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中广核礦業有限公司*
CGN Mining Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 01164)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

HIGHLIGHTS

	(Unaudited)	
	Six months ended 30 June 2020	2019
	HK\$'000	HK\$'000
Revenue	925,631	949,644
Profit attributable to the owners of the Company	112,222	77,538
Earnings per share		
– Basic	HK1.70 cents	HK1.17 cents
– Diluted	HK1.70 cents	HK1.17 cents
Interim dividend per share	Nil	Nil

- Revenue of the Group for the Reporting Period was approximately HK\$926 million, representing a decrease of approximately 3% as compared with the corresponding period of 2019.
- Profit for the Reporting Period attributable to the owners of the Company was approximately HK\$112 million, representing a substantial increase of approximately 45% as compared with the corresponding period of 2019.
- Basic earnings per share for the Reporting Period amounted to approximately HK1.70 cents, representing an increase of approximately 45% as compared with the corresponding period of 2019.
- The Board does not recommend the payment of an interim dividend.

The Board announces the unaudited condensed interim consolidated results of the Group for the Reporting Period, together with the comparative figures for the corresponding period of 2019 as follows:

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	<i>Notes</i>	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	4	925,631	949,644
Cost of sales		(816,744)	(887,093)
Gross profit		108,887	62,551
Other operating income		6,239	15,194
Selling and distribution expenses		(4,655)	(2,674)
Administrative expenses		(13,667)	(12,455)
Changes in fair value of investment properties		684	243
Share of result of a joint venture		40,439	19,630
Share of result of an associate		7,600	12,132
Finance costs	5	(18,629)	(10,877)
Profit before taxation		126,898	83,744
Income tax expenses	6	(14,676)	(6,206)
Profit for the period attributable to owners of the Company	7	112,222	77,538
Earnings per share			
– Basic	9	HK1.70 cents	HK1.17 cents
– Diluted		HK1.70 cents	HK1.17 cents

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Profit for the period	<u>112,222</u>	<u>77,538</u>
Other comprehensive (expense)/income:		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences on translation of financial statements of foreign operations	(1,308)	(509)
Exchange differences on translation of financial statements of a joint venture	(14,784)	(1,481)
Exchange differences on translation of financial statements of an associate	<u>(28,859)</u>	<u>20,427</u>
	(44,951)	18,437
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Gain on revaluation of property	–	5,412
Income tax relating to items that will not be reclassified subsequently	<u>–</u>	<u>(1,353)</u>
	–	4,059
Other comprehensive (expense)/income for the period	<u>(44,951)</u>	<u>22,496</u>
Total comprehensive income for the period attributable to owners of the Company	<u>67,271</u>	<u>100,034</u>

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 30 June 2020*

		30 June	31 December
		2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment		205	160
Right-of-use assets		2,851	3,836
Investment properties		48,334	48,595
Interest in a joint venture		246,696	237,775
Interest in an associate		535,004	553,522
Rental deposits		–	387
		<hr/> 833,090	<hr/> 844,275
Current assets			
Inventories		2,417,134	1,441,980
Trade and other receivables	<i>10</i>	232,324	126,706
Amount due from an intermediate holding company		2,141	3,875
Income tax recoverable		–	1,737
Bank and cash balances	<i>11</i>	411,874	676,793
		<hr/> 3,063,473	<hr/> 2,251,091
Total assets		<hr/> 3,896,563	<hr/> 3,095,366

		30 June	31 December
		2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Current liabilities			
Trade and other payables	12	491,842	36,382
Loans from a fellow subsidiary		628,937	422,559
Bank borrowings		46,143	–
Lease liabilities		1,395	1,703
Amount due to an intermediate holding company		8,581	8,373
Amount due to a joint venture		5,513	5,513
Amounts due to fellow subsidiaries		898	1,421
Dividend payable		66,007	–
Income tax payable		21,229	9,555
		<u>1,270,545</u>	<u>485,506</u>
Net current assets		<u>1,792,928</u>	<u>1,765,585</u>
Total assets less current liabilities		<u>2,626,018</u>	<u>2,609,860</u>
Non-current liabilities			
Deferred tax liabilities		20,295	19,104
Loans from a fellow subsidiary		656,126	644,494
Lease liabilities		1,351	2,021
		<u>677,772</u>	<u>665,619</u>
Net assets		<u>1,948,246</u>	<u>1,944,241</u>
Capital and reserves			
Share capital		66,007	66,007
Reserves		1,882,239	1,878,234
Total equity		<u>1,948,246</u>	<u>1,944,241</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liabilities. The shares of the Company are listed on the Stock Exchange.

The principal activities of the Group are trading of natural uranium, property investment and other investments.

The condensed interim consolidated financial statements are presented in HK\$ while the functional currency of the Company is USD. As the Company is listed in Hong Kong, the Directors consider that it is appropriate to present the condensed interim consolidated financial statements in HK\$.

The condensed interim consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of Appendix 16 to Listing Rules.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed interim consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair values.

The accounting policies used in the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019.

Application of amendments to HKFRS(s)

In the current interim period, 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 1 January 2020:

Conceptual Framework for Financial Reporting (Revised)

Amendments to HKFRS 3: Definition of a Business

Amendments to HKFRS 7, HKFRS 9 and HKAS 39: Interest Rate Benchmark Reform

Amendments to HKAS 1 and HKAS 8: Definition of Material

Conceptual Framework for Financial Reporting (Revised)

The revised framework is not a standard nor an accounting guideline. It does not override any standard, any requirement in a standard or accounting guideline. The revised framework includes: new chapters on measurement and reporting financial performance; new guidance on derecognition of assets and liabilities; updated definitions of asset and liability; and clarifications in the roles of stewardship, prudence and measurement uncertainty in financial reporting.

Amendments to HKFRS 3: Definition of a Business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a “substantive process”.

