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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: 1164)

INSIDE INFORMATION MEMORANDUM OF UNDERSTANDING IN RELATION TO THE PROPOSED TRANSACTION

This announcement is made by CGN Mining Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

MEMORANDUM OF UNDERSTANDING

The board of the directors (the “**Board**”) of the Company is pleased to announce that, on 20 July 2018, the Company entered into a non-legally binding Memorandum of Understanding (the “**MOU**”) with China Uranium Development Company Limited (中國鈾業發展有限公司) (the “**Vendor**”), pursuant to which the Company intends to acquire and the Vendor intends to sell the Sale Shares (as defined below).

Principal Terms of the MOU

Date: 20 July 2018 (after trading hours)

Parties:

- (i) China Uranium Development Company Limited, as prospective vendor; and
- (ii) the Company, as prospective purchaser.

As the Vendor holds 64.82% of the issued shares in the Company, it is a connected person of the Company under chapter 14A of the Listing Rules.

Sale Shares

Pursuant to the MOU, the Company is considering to acquire the entire share capital (the “**Sale Shares**”) of CGN Global Uranium Ltd. (中廣核國際鈾產品銷售有限公司) (the “**Target Company**”), which is a company incorporated and registered in England and Wales (the “**Proposed Transaction**”).

Consideration

The consideration for the purchase of the Sale Shares may be by way of cash and/or consideration shares issued by the Company, the amount of which shall be determined and negotiated between the Parties on an arm's length basis.

Non-legally binding effect

Save for the provisions relating to confidentiality, termination and governing law, the MOU shall not be legally-binding on the parties.

Formal agreement

The Company and the Vendor shall use their best endeavours to negotiate and enter into a legally binding formal agreement in relation to the Proposed Transaction (the "**Formal Agreement**") before 31 December 2018.

Termination

The MOU will be terminated upon the earlier of:

- (i) upon a written termination notice served by any party;
- (ii) the date upon the expiration of 1 year after entering into the MOU; or
- (iii) the Proposed Transaction is completed.

Information of the Vendor

The Vendor is a company established in Hong Kong with limited liability and is principally engaged in development and trading of natural uranium. The Vendor holds 64.82% of the issued shares in the Company and therefore is a controlling shareholder of the Company. As such, the Vendor is a connected person of the Company under chapter 14A of the Listing Rules.

Information of the Target Company

The Target Company is a company incorporated with limited liability under the law of England and Wales and as at the date of the MOU, the Target Company is wholly owned by the Vendor.

The Target Company is primarily engaged in the trading of natural uranium in the international market and is one of the top five uranium trading entities in the world, which accumulated good reputation in the field of global uranium trading.

REASONS AND BENEFITS OF THE PROPOSED TRANSACTION

The Company is principally engaged in the mining and trading of natural uranium. The Proposed Transaction would be consistent with the Group's vision to diversify the Group's business profile and accelerate its growth and development in the near future.

Also it is our intention to broaden the oversea natural uranium marketing channel and diversify the buying and selling network of uranium in the international market. The Proposed Transaction will provide the Company with more alternative buy-in channels, thus allowing more versatility and flexibility in the market of natural uranium.

GENERAL

The Board wishes to emphasize that the Proposed Transaction is subject to, among other things, the execution of a legally binding definitive agreement, the terms and conditions of which are yet to be negotiated and agreed upon. The Proposed Transaction, if materialised, will be a connected transaction and may constitute a very substantial acquisition for the Company under the Listing Rules. Further announcement(s) will be made by the Company as and when appropriate in compliance with the Listing Rules.

Shareholders and potential investors of the Company should note that the MOU is not legally binding, the Proposed Transaction may or may not proceed or materialise and the final structure and terms of the Proposed Transaction, which are still subject to further negotiations among the parties, have yet to be finalised. Shareholders and potential investors of the Company should exercise caution when dealing in the shares or other securities of the Company.

By Order of the Board
CGN Mining Company Limited
An Junjing
Chief Executive Officer

Hong Kong, 20 July 2018

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. Fang Chunfa and Mr. Zhang Chengbai; and three independent non-executive directors: Mr. Qiu Xianhong, Mr. Gao Pei Ji and Mr. Lee Kowk Tung Louis.