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中广核矿业有限公司*
CGN Mining Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1164)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE DOMESTIC FINANCIAL SERVICES FRAMEWORK AGREEMENT

References are made to the announcement of the Company dated 6 December 2016 and the circular of the Company dated 9 December 2016 in relation to, among other things, the Huasheng Financial Services Framework Agreement dated 6 December 2016 entered into between the Company and Huasheng Investment in respect of the financial services to be provided by Huasheng Investment to the Group outside the PRC, mainly in Hong Kong and overseas, for a term of three years commencing from 1 January 2017 and ending on 31 December 2019.

On 5 September 2017, the Company and CGN Finance entered into the Domestic Financial Services Framework Agreement in respect of the provision of domestic financial services by CGN Finance to the Group in the PRC, such services, among other things, include: (i) placement of deposits; (ii) loans and facilities; and (iii) settlement services commencing from 5 September 2017 and ending on 31 December 2019 (both days inclusive).

LISTING RULES IMPLICATIONS

Domestic Financial Services Framework Agreement

As at the date of this announcement, CGN Finance is a connected person of the Company, the Domestic Financial Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Placement of deposits

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Domestic Financial Services Framework Agreement and the Huasheng Financial Services Framework Agreement shall be aggregated as the nature of the transactions are basically the same. The Company has complied with the relevant applicable Listing Rules requirements in respect of the Huasheng Financial Services Framework Agreement, including but not limited to the approval of the Huasheng Deposit Annual Cap Amounts from the independent Shareholders under Chapter 14A of the Listing Rules. As the Directors have decided that the Deposit Annual Cap Amounts will be conducted under the Huasheng Deposit Annual Cap Amounts, there is no variation of the Huasheng Deposit Annual Cap Amounts and the Company is therefore not required to re-comply with the circular and the independent Shareholders' approval requirements under the Listing Rules in respect of the placement of deposits under both the Domestic Financial Services Framework Agreement and the Huasheng Financial Services Framework Agreement.

As the highest of the applicable percentage ratios under Rule 14.07 of the Listing Rules of the Deposit Annual Cap Amounts is more than 0.1% but less than 5%, the placement of deposit services contemplated under the Domestic Financial Services Framework Agreement are subject to reporting and announcement requirements but are exempt from the independent Shareholder's approval requirement under Chapter 14A of the Listing Rules. Appropriate disclosure of the above transactions will be made in the next published annual report and accounts of the Company in accordance with Chapter 14A of the Listing Rules.

Loans and facilities

Since the loans and facilities to be granted by CGN Finance to the Service Recipients under the Domestic Financial Services Framework Agreement will be for the benefit of the Group on normal commercial terms (or better to the Group) and no security over the assets of the Group will be granted in respect of such loans and facilities, such loans and facilities will be exempt from announcement, reporting and the independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

The loan and facility services under both Domestic Financial Services Framework Agreement and the Huasheng Financial Services Framework Agreement remain exempt continuing connected transactions under the Listing Rules.

Settlement services

Since the fees and charges regarding the settlement and similar services to be paid by the Group to CGN Finance on an annual basis under the Domestic Financial Services Framework Agreement are expected to be less than the de minimis threshold and the terms are on normal or better commercial terms, such transactions will be regarded as a de minimis continuing connected transaction and will be exempt from announcement, reporting and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The estimated cap amounts of the settlement services under the Domestic Financial Services Framework Agreement, when added to the estimated settlement services annual amounts under the Huasheng Financial Services Framework Agreement remains de minimus, thus no variation or reporting and announcement are required.

On 5 September 2017, the Company and CGN Finance entered into the Domestic Financial Services Framework Agreement in respect of the provision of domestic financial services by CGN Finance to the Group in the PRC, such services, among other things, include: (i) placement of deposits; (ii) loans and facilities; and (iii) settlement services.

Details of the Domestic Financial Services Framework Agreement are as follows:

THE DOMESTIC FINANCIAL SERVICES FRAMEWORK AGREEMENT

Date

5 September 2017

Parties

- (1) The Company (the Company together with its subsidiaries, the “**Service Recipients**” and individually, the “**Service Recipient**”); and
- (2) CGN Finance.

Term

The Domestic Financial Services Framework Agreement shall become effective from 5 September 2017 to 31 December 2019 (both days inclusive).