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of “outputs” and a “business” to focus on selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to HKFRS 7, HKFRS 9 and HKAS 39: Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

Amendments to HKAS 1 and HKAS 8: Definition of Material

The amendments clarify the definition and explanation of “material”, aligning the definition across all HKFRSs and the conceptual framework, and incorporating supporting requirements in HKAS 1 into the definition.

3. USE OF JUDGEMENTS AND ESTIMATES

The World Health Organisation declared coronavirus and COVID-19 a global health emergency on 30 January 2020. The directors of the Company considered the coronavirus disease outbreaking has no significant negative impact on the Group’s operation during the reporting period.

In preparing these condensed interim consolidated financial statements, the significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2019 annual financial statements.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents amount received and receivable from sales of natural uranium net of returns, discounts allowed and sales related taxes and rental income (net of direct outgoings: nil) during the period. Revenue recognised during the period is as follows:

	Six months ended 30 June	
	2020	2019
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Revenue		
Sales of goods	924,056	947,998
Rental income (net of direct outgoings: nil)	1,575	1,646
	925,631	949,644

Information reported to the chief executive officer (“CEO”), being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. Operating segments identified by the chief operating decision maker are the same as the reportable segments of the Group.

Accordingly, the Group’s reportable and operating segments are as follows:

- a) natural uranium trading segment engages in trading of natural uranium;
- b) property investment segment engages in leasing; and
- c) other investments segment engages in investment in a joint venture and an associate.

No operating segments have been aggregated to form the above reportable segments.

Segment revenue and results

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

Six months ended 30 June 2020

	Natural uranium trading <i>HK\$'000</i> (Unaudited)	Property investment <i>HK\$'000</i> (Unaudited)	Other investments <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue	<u>924,056</u>	<u>1,575</u>	<u>–</u>	<u>925,631</u>
Segment profit	<u>80,850</u>	<u>2,026</u>	<u>48,039</u>	130,915
Other income and gains				6,239
Finance costs				(60)
Central administrative costs				<u>(10,196)</u>
Profit before taxation				<u>126,898</u>

Six months ended 30 June 2019

	Natural uranium trading <i>HK\$'000</i> (Unaudited)	Property investment <i>HK\$'000</i> (Unaudited)	Other investments <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue	<u>947,998</u>	<u>1,646</u>	<u>–</u>	<u>949,644</u>
Segment profit	<u>40,902</u>	<u>1,320</u>	<u>31,762</u>	73,984
Other income and gains				15,194
Finance costs				(48)
Central administrative costs				<u>(5,386)</u>
Profit before taxation				<u>83,744</u>

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3 of the Group's annual consolidated financial statements for the year ended 31 December 2019. Segment profit represents the profit earned by each segment without allocation of other income and gains, certain finance costs and central administrative costs. This is the measure reported to the CEO, being the chief operating decision maker 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:

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
<i>Segment assets</i>		
Natural uranium trading	2,642,371	1,565,737
Property investment	50,495	52,492
Other investments	781,700	791,297
	<hr/>	<hr/>
	3,474,566	2,409,526
Unallocated corporate assets	421,997	685,840
	<hr/>	<hr/>
Total assets	3,896,563	3,095,366
	<hr/> <hr/>	<hr/> <hr/>
	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
<i>Segment liabilities</i>		
Natural uranium trading	1,828,275	1,103,004
Property investment	375	3,536
Other investments	–	–
	<hr/>	<hr/>
	1,828,650	1,106,540
Unallocated corporate liabilities	119,667	44,585
	<hr/>	<hr/>
Total liabilities	1,948,317	1,151,125
	<hr/> <hr/>	<hr/> <hr/>

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

- all assets are allocated to operating segments other than bank and cash balances, income tax recoverable and other assets for corporate use including rental deposits, certain property, plant and equipment, right-of-use assets and other receivables.
- all liabilities are allocated to operating segments other than amounts due to an intermediate holding company and fellow subsidiaries, dividend payable, income tax payable, deferred tax liabilities and other liabilities for corporate use including certain other payables and lease liabilities.

5. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest expenses on loans from a fellow subsidiary	18,451	10,829
Interest expenses on loan from immediate holding company	107	–
Interest expenses on bank borrowings	11	–
Interest expenses on lease liabilities	60	48
	<u>18,629</u>	<u>10,877</u>

6. INCOME TAX EXPENSES

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax	2,745	9,855
UK Corporation Tax	9,618	218
EIT	745	–
	<u>13,108</u>	<u>10,073</u>
Deferred tax expense/(credit)	1,568	(3,867)
	<u>14,676</u>	<u>6,206</u>

The Bill was signed into law on 28 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 qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. For the six months ended 30 June 2020 and 2019, the profits of all Group entities in Hong Kong are not selected by the management for the two-tiered profits tax rates regime and continue to be taxed at the flat rate of 16.5%.

Under the law of the PRC on EIT and implementation regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for the both periods.

During the period ended 30 June 2019, no provision for the EIT has been made as the PRC subsidiary has sufficient tax losses brought forward to set off against the assessable profit.

For the period ended 30 June 2020, the PRC subsidiary was subject to the EIT.

The subsidiaries operating in the UK are subject to Corporation Tax Act of UK and the tax rate of the UK subsidiaries is 19% for the both periods.

Pursuant to the New Tax Code of Kazakhstan, dividends paid by subsurface users to Foreign Shareholders will be exempted from the Kazakhstani withholding tax if (i) as of the date when the dividends are paid, such Foreign Shareholder has owned shares (interest) in the subsurface users for more than three years, and (ii) within 12 months prior to the dividend payment date, subsurface users undertake further processing (after primary processing) of at least prescribed rate of the total extracted minerals, by its own production facilities in Kazakhstan or owned by its affiliated resident entity in Kazakhstan.

The Group satisfied the requirement of the New Tax Code of Kazakhstan and the dividends received by the Group from the joint venture are not subject to the Kazakhstani withholding tax in accordance with the provisions of the New Tax Code of Kazakhstan.

