-strategic sectors and channel resources into expanding its uranium business. In addition, the Disposal would support the Group's strategic goal of reinforcing its position in the global uranium trading market and is beneficial to the long-term development and overall profitability of the Group in the long run.

Save as disclosed above, there were no other material acquisitions or disposals of subsidiaries and associated companies for the Year.

Exposure to Foreign Exchange Risk

The Group mainly operates in Hong Kong, Mainland China, and Mongolia. The Group's income, expenditure for operation, investment, and borrowings are mainly denominated in Hong Kong dollar, Renminbi, United States dollar, and Mongolian Tugrik. The Group does not have a foreign currency hedging policy. However, the management will monitor foreign exchange exposure and consider hedging significant currency exposure should the need arise.

Capital Structure

There has been no significant change in the capital structure of the Group since 31st December, 2024.

Charge on Assets

As security for banking facilities granted to the Group for its uranium trading operation, certain bank accounts of China Nuclear International Corporation ("CNIC"), a wholly-owned subsidiary of the Company, were charged.

Apart from the above, there was no other charge on the Group's assets during the Year (2023 Year: apart from the 37.2% of the share capital in Somina, and certain bank accounts of CNIC, nil).

PURCHASE, SALE 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 (including sale of treasury shares, if any).

IMPORTANT EVENTS AFTER THE YEAR

Save as disclosed in this announcement, there are no other important events occurred subsequent to the Year.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with all applicable code provisions set out in the Corporate Governance Code (the "CG Code") under Appendix C1 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 C3 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 throughout the Year.

AUDIT COMMITTEE

An audit committee (the "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 Ms. Liu Yajie, and one non-executive Director, namely, Mr. Wu Ge. Mr. Chan Yee Hoi is the chairman of the Audit Committee.

The Audit Committee has reviewed the Group's audited annual results for the Year as set out in this announcement and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group with no disagreement by the Audit Committee. The Group's consolidated financial statements have been audited by the Company's auditor, SHINEWING (HK) CPA Limited, and it has issued an unmodified opinion.

REMUNERATION COMMITTEE

A remuneration committee (the "Remuneration Committee") has been established by the Company to consider the remuneration of Directors. The Remuneration Committee comprises three independent non-executive Directors, namely, Mr. Cui Liguo, Mr. Chan Yee Hoi and Ms. Liu Yajie, 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

A nomination committee (the "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. Chan Yee Hoi and Ms. Liu Yajie, one executive Director, namely, Mr. Zhang Yi and one non-executive Director, namely, Mr. Wang Cheng. Mr. Wang Cheng is the chairman of the Nomination Committee.

DISCLOSURE OF INFORMATION

The electronic version of this announcement will be published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.cnncintl.com). The Company's annual report for the year ended 31st December, 2024 containing all the information required by Appendix D2 to the Listing Rules will be sent to the Shareholders and published on the above websites of the Stock Exchange and 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
Wang Cheng
Chairman

Hong Kong, 25th March, 2025

As at the date of this announcement, the Board comprises non-executive Director and chairman, namely Mr. Wang Cheng, executive Director and chief executive officer, namely Mr. Zhang Yi, non-executive Directors, namely, Mr. Wu Ge and Mr. Sun Ruo Fan, and independent non-executive Directors, namely, Mr. Cui Liguo, Mr. Chan Yee Hoi and Ms. Liu Yajie.