Scope of services and pricing basis

1. *Placement of deposits*

Each Service Recipient shall open and maintain a RMB deposit account with CGN Finance in compliance with the applicable laws and regulatory requirements. Cash deposited by the Service Recipient into the account at CGN Finance from time to time shall constitute money deposited by the Service Recipient with CGN Finance, the terms and conditions of such deposit shall be subject to arm's length negotiations between the Service Recipient and CGN Finance, including the amount to be deposited, term of the deposit, the applicable interest rate, interest payment method and time of payment, etc.

CGN Finance shall pay interest on such deposits. The interest rates of such deposits shall be determined on normal commercial terms and shall not be lower than (i) the interest rates prescribed by the People's Bank of China ("PBOC") for the same type of deposit in the same period; (ii) the deposit interest rates offered by Agricultural Bank of China, Bank of China, China Construction Bank and Industrial and Commercial Bank of China (collectively, the "**China's Big-Four Commercial Banks**") to the Service Recipient for the same type of deposit in the same period; and (iii) the deposit interest rates provided by the CGN Finance to the CGNPC Group for the same type of deposit in the same period.

2. *Loans and facilities*

CGN Finance may grant loans and facilities to the Service Recipient from time to time in compliance with the applicable laws and regulatory requirements, including but not limited to loan financing, credit line, revolving credit facility, bill acceptance, and note discounting services.

The interest rates of such loans and facilities shall be determined on normal commercial terms and shall not be higher than (i) the interest rates prescribed by PBOC for the same type of loan in the same period; (ii) the loan interest rates charged by China's Big-Four Commercial Banks to the Service Recipient for the same type of loan in the same period; and (iii) the loan interest rates charged by CGN Finance to the CGNPC Group for the same type of loan in the same period.

3. *Settlement services*

CGN Finance shall provide payment, settlement, transfer, remittance, loan entrustment or other financial services to the Service Recipient from time to time in compliance with the applicable laws and regulatory requirements.

The Service Recipient shall pay for the settlement services. The fees charged by CGN Finance for the provision of settlement services shall be in compliance with the fees standard prescribed by PBOC or the China Banking Regulatory Commission (“**CBRC**”) in respect of such services. If no such fees standard is available, the service fees shall be determined on normal commercial terms and not higher than (i) the fees charged by China’s Big-Four Commercial Banks or other financial institutions in the PRC for the same type of financial services; and (ii) the fees charged by CGN Finance for the provision of similar type of financial services to the CGNPC Group.

Termination

The Domestic Financial Services Framework Agreement is valid from 5 September 2017 to 31 December 2019.

Internal Control measures

In order to safeguard the interests of the Company and the Shareholders as a whole, the Group has adopted certain guidelines and principles in monitoring the financial services transactions between the Group and CGN Finance under the Domestic Financial Services Framework Agreement, namely:

- (a) Before any of the Service Recipients obtains any loan or credit facility from CGN Finance, the Service Recipient shall obtain at least two comparable quotes from China’s Big-Four Commercial Banks or other financial institutions in the PRC for the same type of loan or credit facility services. The Service Recipient shall immediately disclose such quotes to the chief financial officer of the Company, together with the offer terms provided by CGN Finance for review;
- (b) The Company shall report to the independent non-executive Directors every six months on the loan agreements or credit facility agreements entered into with CGN Finance together with information on the comparable quotes obtained from the China’s Big-Four Commercial Banks or other financial institutions;
- (c) CGN Finance shall deliver to the Company a status report of the Service Recipients’ deposits placed with CGN Finance on the third working day after the end of every six months;
- (d) CGN Finance shall provide the Company with copies of the information on the risk monitoring indicators submitted by itself to the CBRC;
- (e) CGN Finance shall provide its financial and other relevant information to the Company in accordance with the Company’s written request;
- (f) CGN Finance shall ensure the operation of its business complies with various risk management and internal control rules and systems established by the CGNPC Group, such as the “Authorization Management Rules”, “Internal Audit and Quality Management Rules”, “Capital Management Rules” and “Accounting and Auditing Systems”, etc;

(g) Before any of Service Recipients places any deposits into CGN Finance, the Service Recipient shall collect at least two comparable quotes from China's Big Four Commercial Banks. The accounting department of the Company shall review all quotes and the offer terms.