Pursuant to the laws and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands for the current and prior periods.

7. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	818,512	886,597
Depreciation of property, plant and equipment	28	428
Depreciation of right-of-use assets	985	769
Impairment loss (reversed)/recognised in respect of inventories incurred in cost of inventories sold	(1,768)	713
Interest income from fellow subsidiaries	(5,061)	(14,487)
Bank interest income	(193)	(16)
Rental income from an intermediate holding company	(1,575)	(1,646)
	<u> </u>	<u> </u>

8. DIVIDEND

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
2019 final dividend declared – HK1 cent (six months ended 30 June 2019: 2018 final dividend declared – HK0.5 cent)	<u>66,007</u>	<u>33,003</u>

No dividends were paid during the interim period. The Directors do not recommend the payment of an interim dividend (six months ended 30 June 2019: nil).

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the period attributable to the owners of the Company for the purpose of basic and diluted earnings per share	<u>112,222</u>	<u>77,538</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>6,600,682,645</u>	<u>6,600,682,645</u>

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares during the six months ended 30 June 2020 and 2019.

10. TRADE AND OTHER RECEIVABLES

	30 June	31 December
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade receivables (Note a)	219,796	120,882
Prepayments, deposits and other receivables (Note b)	<u>12,528</u>	<u>5,824</u>
	<u>232,324</u>	<u>126,706</u>

Notes:

- (a) Trade receivables of HK\$219,796,000 (31 December 2019: HK\$7,387,000) represent amount due from the immediate holding company, China Uranium Development.
- (b) Included in prepayments, deposits and other receivables, approximately HK\$2,674,000 (31 December 2019: HK\$472,000) and HK\$15,000 (31 December 2019: HK\$54,000) are interest receivables due from CGNPC Huasheng and CGN Finance respectively, fellow subsidiaries of the Company.

The Group normally grants credit periods to its trade customer for natural uranium segment ranging from 15 days to 120 days after delivery dates.

The following is an ageing analysis of the trade receivables based on invoice date which approximated the respective revenue recognition dates, and net of impairment loss recognised at the end of the Reporting Period:

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Within 30 days	219,796	113,495
31 to 60 days	<u>–</u>	<u>7,387</u>
	<u>219,796</u>	<u>120,882</u>

11. BANK AND CASH BALANCES

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Unpledged bank deposits:		
Cash at bank and on hand	<u>411,874</u>	<u>676,793</u>
Analysis of bank and cash balances:		
Cash at bank and on hand	46,865	28,625
Cash placed at CGNPC Huasheng and CGN Finance (<i>Note</i>)	<u>365,009</u>	<u>648,168</u>
	<u>411,874</u>	<u>676,793</u>

Note: CGNPC Huasheng and CGN Finance, fellow subsidiaries of the Company, performed certain treasury activities for the Group and CGNPC, the ultimate parent of the Company, and its subsidiaries. The balance is unsecured, interest bearing at rates ranging from 0.28% to 2.62% (2019: 0.15% to 3.66%) per annum and repayable on demand. On 14 June 2019, the Company entered into the new Financial Service Framework Agreements with CGNPC Huasheng and CGN Finance for a terms of three years commencing from 1 January 2020 and ending on 31 December 2022 (the “Agreements”). Under the Agreements, the Directors consider that these deposits made to CGNPC Huasheng and CGN Finance are qualified as cash as the Group can withdraw the deposits without giving any notice and without suffering any penalty.

12. TRADE AND OTHER PAYABLES

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Trade payables (<i>Note a</i>)	198,131	23,889
Accrued expenses and other payables (<i>Note b, c</i>)	292,238	11,020
Contract liabilities	<u>1,473</u>	<u>1,473</u>
	<u>491,842</u>	<u>36,382</u>

Notes:

- (a) The trade payables of approximately HK\$198,131,000 (31 December 2019: HK\$5,994,000) represent the amount due to a joint venture of the Group.
- (b) Included in accrued expenses and other payables, approximately HK\$1,190,000 (31 December 2019: HK\$1,219,000) are interest payable to CGNPC Huasheng, a fellow subsidiary of the Company.
- (c) Included in accrued expenses and other payables, approximately HK\$288,489,000 (31 December 2019: nil) is payable under a repurchase arrangement. The amount is interest-free, unsecured and repayable in August 2020.

The ageing analysis of the Group's trade payables, based on invoice date, is as follows:

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Within 30 days	<u>198,131</u>	<u>23,889</u>

BUSINESS REVIEW AND ANALYSIS

Analysis of the Business Environment in the First Half of 2020

Macroeconomic Environment

Under the impact of the COVID-19 epidemic, the global economy suffered severe setback in the first half of 2020, with major economies showing signs of recession and gradual increase in uncertainties in international business.

Benefited from the proper epidemic prevention and control measures as well as the steady progress in resuming production and work, major economic indicators of China have continued to improve. According to the data published by the National Bureau of Statistics, China's GDP recorded a year-on-year decrease of 1.6% in the first half of 2020, yet it has returned to a positive growth track in the second quarter, increased by 3.2% as compared to the same period last year. Furthermore, in the *World Economic Outlook* issued by IMF in June 2020 predicted that China will achieve a GDP growth of 1% for the full year of 2020, being the only major economy in the world to achieve a positive GDP growth.

Pursuant to the data released by the China Electricity Council, national electricity consumption in the entire society in China during the first half of 2020 recorded a year-on-year decrease of 1.3%, while the national nuclear power generation increased by 7.2% as compared to the same period last year, realising 171.5 billion KWh of cumulative power generation and 160.4 billion KWh of on-grid power, an increase of 7.1% over the same period last year.

Overall, the economy of China has gradually recovered from the impact of the epidemic and resumed its growth track, driving a simultaneous increase in power demand, which is a positive sign for fuel supply companies.

