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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 2021**

**HIGHLIGHTS**

	(Unaudited)	
	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	<b>1,845,383</b>	925,631
Profit attributable to the owners of the Company	<b>36,033</b>	112,222
Earnings per share		
– Basic	<b>HK0.55 cents</b>	HK1.70 cents
– Diluted	<b>HK0.55 cents</b>	HK1.70 cents
Interim dividend per share	<b>Nil</b>	Nil

- Revenue of the Group for the Reporting Period was approximately HK\$1,845 million, representing an increase of approximately 99% as compared with the corresponding period in 2020.
- Profit for the Reporting Period attributable to the owners of the Company was approximately HK\$36 million, representing a decrease of approximately 68% as compared with the corresponding period in 2020.
- Basic earnings per share for the Reporting Period was approximately HK0.55 cents, representing a decrease of approximately 68% as compared with the corresponding period in 2020.
- 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 in 2020 as follows:

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	4	1,845,383	925,631
Cost of sales		<u>(1,771,751)</u>	<u>(816,744)</u>
Gross profit		73,632	108,887
Other operating income		1,398	6,239
Selling and distribution expenses		(6,800)	(4,655)
Administrative expenses		(15,900)	(13,667)
Changes in fair value of investment properties		732	684
Share of result of a joint venture		31,467	40,439
Share of result of an associate		(23,317)	7,600
Finance costs	5	<u>(18,343)</u>	<u>(18,629)</u>
Profit before taxation		42,869	126,898
Income tax expenses	6	<u>(6,836)</u>	<u>(14,676)</u>
Profit for the period attributable to owners of the Company	7	<u><u>36,033</u></u>	<u><u>112,222</u></u>
Earnings per share	9		
– Basic		<u><u>HK0.55 cents</u></u>	<u><u>HK1.70 cents</u></u>
– Diluted		<u><u>HK0.55 cents</u></u>	<u><u>HK1.70 cents</u></u>

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Profit for the period	<u>36,033</u>	<u>112,222</u>
Other comprehensive income/(expense):		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences on translation of financial statements of subsidiaries	2,306	(1,308)
Exchange differences on translation of financial statements of a joint venture	(4,439)	(14,784)
Exchange differences on translation of financial statements of an associate	<u>9,190</u>	<u>(28,859)</u>
Other comprehensive income/(expense) for the period	<u>7,057</u>	<u>(44,951)</u>
Total comprehensive income for the period attributable to owners of the Company	<u><u>43,090</u></u>	<u><u>67,271</u></u>

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 30 June 2021*

		<b>30 June</b>	31 December
		<b>2021</b>	2020
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment		573	622
Right-of-use assets		4,828	1,977
Investment properties		53,961	52,623
Interest in a joint venture		255,933	264,956
Interest in an associate		546,506	553,570
Deferred tax assets		49	–
Rental deposits		367	–
		<u>862,217</u>	<u>873,748</u>
<b>Current assets</b>			
Inventories		1,330,064	1,767,335
Trade and other receivables	10	181,133	363,176
Amount due from an intermediate holding company		547	2,323
Amount due from a fellow subsidiary		19	19
Income tax recoverable		22,287	6,678
Bank and cash balances	11	1,279,823	1,174,508
		<u>2,813,873</u>	<u>3,314,039</u>
<b>Total assets</b>		<u><b>3,676,090</b></u>	<u><b>4,187,787</b></u>

		<b>30 June</b>	31 December
		<b>2021</b>	2020
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Current liabilities</b>			
Trade and other payables	12	244,822	158,289
Loans from a fellow subsidiary		58,939	370,693
Bank borrowings		387,754	666,704
Lease liabilities		1,407	704
Amount due to an intermediate holding company		3,505	874
Amount due to a fellow subsidiary		1,141	1,135
Dividend payable		33,003	–
Income tax payable		11,624	15,848
		<u>742,195</u>	<u>1,214,247</u>
<b>Net current assets</b>		<u>2,071,678</u>	<u>2,099,792</u>
<b>Total assets less current liabilities</b>		<u>2,933,895</u>	<u>2,973,540</u>
<b>Non-current liabilities</b>			
Loans from a fellow subsidiary		474,657	533,596
Bank borrowings		387,754	387,754
Lease liabilities		3,296	1,162
Deferred tax liabilities		23,978	23,968
		<u>889,685</u>	<u>946,480</u>
<b>Net assets</b>		<u>2,044,210</u>	<u>2,027,060</u>
<b>Capital and reserves</b>			
Share capital		66,007	66,007
Reserves		1,978,203	1,961,053
<b>Total equity</b>		<u>2,044,210</u>	<u>2,027,060</u>