ESTIMATED ANNUAL AMOUNTS FOR THE DOMESTIC FINANCIAL SERVICES

Domestic financial services

1. *Deposit Annual Cap Amounts*

The Deposit Annual Cap Amounts for the next three financial years ending 31 December 2019 are as follows:

| For the period ending 31 December 2017 | From 1 January 2018 to 31 December 2018 | From 1 January 2019 to 31 December 2019 |
|---|--|--|
| RMB60,000,000 | RMB60,000,000 | RMB60,000,000 |

The highest percentage ratios of the Deposit Annual Cap Amounts exceeds the de minimus threshold but is less than 5%, and as the nature of the deposit services under the Domestic Financial Services Framework Agreement is the same as the deposit services under the Huasheng Financial Services Framework Agreement, the Directors have decided that the Deposit Annual Cap Amounts will be conducted under the Huasheng Deposit Annual Cap Amounts (for further details, please see paragraph under the heading "Huasheng Financial Services Framework Agreement" below).

2. *Settlement Services Annual Cap Amounts*

The Settlement Services Annual Cap Amounts for the next three financial years ending 31 December 2019 are as follows:

| For the period ending 31 December 2017 | From 1 January 2018 to 31 December 2018 | From 1 January 2019 to 31 December 2019 |
|---|--|--|
| RMB1,000,000 | RMB1,000,000 | RMB1,000,000 |

The Company expects that each of the percentage ratios applicable to the Settlement Service Annual Cap Amounts will be less than the de minimis threshold as set out in Rule 14A.76 of the Listing Rules.

3. *Exempt loans and facilities services*

The loans and facilities to be provided by CGN Finance to the Service Recipients under the Domestic Financial Services Framework Agreement are financial assistance provided by CGN Finance to the Company under normal commercial terms or better with no security provided by the Company for such loans and facilities, which are fully exempt connected transactions pursuant to rule 14A.90 of the Listing Rules.

Basis of the Annual Cap Amounts

The Deposit Annual Cap Amounts and the Settlement Services Annual Cap Amounts are determined with reference to, among others, (i) the Service Recipients' historical domestic cash flow movements and the historical levels of their deposits with other independent commercial banks in the PRC, (ii) the cash balance of the Service Recipients in the PRC; and (iii) the historical settlement services paid by the Service Recipients for the settlement of sums among members of CGNPC Group and/or any other Independent Third Party.

HUASHENG FINANCIAL SERVICES FRAMEWORK AGREEMENT

Huasheng Deposit Annual Cap Amounts

References are made to the announcement of the Company dated 6 December 2016 and the circular of the Company dated 9 December 2016 in relation to, among other things, the Huasheng Financial Services Framework Agreement dated 6 December 2016 entered into between the Company and Huasheng Investment in respect of the financial services to be provided by Huasheng Investment to the Group outside the PRC, mainly in Hong Kong and overseas, for a term of three years commencing from 1 January 2017 and ending on 31 December 2019.

Pursuant to the Huasheng Financial Services Framework Agreement, the Huasheng Deposit Annual Cap Amounts shall be US\$220 million, US\$480 million and US\$480 million, respectively. As the highest of the applicable percentage ratios of the Huasheng Deposit Annual Cap Amounts is more than 5%, the placement of deposits under the Huasheng Financial Services Framework Agreement, including the Huasheng Deposit Annual Cap Amounts, has been approved by the Shareholders at the extraordinary general meeting of the Company held on 29 December 2016.

The annual amounts of the settlement services under the Huasheng Financial Services Framework Agreement for the three financial years ending 31 December 2019 are de minimus.

The loan and facility services under the Huasheng Financial Services Framework Agreement are exempt connected transactions as such loans and facilities are conducted normal commercial terms with no security provided.

ANNUAL CAP AMOUNTS FOR THE NEXT THREE FINANCIAL YEARS (FOR BOTH DOMESTIC FINANCIAL SERVICES AND OVERSEAS FINANCIAL SERVICES)

As provision of financial services inside and outside the PRC are governed by different laws and regulations of the relevant jurisdictions, the Domestic Financial Services Framework Agreement is entered by the Company with CGN Finance, which is a regulated financial services institution in the PRC, for the provision of PRC domestic financial services to the Group. The Huasheng Financial Services Framework Agreement remains in place and effective to regulate the provision of financial services to the Group by Huasheng Investment outside the PRC. Further, as the nature of financial services provided by Huasheng Investment and CGN Finance is basically the same and as the estimated annual amounts of the financial services transactions under the Domestic Financial Services Framework Agreement for the next three financial years ending 31 December 2019 are not substantial, the Directors have decided that the annual caps of the domestic financial services under the Domestic Financial Services Framework Agreement will be conducted under the annual caps for the same type of services under the Huasheng Financial Services Framework Agreement.