Nuclear Power Market and Industry Development

According to the data released by the International Atomic Energy Agency, as of June 2020, 440 nuclear reactors located in 31 countries with an installed capacity of 389 GW were in operation. 43 out of the 54 nuclear reactors under construction are in developing countries, of which 25 are in BRICS, while 11 are in developed countries. There are 11 units under construction in China, five of which belong to CGN Group. The Zhangzhou Nuclear Power Unit 2 and the Taipingling Nuclear Power Unit 2 approved in 2019 are also expected to commence construction in 2020.

In April 2020, the US Department of Energy announced the “Restoring US Nuclear Energy Leadership Strategy”, which aims to revitalize domestic uranium mining, strengthen investment in advanced nuclear power research and development, and ensure the healthy development of nuclear energy. In response, the US Department of Energy launched a USD230 million Advanced Reactor Exemplary Program in May. In July, the United States lifted the financing ban on international nuclear power projects. At the same time, British Prime Minister, Mr. Boris Johnson, reiterated his support for nuclear power, stating that nuclear power is an important potential force in achieving the UK's zero-carbon goal, and plans to invest GBP40 million to develop next-generation nuclear energy technology.

With the “safe and efficient” development of the domestic nuclear power industry and the successive launching of new nuclear power units in China, the demand for nuclear fuel and natural uranium is expected to further increase in the future.

Natural Uranium Market Conditions

In the first half of 2020, the total trading volume in the international natural uranium spot market was approximately 21,021tU, which has reached 85% of the annual trading volume in 2019. Spot price turned positive after an unfavorable start. At the beginning of 2020, the spot index was about USD24.5 per pound. However, since March, due to the impact of the COVID-19 epidemic, some mines have reduced or suspended production, among which, Cameco, one of the major companies in the industry, shut down the uranium mine located in Cigar Lake, Canada, causing spot price to rise. In May, the spot price rose to USD35.0 per pound, the highest in the first half of 2020, then declined slightly and was USD32.6 per pound as at the end of the Reporting Period.

Summary of the Operation in the First Half of 2020

Overall operation

During the Reporting Period, the Group realized profit of HK\$112 million and revenue of HK\$926 million, representing a substantial increase of 45% and a slightly decrease of 3% respectively, as compared with the corresponding period of 2019. The increase in profit was mainly due to the significant increase in gross profit of natural uranium trading and the share of result of a joint venture.

Natural Uranium Trading

During the Reporting Period, the Group completed the sale of 303.3tU mine products procured under off-take agreements and 3 million pounds U_3O_8 (1,154tU) procured in the international market, which generated approximately HK\$924 million trading revenue.

Note: According to international practice, the common measuring unit of natural uranium in international uranium product trade is pound (1b), and the common units of uranium reserves/production are tons of uranium (tU) and million pounds of natural uranium, 1tU equals to approximately 2,599.78 pounds of natural uranium.

Operation of CGN Global

The price of natural uranium rose more than expected in the first half of 2020, bringing opportunities for CGN Global to expand its business. During the Reporting Period, CGN Global has newly entered into trading contracts with a total volume of 14.93 million pounds of natural uranium; among them, 66% of the contract clients are from Europe, 33% are from North America and 1% are from Asia. Meanwhile, CGN Global completed an aggregated delivery of 3 million pounds of natural uranium and recorded revenue of USD90.80 million. The annual revenue of 2020 are expected to surpass those of 2019.

Production and Operation of Semizbay-U

During the Reporting Period, Semizbay-U lowered its annual output plan due to the epidemic, but production was generally stable in the first half of the year under effective epidemic prevention measures. In the first half of the year, the original production plan and adjusted production plan of the mine were 432tU and 398tU, respectively, and the actual exploration volume was 438.9tU, which exceeded the target but decreased by 15.3tU as compared with the same period last year. Among which, the natural uranium produced from the Semizbay Mine and the Irkol Mine were 207.1tU and 231.8tU, respectively.

During the Reporting Period, the Group's share of result of Semizbay-U amounted to HK\$40 million, representing a substantial increase of 106% as compared to the corresponding period of 2019. Such increase was mainly attributable to the increase in the price of natural uranium, leading to the significant increase in the trading profit of Semizbay-U.

Uranium Resource Exploration of Fission

During the Reporting Period, no exploration activity was conducted by Fission based on the information available to the Board. In order to replenish its operating funds, Fission completed a financing of USD10 million in April 2020 to continuously advance the preliminary work of the environmental impact assessment and feasibility study of the PLS Project.

Progress on the New Kazakhstan Uranium Project

During the Reporting Period, the Company conducted multiple rounds of business negotiations with Kazatomprom based on the results of previous due diligence on Ortalyk. However, due to the impact of the epidemic, the negotiation progress has fallen behind the original schedule, while both parties are still negotiating on the specific acquisition terms of the project.

Investor Relations Management

The significant rise in the price of natural uranium in the first half of 2020 has increased the attention of the Company by the capital market. During the Reporting Period, the Company completed multiple rounds of communication with domestic and foreign investors and analysts by means of teleconference, distance communication, etc., and timely shared and transmitted information and investment value of the natural uranium industry. The Company received the first research report from a securities house with price rating and recommendation, and an industry ETF has increased its positions in the Company.

Other Significant Investment Held

During the Reporting Period, the Group did not have significant investment save for the interests in Semizbay-U and Fission disclosed above.

Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

The Company did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures during the Reporting Period.

Subsequent Events

Based on current information available to the Board, the continued outbreak of the epidemic is expected to have certain negative impact on the operations of the Group, primarily affecting production of the joint venture and bringing uncertainties to the normal negotiation of the New Kazakhstan Uranium Project.

BUSINESS PROSPECTS

The overall natural uranium spot purchase activity is expected to be weaker in the second half of 2020 as compared to the first half year, among which, since part of the contract delivery requirements have been satisfied, manufacturers' procurement volume will decrease correspondingly, yet a certain scale will still be maintained; the procurement volume of nuclear power companies will increase; and large scale participation in spot procurement by investors is unlikely. The spot price is expected to fluctuate between USD29 and USD36.