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL

### 1.1 General

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. The shares of the Company are listed on Stock Exchange. Its parent is China Uranium Development, a company incorporated in Hong Kong and a wholly-owned subsidiary of CGNPC-URC, which is in turn a subsidiary of CGNPC. CGNPC is the ultimate parent of the Company. Both CGNPC-URC and CGNPC were state-owned enterprises established in the PRC.

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 statements in HK\$.

### 1.2 Basis of preparation

These condensed interim consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”), issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure provisions of Main Board 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 2020.

### Application of amendments to HKFRSs

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 2021:

- Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16, Interest Rate Benchmark Reform – Phase 2
- Amendments to HKFRS 16, COVID-19 – Related Rent Concessions beyond 30 June 2021

## ***Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16, Interest Rate Benchmark Reform – Phase 2***

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the “Reform”). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

### ***Amendment to HKFRS 16, COVID-19 – Related Rent Concessions beyond 30 June 2021***

HKFRS 16 was amended to provide a practical expedient to lessees in accounting for rent concessions arising as a result of the COVID-19 pandemic, by including an additional practical expedient in HKFRS 16 that permits entities to elect not to account for rent concessions as modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 pandemic and only if all of the following criteria are satisfied:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) the reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with this practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of lease modification. Lessees shall apply other requirements of HKFRS 16 in accounting for the rent concession.

Accounting for rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

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

### **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 considered the COVID-19 outbreak 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 2020 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 are as follows:

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods	1,843,777	924,056
Rental income (net of direct outgoings: nil)	1,606	1,575
	<u>1,845,383</u>	<u>925,631</u>

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 2021**

	<b>Natural uranium trading HK\$'000 (Unaudited)</b>	<b>Property investment HK\$'000 (Unaudited)</b>	<b>Other investments HK\$'000 (Unaudited)</b>	<b>Total HK\$'000 (Unaudited)</b>
Revenue	<u>1,843,777</u>	<u>1,606</u>	<u>–</u>	<u>1,845,383</u>
Segment profit	<u>43,181</u>	<u>(36)</u>	<u>8,150</u>	<u>51,295</u>
Other operating income				1,398
Finance costs				(34)
Central administrative costs				<u>(9,790)</u>
Profit before taxation				<u>42,869</u>

### **Six months ended 30 June 2020**

	<b>Natural uranium trading HK\$'000 (Unaudited)</b>	<b>Property investment HK\$'000 (Unaudited)</b>	<b>Other investments HK\$'000 (Unaudited)</b>	<b>Total HK\$'000 (Unaudited)</b>
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>	<u>130,915</u>
Other operating income				6,239
Finance costs				(60)
Central administrative costs				<u>(10,196)</u>
Profit before taxation				<u>126,898</u>

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4 of the Group's annual consolidated financial statements for the year ended 31 December 2020. Segment profit represents the profit earned by each segment without allocation of other operating income, 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:

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Audited)
<i>Segment assets</i>		
Natural uranium trading	1,501,257	2,121,722
Property investment	54,530	54,969
Other investments	802,439	818,526
	<hr/>	<hr/>
	2,358,226	2,995,217
Unallocated corporate assets	1,317,864	1,192,570
	<hr/>	<hr/>
Total assets	<b>3,676,090</b>	<b>4,187,787</b>
	<hr/> <hr/>	<hr/> <hr/>
	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Audited)
<i>Segment liabilities</i>		
Natural uranium trading	1,549,065	2,112,380
Property investment	1,238	1,430
Other investments	–	–
	<hr/>	<hr/>
	1,550,303	2,113,810
Unallocated corporate liabilities	81,577	46,917
	<hr/>	<hr/>
Total liabilities	<b>1,631,880</b>	<b>2,160,727</b>
	<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, deferred tax assets and other assets for corporate use including rental deposits, certain right-of-use assets and other receivables.
- all liabilities are allocated to operating segments other than amounts due to an intermediate holding company and a fellow subsidiary, 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	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest expenses on loans from a fellow subsidiary	13,289	18,451
Interest expenses on loan from immediate holding company	–	107
Interest expenses on bank borrowings	5,020	11
Interest expenses on lease liabilities	34	60
	<u>18,343</u>	<u>18,629</u>