In this respect, the Deposit Annual Cap Amounts will be conducted within the Huasheng Deposit Annual Cap Amounts and no variations of the Huasheng Deposit Annual Cap Amounts will be required.

The estimated cap amounts of the settlement services under the Domestic Financial Services Framework Agreement, when added to the estimated settlement services annual amounts under the Huasheng Financial Services Framework Agreement remains de minimus, no variation or reporting and announcement are required.

The loan and facility services under both the Domestic Financial Services Framework Agreement and the Huasheng Financial Services Framework Agreement remain exempt continuing connected transactions under the Listing Rules.

REASONS FOR AND BENEFITS OF THE DOMESTIC FINANCIAL SERVICES FRAMEWORK AGREEMENT

The purpose of setting up CGN Finance is to provide RMB related loan, financial accommodation and deposits and settlement services to the CGNPC Group. Through years of cooperation, CGN Finance has become familiar with the Group's capital structure, business operations, funding needs, cash flow pattern, cash management and the overall financial administrative system, which enables it to render more expedient, efficient and flexible services to the Group than the other commercial banks and independent financial institutions in the PRC. Furthermore, the Group is expected to benefit from the CGNPC Group's familiarity of the Group's industry and operations.

In light of that (i) the interest rates on loans and deposits to be offered by CGN Finance to the Group will be equal to or no less favourable than those offered by China's Big-Four Commercial Banks in the PRC; (ii) the settlement and similar services offered by CGN Finance to the Group will facilitate more efficient settlement for intra-group transactions and reduces transaction costs and expenses, thereby further enhances the quality and efficiency of capital utilisation; and (iii) it provides diversified financial services for the Group and allows the Group to have additional flexibilities, the Directors (including all the independent non-executive Directors) are of the view that the terms and conditions of the Domestic Financial Services Framework Agreement are fair and reasonable and on normal commercial terms and the Domestic Financial Services Framework Agreement and the transactions contemplated thereunder (including the intra-group financial services, the Deposit Annual Cap Amounts and the Service Fees Annual Cap Amounts) are in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Group

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

CGN Finance

CGN Finance is a company incorporated in the PRC with limited liability. CGN Finance is a subsidiary of CGNPC and therefore a connected person of the Company under the Listing Rules. CGN Finance is a non-banking financial institution established in the PRC with the approval of CBRC and the principal activities of which include providing settlement and similar services and taking deposits from members of the CGNPC Group in the PRC and providing intra-group RMB related loan transactions among members of the CGNPC Group in the PRC.

LISTING RULES IMPLICATIONS

Domestic Financial Services Framework Agreement

As at the date of this announcement, CGN Finance is a connected person of the Company, the Domestic Financial Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Placement of deposits

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Domestic Financial Services Framework Agreement and the Huasheng Financial Services Framework Agreement shall be aggregated as the nature of the transactions are basically the same. The Company has complied with the relevant applicable Listing Rules requirements in respect of the Huasheng Financial Services Framework Agreement, including but not limited to the approval of the Huasheng Deposit Annual Cap Amounts from the independent Shareholders under Chapter 14A of the Listing Rules. As the Directors have decided that the Deposit Annual Cap Amounts will be conducted under the Huasheng Deposit Annual Cap Amounts, there is no variation of the Huasheng Deposit Annual Cap Amounts and the Company is therefore not required to re-comply with the circular and the independent Shareholders' approval requirements under the Listing Rules in respect of the placement of deposits under both the Domestic Financial Services Framework Agreement and the Huasheng Financial Services Framework Agreement.

As the highest of the applicable percentage ratios under Rule 14.07 of the Listing Rules of the Deposit Annual Cap Amounts is more than 0.1% but less than 5%, the placement of deposit services contemplated under the Domestic Financial Services Framework Agreement are subject to reporting and announcement requirements but are exempt from the independent Shareholder's approval requirement under Chapter 14A of the Listing Rules. Appropriate disclosure of the above transactions will be made in the next published annual report and accounts of the Company in accordance with Chapter 14A of the Listing Rules.

Loans and facilities

Since the loans and facilities to be granted by CGN Finance to the Service Recipients under the Domestic Financial Services Framework Agreement will be for the benefit of the Group on normal commercial terms (or better to the Group) and no security over the assets of the Group will be granted in respect of such loans and facilities, such loans and facilities will be exempt from announcement, reporting and the independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

The loan and facility services under both Domestic Financial Services Framework Agreement and the Huasheng Financial Services Framework Agreement remain exempt continuing connected transactions under the Listing Rules.