In the next few years, the epidemic is still likely to be one of the major factors affecting the market, which may adversely affect uranium production and further deteriorate the conditions of the supply side. In the case of reduction in production, with the consumption of global uranium inventories, the price of natural uranium will be further increased. An increasing natural uranium price will generally benefit the operations and future development of the Company, helping to increase the Company's revenue and profit.

In the second half of 2020, the Company will arrange the procurement of natural uranium reasonably and underwrite the sales of the uranium products of Semizbay-U in accordance with its annual plan, and control operating costs as much as possible to partially offset the negative impact of the epidemic to natural uranium production.

Regarding the international trade of natural uranium, the Company will make full use of the trading platform of CGN Global, continue to explore diversified trade models, and actively explore the international trade market to further expand the scale of trade and increase trading profit. At the same time, in order to reduce the impact of the epidemic, the Company will assist Semizbay-U in achieving its annual natural uranium production plan and cost control targets as much as possible through continuously participating in its operational management to improve its production status and resume field drilling as soon as possible. As a result of the production reduction arrangement of Semizbay-U, the Company's share of output as its shareholder will be reduced correspondingly, yet the Company's natural uranium underwriting volume and sales can be secured as the Company entered into the underwriting contract of 588tU with Semizbay-U.

For its associated company Fission, the Company will continue to pay attention to the progress of the feasibility study of the PLS Project, and make dynamic adjustments to the future investment strategy.

Despite the partial impact on the Company's operations by the epidemic, the Company still upholds its strategy of exploring and acquiring high-quality resources. Accordingly, the Company will continue to actively progress the negotiations with Kazatomprom in the second half of the year to overcome the difficulties and strive for an early implementation of the New Kazakhstan Uranium Project. At the same time, in order to improve competitiveness and create a more reasonable resource supply structure, "continuous optimization of the resource pipeline" will as well serve as another investment strategy of the Company to guide its upcoming investment activities.

FINANCIAL REVIEW AND FINANCIAL CAPITAL

Financial Performance and Analysis

The Company's investments and operating strategies affect its business performance, which as a result reflects in the figures of financial statements.

Major Financial Indicators

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Profitability indicators		
Gross profit margin (%) ¹	11.76	6.59
EBITDA (HK\$' million) ²	146.54	95.82
EBITDA/Revenue (%) ³	15.83	10.09
Net profit margin (%) ⁴	12.12	8.16
Operating ability indicators		
Days sales of inventory – Average (Days) ⁵	425	150
Trade receivables cycle – Average (Days) ⁶	34	14
Investment return indicators		
Return on equity (%) ⁷	5.77	4.16
Profit attributable to the owners of the Company to revenue ratio (%) ⁸	12.12	8.16
Return on total assets (%) ⁹	3.21	3.07
	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Repayment ability indicators		
Current ratio (%) ¹⁰	241.11	463.66
Debt to asset ratio (%) ¹¹	50.00	37.19
Gearing ratio (%) ¹²	100.00	59.21

1. Difference between revenue and cost of sales divided by revenue multiplied by 100%.
2. The sum of profit before taxation, finance costs, depreciation of right-of-use assets and depreciation of property, plant and equipment.
3. The sum of profit before taxation, finance costs, depreciation of right-of-use assets and depreciation of property, plant and equipment, divided by revenue multiplied by 100%.
4. Net profit for the period divided by revenue multiplied by 100%.
5. Average inventory (i.e. the arithmetic average of the beginning and the end of the Reporting Period) divided by average daily cost of sales (cost of sales divided by 180 days).
6. Average trade receivables (i.e. the arithmetic average of the beginning and the end of the Reporting Period) divided by average daily sales (revenue divided by 180 days).
7. Profit attributable to the owners of the Company divided by total average equity (i.e. the arithmetic average of the beginning and the end of Reporting Period) multiplied by 100%.
8. Profit attributable to the owners of the Company divided by the revenue multiplied by 100%.
9. Net profit for the period divided by total average asset (i.e. the arithmetic average of the beginning and the end of Reporting Period) multiplied by 100%.
10. Current assets divided by current liabilities multiplied by 100%.
11. Total debt divided by total assets multiplied by 100%.
12. Total debt divided by total equity multiplied by 100%.

FINANCIAL RESULTS ANALYSIS

Revenue

	Six months ended 30 June		Movements	Percentage
	2020	2019	Increase/ (Decrease)	Change Increase/ (Decrease)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	%
	(Unaudited)	(Unaudited)		
Natural uranium trading	924,056	947,998	(23,942)	(2.53)
Property investment	1,575	1,646	(71)	(4.31)
Total revenue	925,631	949,644	(24,013)	(2.53)

During the Reporting Period, the Group recorded revenue of HK\$925.63 million, representing a decrease of 2.53% as compared with the corresponding period of 2019. It was mainly due to the decrease in sales of natural uranium as a result of the decline of trading volume of natural uranium.

Cost of sales

	Six months ended 30 June		Movements	Percentage
	2020	2019	Increase/ (Decrease)	Change Increase/ (Decrease)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	%
	(Unaudited)	(Unaudited)		
Natural uranium trading	816,744	887,093	(70,349)	(7.93)
Total cost of sales	816,744	887,093	(70,349)	(7.93)

During the Reporting Period, the cost of sales of the Group was HK\$816.74 million, representing a decrease of 7.93% as compared with that of HK\$887.09 million for the corresponding period of 2019. It was mainly due to the decrease in cost of sales of natural uranium as a result of the decline of trading volume of natural uranium.

Other Operating Income

During the Reporting Period, other operating income of the Group was HK\$6.24 million, representing a significant decrease of 58.94% as compared with that of HK\$15.19 million for the corresponding period of 2019, mainly due to the preferential utilisation of idle fund within the Group causing a decline of deposits and the decrease in deposit interest rate, resulting in a substantial reduction of interest income.