## 6. INCOME TAX EXPENSES

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong profits tax	290	2,745
UK Corporation Tax	6,688	9,618
EIT	–	745
	<u>6,978</u>	13,108
Deferred tax	<u>(142)</u>	<u>1,568</u>
	<u>6,836</u>	<u>14,676</u>

On 21 March 2018, the Hong Kong Legislative Council passed the Bill which introduces the two-tiered profits tax rates regime. 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 is taxed at 8.25%, and profits above HK\$2 million is taxed at 16.5%. For the six months ended 30 June 2021 and 2020, 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 (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for the both periods.

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

For the period ended 30 June 2021, the PRC subsidiary did not have any assessable income.

The subsidiaries operating in UK are subject to Corporation Tax Act of UK and the tax rate of the UK subsidiaries is 19% for 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 company 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 has held shareholding in the joint venture for more than three years and all extracted minerals of the joint venture are further processed in its own production facilities, 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 EIT Law, the earnings distributed from the joint venture to the PRC subsidiary is subject to a tax rate difference between the tax rate under EIT Law and the tax rate under 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):

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Cost of inventories sold	<b>1,771,751</b>	818,512
Depreciation of property, plant and equipment	<b>49</b>	28
Depreciation of right-of-use assets	<b>874</b>	985
Impairment loss reversed in respect of inventories incurred in cost of inventories sold	–	(1,768)
Interest income from fellow subsidiaries	<b>(1,346)</b>	(5,061)
Bank interest income	<b>(52)</b>	(193)
Rental income from an intermediate holding company	<b>(1,606)</b>	(1,575)
	<b><u>                    </u></b>	<b><u>                    </u></b>

## 8. DIVIDEND

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
2020 final dividend declared – HK0.5 cent (six months ended 30 June 2020: 2019 final dividend declared – HK1 cent)	<b>33,003</b>	66,007
	<b><u>                    </u></b>	<b><u>                    </u></b>

No dividends were paid during the interim period. The Directors do not recommend the payment of an interim dividend (six months ended 30 June 2020: 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	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>EARNINGS</b>		
Earnings for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	<b>36,033</b>	112,222
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>6,600,682,645</b>	6,600,682,645

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 2021 and 2020.

## 10. TRADE AND OTHER RECEIVABLES

	30 June	31 December
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade receivables (Note a)	<b>169,317</b>	351,810
Prepayments, deposits and other receivables (Note b)	<b>11,816</b>	11,366
	<b>181,133</b>	363,176

(a) As at 30 June 2021, trade receivables of HK\$169,317,000 (31 December 2020: HK\$64,821,000) represent amount due from the immediate holding company, China Uranium Development.

(b) As at 30 June 2021, included in prepayments, deposits and other receivables, approximately HK\$987,000 (31 December 2020: approximately HK\$805,000) are interest receivables due from CGNPC Huasheng, a fellow subsidiary of the Company, and there are no (31 December 2020: approximately HK\$69,000) interest receivables due from CGN Finance, a fellow subsidiary 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 approximates the respective revenue recognition dates, and net of impairment loss recognised at the end of the Reporting Period:

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Audited)
Within 30 days	<b>169,317</b>	344,430
31 to 60 days	-	-
61 to 90 days	-	-
91 to 120 days	-	7,380
	<u><b>169,317</b></u>	<u>351,810</u>

## 11. BANK AND CASH BALANCES

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Audited)
Unpledged bank deposits:		
Cash at bank and on hand	<u><b>1,279,823</b></u>	<u>1,174,508</u>
Analysis of bank and cash balances:		
Cash at bank and on hand	<b>101,401</b>	50,928
Cash placed at CGNPC Huasheng and CGN Finance ( <i>Note</i> )	<u><b>1,178,422</b></u>	<u>1,123,580</u>
	<u><b>1,279,823</b></u>	<u>1,174,508</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 0.20% to 1.1% (31 December 2020: 0.21% to 2.76%) per annum and recoverable 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