Settlement services

Since the fees and charges regarding the settlement and similar services to be paid by the Group to CGN Finance on an annual basis under the Domestic Financial Services Framework Agreement are expected to be less than the de minimis threshold and the terms are on normal or better commercial terms, such transactions will be regarded as a de minimis continuing connected transaction and will be exempt from announcement, reporting and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The estimated cap amounts of the settlement services under the Domestic Financial Services Framework Agreement, when added to the estimated settlement services annual amounts under the Huasheng Financial Services Framework Agreement remains de minimus, no variation or reporting and announcement are required.

ABSTAIN FROM VOTING IN BOARD MEETING

Mr. Wu Junfeng and Mr. Fang Chunfa have abstained from voting to approve the Domestic Financial Services Framework Agreement in the Board meeting due to the fact that they are also directors and/or management of CGN Finance or CGNPC.

DEFINITIONS

| | |
|---|---|
| “Board” | the board of Directors |
| “CGN Finance” | 中廣核財務有限責任公司 (CGN Finance Co., Ltd.*), a limited liability company established in the PRC, a subsidiary of CGNPC and thus a connected person of the Company |
| “CGNPC” | 中國廣核集團有限公司 (China General Nuclear Power Corporation*), a limited liability company established in the PRC, the controlling shareholder of CGN Finance and the ultimate controller of the Company |
| “CGNPC Group” | CGNPC and its subsidiaries |
| “Company” | CGN Mining Company Limited (中廣核礦業有限公司*), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange |
| “connected person” | has the meaning ascribed to it under the Listing Rules |
| “Deposit Annual Cap Amounts” | the maximum daily balance for the deposits placed by the Service Recipients with CGN Finance (including any outstanding interest accrued thereon) from time to time for the three years ending 31 December 2019 under the Domestic Financial Services Framework Agreement |
| “Director(s)” | the director(s) of the Company |
| “Domestic Financial Services Framework Agreement” | the financial services framework agreement dated 5 September 2017 entered into between the Company and CGN Finance in relation to the provision of certain financial services by CGN Finance to the Group in the PRC |
| “Group” | the Company and its subsidiaries |

| | |
|---|---|
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | Hong Kong Special Administrative Region of the PRC |
| “Huasheng Deposit Annual Cap Amounts” | the maximum daily balance for the deposits placed by the Group with Huasheng Investment (including any outstanding interest accrued thereon) from time to time for the three years ending 31 December 2019 under the Huasheng Financial Services Framework Agreement |
| “Huasheng Investment” | CGNPC Huasheng Investment Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of CGNPC |
| “Huasheng Financial Services Framework Agreement” | the financial services framework agreement dated 6 December 2016 and entered into between the Company and Huasheng Investment in relation to the provision of certain financial services by Huasheng Investment to the Company outside the PRC, further particulars of which are set out in the section headed “Huasheng Financial Services Framework Agreement” in this announcement |
| “Independent Third Party” | a third party which is independent of and not connected with the Company and its connected persons and not otherwise a connected person of the Company |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time |
| “percentage ratios” | has the same meaning as ascribed to it under the Listing Rules, as applicable to a transaction |
| “PRC” | the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Settlement Service Annual Cap Amounts” | the total settlement service fees charged by CGN Finance for the provision of the settlement services to the Service Receipts from time to time for the three years ending 31 December 2019 under the Domestic Financial Services Framework Agreement |
| “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 |

| | |
|----------------|--|
| “subsidiaries” | has the meaning ascribed to it under the Listing Rules |
| “US\$” | United States Dollars, the lawful currency of the United States of America |
| “%” | per cent |

* *For identification purposes only*

By order of the Board
CGN Mining Company Limited
Zhou Zhenxing
Chairman

Hong Kong, 5 September 2017

As at the date of this announcement, the Board comprises two executive Directors: Mr. Yu Zhiping (chief executive officer) and Mr. Xing Jianhua, four non-executive Directors: Mr. Zhou Zhenxing (chairman), Mr. Fang Chunfa, Mr. Wu Junfeng and Mr Liu Mingdong, and three independent non-executive Directors: Mr. Qiu Xianhong, Mr. Gao Pei Ji and Mr. Lee Kwok Tung Louis.