Selling and Distribution Expenses

During the Reporting Period, the Group's selling and distribution expenses amounted to HK\$4.66 million, representing an increase of 74.09% as compared with that of HK\$2.67 million for the corresponding period of 2019, mainly due to the increase in storage expenses resulting from the increase in inventories.

Administrative Expenses

During the Reporting Period, the Group's administrative expenses amounted to HK\$13.67 million, representing an increase of 9.73% as compared with that of HK\$12.46 million for the corresponding period of 2019. It was mainly due to the increase in withholding tax expense related to the increase on interest income on fund used to finance CGN Global by the Company in UK.

Share of Result of a Joint Venture

During the Reporting Period, the share of result of the joint venture was approximately HK\$40.44 million (the corresponding period of 2019: HK\$19.63 million). It was mainly due to the significant increase in gross profit of Semizbay-U caused by the increase in price of natural uranium.

Share of Result of an Associate

The share of profit of the associate in the Reporting Period was HK\$7.6 million (the corresponding period of 2019: HK\$12.13 million), which included a reversal of long-term investment impairment of HK\$10.85 million (the corresponding period of 2019: HK\$15.24 million).

During the Reporting Period, part of the share options granted by Fission to its directors and employees were exercised and about 124,220 ordinary shares were issued. In addition, Fission obtained financing from Spratt Resource Limited on 6 April 2020, where Fission issued 1,341,927 ordinary shares in lieu of interest payment during the Reporting Period. As a result, the equity interests in Fission held by the Company decreased to 19.82% (31 December 2019: 19.88%).

Finance Costs

During the Reporting Period, the Group's finance cost was HK\$18.63 million (the corresponding period of 2019: HK\$10.88 million), mainly attributable to the addition of the interest expenses of borrowings of CGN Global. In order to satisfy the future delivery of the signed contracts, CGN Global increased its borrowings for purchase of natural uranium during the Reporting Period, resulting the finance cost increased by approximately 71.27% as compared with the corresponding period of 2019.

Income Tax Expenses

During the Reporting Period, income tax expenses of the Group was HK\$14.68 million, representing an increase of 136.48% as compared with HK\$6.21 million of the corresponding period of 2019, mainly due to the significant increase of the gross profit of uranium trading and the share of results of a joint venture, resulting in an increase in the amount of tax payable.

Half-year Profit

During the Reporting Period, the Group's profit amounted to HK\$112.22 million, representing a significant increase of 44.73% from the corresponding period of 2019, mainly due to the substantial increase in gross profit of natural uranium trading and the share of result of a joint venture.

Financial Position

As at 30 June 2020, the Group's total assets amounted to HK\$3,897 million, representing an increase of 25.88% from HK\$3,095 million as at 31 December 2019; the Group's total liabilities amounted to HK\$1,948 million, representing an increase of 69.25% from HK\$1,151 million as at 31 December 2019; and the Group's total equity and the equity attributable to the owners of the Company amounted to HK\$1,948 million, representing a slightly increase as compared with that of HK\$1,944 million as at 31 December 2019.

Net Current Assets

As at 30 June 2020, the Group's net current assets amounted to HK\$1,793 million, representing a slight increase of 1.59% as compared to the HK\$1,766 million as at 31 December 2019.

Current assets

	As at 30 June 2020 <i>HK\$'000</i> (Unaudited)	As at 31 December 2019 <i>HK\$'000</i> (Audited)	Movements Increase/ (Decrease) <i>HK\$'000</i>	Percentage Change Increase/ (Decrease) %
Inventories	2,417,134	1,441,980	975,154	68
Trade and other receivables	232,324	126,706	105,618	83
Amount due from an intermediate holding company	2,141	3,875	(1,734)	(45)
Income tax recoverable	–	1,737	(1,737)	(100)
Bank and cash balances	<u>411,874</u>	<u>676,793</u>	<u>(264,919)</u>	<u>(39)</u>
Total current assets	<u>3,063,473</u>	<u>2,251,091</u>	<u>812,382</u>	<u>36</u>

As at 30 June 2020, the current assets of the Group were HK\$3,063 million, representing an increase of 36% as compared with HK\$2,251 million as at 31 December 2019, mainly due to the significant increase in the quantity of inventory during the Reporting Period as a result of expansion on international trading business of CGN Global and increase in trade receivables of the Group due to the delivery of natural uranium by the Company mainly took place in the second quarter of 2020.

As at 30 June 2020, the aggregate amount of bank and cash balances of the Group was approximately HK\$412 million (31 December 2019: HK\$677 million), among which 49% (31 December 2019: 32%) was denominated in HKD, 49% (31 December 2019: 67%) was denominated in USD, and 2% (31 December 2019: 1%) was denominated in RMB. The Group did not have any bank deposits pledged to any banks (31 December 2019: nil).

Current liabilities

	As at 30 June 2020 <i>HK\$'000</i> (Unaudited)	As at 31 December 2019 <i>HK\$'000</i> (Audited)	Movements Increase/ (Decrease) <i>HK\$'000</i>	Percentage Change Increase/ (Decrease) %
Trade and other payables	491,842	36,382	455,460	1,252
Loans from a fellow subsidiary	628,937	422,559	206,378	49
Bank borrowings	46,143	–	46,143	–
Lease liabilities	1,395	1,703	(308)	(18)
Amount due to an intermediate holding company	8,581	8,373	208	2
Amount due to a joint venture	5,513	5,513	–	–
Amounts due to fellow subsidiaries	898	1,421	(523)	(37)
Dividend payable	66,007	–	66,007	–
Income tax payable	21,229	9,555	11,674	122
Total current liabilities	<u>1,270,545</u>	<u>485,506</u>	<u>785,039</u>	<u>162</u>

As at 30 June 2020, the current liabilities of the Group were HK\$1,271 million, representing a significant increase of 162% as compared with HK\$486 million as at 31 December 2019, mainly due to the significant increase in trade and other payables caused by the procurement of inventory, loan from a fellow subsidiary and bank borrowings.