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Audited)
Trade payables ( <i>Note a</i> )	224,772	147,340
Accrued expenses and other payables ( <i>Note b</i> )	8,984	10,949
Contract liabilities ( <i>Note c</i> )	<u>11,066</u>	<u>–</u>
	<b><u>244,822</u></b>	<b><u>158,289</u></b>

- (a) Trade payables of approximately HK\$158,943,000 (31 December 2020: approximately HK\$54,189,000) represented the amount due to a joint venture of the Group.
- (b) Included in accrued expenses and other payables, approximately HK\$522,000 (31 December 2020: approximately HK\$1,015,000) are interest payable due to CGNPC Huasheng, a fellow subsidiary of the Company.
- (c) Contract liabilities include the upfront deposits from the customer to deliver the natural uranium.

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

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Audited)
Within 30 days	224,772	141,078
31-60 days	–	126
61-90 days	–	–
91-120 days	<u>–</u>	<u>6,136</u>
	<b><u>224,772</u></b>	<b><u>147,340</u></b>

## 13. SUBSEQUENT EVENT

On 30 July 2021, the re-registration with the authorised state body for change in composition of participants of a newly acquired associate, Ortalyk, was completed and CGNM UK is now formally a participant of Ortalyk. The consideration settled by the Group's bank balance of approximately USD435,000,000 is recognised as an investment in an associate. Details of the acquisition of Ortalyk was set out in the Company's circular dated 25 May 2021.

## **BUSINESS REVIEW AND ANALYSIS**

### **Analysis of the Business Environment in the First Half of 2021**

#### **Macroeconomic Environment**

In the first half of 2021, while the global economy continued its recovery amidst volatility, liquidity of the financial market was generally ample, market interest rates remained low, the US dollar index peaked and fell, and commodity prices rose sharply.

In the post-epidemic era, “green recovery” has become a mainstream global development trend. The *Interim National Security Strategic Guidance* published by the Biden administration during the year identified clean energy as a key player in the US domestic economy recovery. The EU has also proposed a EUR1.85 trillion recovery plan, of which 30% will be directly used in climate change related projects, with other investments in line with the previously proposed 2050 carbon neutrality target. Besides, the Japanese government has announced the “Green Growth Strategy” which proposed to facilitate greenhouse gas emission reduction in 14 areas, provide enterprises with tax support for investment in the green economy, while actively formulating a carbon pricing mechanism such as carbon emission tax, to promote technological innovation and investment development.

Overall, macro environment in major nuclear power countries such as China, the US and France is stabilizing, power demand basically resumed to normal. Many countries are formulating policies to encourage the development of clean energy including nuclear power, which is a positive sign for nuclear fuel supply companies.

#### **Nuclear Power Market and Industry Development**

Since 2020, major countries around the world have successively announced their development targets on carbon neutrality, and many countries have introduced a number of policies to promote the development of clean and low-carbon energy in the first half of this year, actively prepare for the implementation of the framework and roadmap for carbon neutrality. Nuclear power, with its advantages of being carbon-free, high-energy, stable and fearless of climate changes, is gaining attention from countries around the world, and clean energy is presented with new development opportunities under the carbon neutrality target. Developments relating to nuclear power in major countries in the first half of 2021 are as follows:

- In January, President Joseph Biden of the US signed an executive order for the US’s re-entering into the *Paris Agreement*. In April, the US announced its emissions reduction target of achieving 50%-52% reduction in net greenhouse gas emissions from 2005 level by 2030, and to achieve electricity decarbonization by 2035. Historically, nuclear power, which accounts for only 20% of US electricity supply, has provided more than half of the low-carbon contribution. This means that the US will likely support the development of nuclear power, and the US government was considering providing operating tax deduction credit for nuclear plants and increasing research and development in advanced nuclear technologies so as to maintain its leading position in nuclear technology.