Non-current assets

	As at 30 June 2020 <i>HK\$'000</i> (Unaudited)	As at 31 December 2019 <i>HK\$'000</i> (Audited)	Movements Increase/ (Decrease) <i>HK\$'000</i>	Percentage Change Increase/ (Decrease) %
Property, plant and equipment	205	160	45	28
Right-of-use assets	2,851	3,836	(985)	(26)
Investment properties	48,334	48,595	(261)	(1)
Interest in a joint venture	246,696	237,775	8,921	4
Interest in an associate	535,004	553,522	(18,518)	(3)
Rental deposits	–	387	(387)	(100)
Total non-current assets	<u>833,090</u>	<u>844,275</u>	<u>(11,185)</u>	<u>(1)</u>

As at 30 June 2020, the non-current assets of the Group were HK\$833 million, representing a decrease of HK\$11 million as compared with HK\$844 million as at 31 December 2019.

Non-current liabilities

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)	Movements Increase/ (Decrease) HK\$'000	Percentage Change Increase/ (Decrease) %
Deferred tax liabilities	20,295	19,104	1,191	6
Loans from a fellow subsidiary	656,126	644,494	11,632	2
Lease liabilities	1,351	2,021	(670)	(33)
	<u>677,772</u>	<u>665,619</u>	<u>12,153</u>	<u>2</u>

As at 30 June 2020, the non-current liabilities of the Group were HK\$678 million, representing an increase of 2% from HK\$666 million as at 31 December 2019.

Total Equity

As at 30 June 2020, total equity of the Group amounted to HK\$1,948 million, representing a slight increase as compared with that of HK\$1,944 million as at 31 December 2019.

At the end of the Reporting Period, the Company's gearing ratio (total liabilities/equity attributable to the owners of the Company after deducting intangible assets and goodwill) was approximately 100.00% (30 June 2019: 27.73%).

FINANCIAL CAPITAL

Capital Structure

As at 30 June 2020, the Company had 6,600,682,645 ordinary shares in issue in total (31 December 2019: 6,600,682,645 ordinary shares), and market value of the Company was approximately HK\$1,980 million (31 December 2019: HK\$2,013 million).

Liquidity Risk and Financial Resources

In order to manage liquidity risk, the Company monitors its cash and cash equivalents and its unutilized credit facility in real time. As at 30 June 2020, the Group has unutilised borrowing facility of USD794.14 million, which can be utilised to provide sufficient cash for the operation of the Group and lower the impact of cash flow volatility.

The Group has sufficient financial resources for daily operation and business and does not have seasonal borrowing demands. If any suitable acquisition opportunity arises in the future, the Group will raise funds from diverse financing channels.

Exposure to Foreign Exchange Risk and Currency Policy

During the Reporting Period, the Group's sale and purchase of products were mainly settled in USD and RMB (corresponding period of 2019: USD and RMB). Daily expenses of the Company, including administrative expenses, selling and distribution expenses, were mainly settled in USD, HKD and RMB (corresponding period of 2019: USD, HKD and RMB). The Group did not enter into any forward contracts, interest or currency swaps, or other financial derivatives for hedging purpose, nor did it experience any material difficulty or adverse effect on its operations or liquidity as a result of fluctuations in currency exchange rates.

Contingent Liabilities

During the Reporting Period, the Group had no material contingent liabilities (31 December 2019: nil).

External Guarantee and Charge of Assets

During the Reporting Period, the Group did not have external guarantee and there were no charge on any of its assets (31 December 2019: nil).

SHARE OPTION SCHEME

The Company has adopted a share option scheme at the annual general meeting of the Company held on 2 June 2010 (the “2010 Share Option Scheme”). The 2010 Share Option Scheme will remain in force for a period of 10 years and has been expired on 1 June 2020. Since the adoption of the 2010 Share Option Scheme, no share options have been granted.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

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

SHARE CAPITAL

As at 30 June 2020, the total share capital of the Company was 6,600,682,645 shares.

EMPLOYEE

As at 30 June 2020, the Group had 15 employees (30 June 2019: 15 employees), of which 8 were located in Hong Kong, 2 were located in Kazakhstan and 5 were located in the UK.

The Company’s employee remunerations are commensurate with performance and comparable to the prevailing market rates. The Group treasures internal training of employees and also encourages staff to develop themselves on a continuous basis through external training programs, so as to improve their abilities to meet challenges and increase the market competitive edge of the Group. Total staff costs during the Reporting Period amounted to approximately HK\$5.39 million (six months ended 30 June 2019: approximately HK\$4.44 million).

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (2019: no payment of interim dividend).

REVIEW OF INTERIM RESULTS

The unaudited interim financial statements of the Group for the six months ended 30 June 2020 have been reviewed by the audit committee of the Board and the external auditors of the Company, BDO.

AUDIT COMMITTEE

The Company has established the audit committee of the Board in compliance with the requirements of Rule 3.21 of the Listing Rules and the Corporate Governance Code with written terms of reference. The audit committee comprised two INEDs and one NED, which is an important link between the Board and the auditor. The main responsibility of the audit committee is to assist the Board by provision of independent opinions on the financial reporting procedures, internal control and risk management systems of the Group. During the Reporting Period, the audit committee has convened three meetings in total.

The audit committee has reviewed the accounting principles and practices adopted by the Group in preparing the Group's unaudited financial statements for the six months ended 30 June 2020 and discussed the auditing, internal control and financial reporting matters with the management. Also, the Group's unaudited financial statements for the six months ended 30 June 2020 have been reviewed and adopted by the audit committee, which is of the opinion that such statements comply with the applicable accounting standards, the Listing Rules and the relevant legal requirements, and that adequate disclosures have been made.

MODEL CODE

The Company has adopted the Model Code as the principle standards of securities transactions for Directors. All Directors have confirmed, upon specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the Reporting Period.

CORPORATE GOVERNANCE

The Company's corporate governance policy has followed the Corporate Governance Code. In the opinion of the Board, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code during the Reporting Period.

As at the date of this announcement, the Board comprises two EDs: Mr. An Junjing (chief executive officer) and Mr. Chen Deshao; three NEDs: Mr. Yu Zhiping (chairman), Mr. Sun Xu and Mr. Yin Xiong; and three INEDs: Mr. Qiu Xianhong, Mr. Gao Pei Ji and Mr. Lee Kowk Tung Louis.

DEFINITIONS

“BDO”	BDO Limited.
“Bill”	The Inland Revenue (Amendment) (No. 7) Bill 2017 which was passed by the Hong Kong Legislative Council on 21 March 2018, which introduced the two-tiered profits tax rates regime.
“Board”	the board of Directors.
“BRICS”	is the acronym coined for an association of five major emerging nation economics: Brazil, Russia, India, China and South Africa.
“CAD”	Canadian dollars, the lawful currency of Canada.
“Cameco”	Cameco Inc., one of the largest suppliers of natural uranium in the world.
“CGN Finance”	CGN Finance Co., Ltd* (中廣核財務有限責任公司), a company incorporated in the PRC with limited liability and a subsidiary of CGNPC.
“CGN Global”	CGN Global Uranium Ltd, a company incorporated and registered in England and Wales and a wholly-owned subsidiary of the Company, and is primarily engaged in the trading of natural uranium in the international market.
“CGN Group”	CGNPC and its subsidiaries other than members of the Group.
“CGNPC Huasheng”	CGNPC Huasheng Investment Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of CGNPC.
“CGNPC”	China General Nuclear Power Corporation* (中國廣核集團有限公司), a company incorporated in the PRC with limited liability and the sole shareholder of CGNPC-URC Development.
“CGNPC-URC Development”	CGNPC Uranium Resources Development Company Limited* (中廣核鈾業發展有限公司), a company established in the PRC with limited liability and the sole shareholder of the China Uranium Development.
“China Uranium Development”	China Uranium Development Company Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company.

“Company”	CGN Mining Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange.
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules.
“Corporate Governance Code”	Corporate Governance Code set out in Appendix 14 to the Listing Rules.
“Director(s)”	the director(s) of the Company.
“EIT”	the Enterprise Income Tax under the law of PRC.
“ETF”	exchange traded fund, includes a collection of securities that often track an underlying index.
“Fission”	Fission Uranium Corp., a Canadian-based resource company, the common shares of which are listed on the Toronto Stock Exchange under the symbol “FCU”, on the OTCQX marketplace in the US under the symbol “FCUUF” and on the Frankfurt Stock Exchange under the symbol “2FU”. Fission is an associate of the Company.
“Foreign Shareholders”	shareholders that do not have the permanent establishment in Kazakhstan.
“GBP”	pound, the lawful currency of the UK.
“GDP”	gross domestic production, being the total monetary or market value of all the finished goods and services produced with a country’s borders in a specific time period.
“Group”	the Company and its subsidiaries.
“GW”	a unit of power, equal to 1,000,000 KW.
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong.
“HKFRSs”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China.
“IMF”	the International Monetary Fund.

“INED(s)”	independent non-executive Director(s) of the Company.
“Irkol Mine”	the Irkol mine located in the Kyzylorzhinsk area, 20 kilometres from the town of Chiili, Kazakhstan, which was owned and operated by Semizbay-U.
“Kazakhstan”	the Republic of Kazakhstan.
“Kazatomprom”	National Atomic Company Kazatomprom, a joint stock company established according to the laws of Kazakhstan, which holds 51% equity interest of Semizbay-U.
“KWh”	a unit of power consumption, kilowatt hour.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange.
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.
“NED(s)”	non-executive Director(s) of the Company.
“New Kazakhstan Uranium Project”	the acquisition of not more than 49% equity interest in new uranium mines in central Mynkuduk and Zhalpak in Kazakhstan through the acquisition of corresponding equity interest.
“New Tax Code of Kazakhstan”	the Tax Code (Revised Edition) implemented since January 2019 in Kazakhstan.
“Ortalyk”	Ortalyk LLP, which has two in-situ leachable uranium mines with high competitive cost advantage; the Central Mynkuduk Mine and the Zhalpak Mine.
“PLS Project”	Patterson Lake South project, Fission’s primary and wholly-owned asset.
“PRC” or “China”	The People’s Republic of China.
“Reporting Period”	the period from 1 January 2020 to 30 June 2020.
“RMB”	Renminbi, the lawful currency of the PRC.
“Semizbay Mine”	the Semizbay mine located in the Valihanov District of Akmoltnsk Oblast, Kazakhstan which was owned and operated by Semizbay-U.

“Semizbay-U”	Semizbay-U Limited Liability Partnership, a limited liability partnership established in Kazakhstan, in which the Company has 49% equity interest, and is a joint venture of the Company.
“share(s)”	ordinary share(s) in the Company with a nominal value of HK\$0.01 each.
“shareholder(s)”	holder(s) of the share(s).
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.
“subsidiary”	has the meaning ascribed to it under the Listing Rules.
“tU”	tons of elemental Uranium.
“UK”	the United Kingdom of Great Britain and Northern Ireland.
“US”	the United States of America.
“USD”	United States dollars, the lawful currency of the US.

On behalf of the Board
CGN Mining Company Limited
Yu Zhiping
Chairman

Hong Kong, 25 August 2020

As at the date of this announcement, the Board comprises two executive Directors: Mr. An Junjing (chief executive officer) and Mr. Chen Deshao; three non-executive Directors: Mr. Yu Zhiping (chairman), Mr. Sun Xu and Mr. Yin Xiong; and three independent non-executive Directors: Mr. Qiu Xianhong, Mr. Gao Pei Ji and Mr. Lee Kwok Tung Louis.

* *For identification purpose only*