- In the first half of 2021, China's electricity consumption grew by 16.2% year-on-year, and with the acceleration in the nation-wide clean and low-carbon transformation, hydro, nuclear, wind and solar power generation increased by 10.2% year-on-year. In terms of nuclear power, Unit 5 of Fuqing Nuclear Power Station and Unit 6 of Tianwan Nuclear Power Station have commenced power generation, while six units, including Units 7 and 8 of Tianwan Nuclear Power Station, Units 3 and 4 of Xudapu Nuclear Power Station and Units 3 and 4 of Changjiang in Hainan, were approved for commencement of construction.
- In April, a nuclear power operator in Ukraine plans to extend the life of its 15 nuclear power units to 60 years and to assess the feasibility of extending to 80 years.
- In June, State Atomic Energy Corporation ROSATOM submitted a new nuclear energy technologies development plan up to 2030 to Russian government, with a total budget of 506.34 billion Roubles (approximately USD7.03 billion) to carry out research on small modular reactors, waste-free nuclear energy and export of nuclear fuel.
- In the first half of 2021, Units 1 and 2 of the Takahama Nuclear Power Station, Unit 3 of the Mihama Nuclear Power Station and Unit 3 of the Osaka Nuclear Power Station in Japan restarted, bringing the total number of restarted reactors to nine units.

Overall, major traditional nuclear power countries such as the US and Japan have sought to maintain their current proportion of domestic nuclear power generation so as to secure low carbon results. Emerging economies, represented by China, are becoming mainstay of new nuclear power projects construction, and the demand for both nuclear fuel and natural uranium will continue to grow steadily in the long-term.

### **Natural Uranium Market Conditions**

In the first half of 2021, with the gradual roll-out of COVID-19 vaccination, the epidemic situation in some areas have improved. Production volume of major global natural uranium producers has recovered as compared to last year, with the Cigar Lake uranium mine in Canada resumed production in April 2021 and Kazatomprom issued its production guidance for 2021 with a year-on-year increase of 16% as compared to 2020. However, epidemic outbreak is still recurring in some countries and regions, which may pose a potential threat to natural uranium supplies.

In June 2021, the spot price of natural uranium published by UxC was USD32.10/lb, representing an increase of approximately 8.81% as compared to January 2021; the spot price of natural uranium published by TradeTech was USD32.40/lb, representing an increase of 8.90% as compared to January 2021. The increasing demand from financial institutions and uranium producers is the main reason for the increasing of the spot price market. Specifically, in the first quarter, the transaction volume of spot uranium was 7,585 tU, representing a year-on-year increase of 33%, mainly due to the intensive

procurement by investment funds and various mining companies, but the proportion of procurement from nuclear power enterprises reduced significantly. In the second quarter, the transaction volume of spot uranium was 5,159 tU, representing a year-on-year decrease of 32%, mainly due to the effect of the acquisition of Uranium Participation Company by Sprott Asset Management LP, resulting higher expectation on transactions in the market, and higher quotations quoted by sellers, leading to decrease in transaction volume.

In the long-term market, UxC's long term price was USD32/lb in June 2021 representing a decrease of 3.03% as compared to January 2021; the long-term price of natural uranium published by TradeTech was USD35/lb, representing a decrease of 2.78% as compared to January 2021. Specifically, the transaction volume of uranium in the long-term market was 3,080 tU in the first quarter, and the transaction volume was approximately 8,300 tU in the second quarter, representing a significant growth as compared to the first quarter, which mainly consisted of mid-term contracts within 5 years and caused higher mid-term price. As of June 2021, UxC's 3-year price was USD34/lb and its 5-year price was USD38/lb.

It is worth noting that the natural uranium industry has received great attention from investors in the first half of this year due to factors such as the energy crisis in Texas, US and the rise in price of commodities. It can be seen that the Global X Uranium ETF, the largest ETF fund in the natural uranium sector, increased by 37% and the Northshore Global Uranium Mining ETF also rose by 45%, and the activeness of the natural uranium market increased significantly.

## **Summary of Operation in the First Half of 2021**

### **Overall operation**

During the Reporting Period, the Group realized profit of HK\$36 million and revenue of HK\$1,845 million, representing a substantial decrease of 68% and a substantial increase of 99%, respectively, as compared to the corresponding period of 2020. The decrease in profit was mainly due to the significant decrease in gross profit of natural uranium trading, the share of result of a joint venture and share of result of an associate.

### **Natural Uranium Trading**

During the Reporting Period, the Group completed the sale of 284.8tU mine products procured under the annual sales agreement with Semizbay-U and 7.316 million pounds  $U_3O_8$  (equals to approximately 2,814tU) procured in the international market, which generated approximately HK\$1,845 million trading revenue. <sup>Note</sup>

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*Note:* According to international practice, the common measuring unit of natural uranium international uranium product trade is pound (lb), and the common units of uranium reserves/production are tons of uranium (tU) and million pounds of natural uranium. 1 tU equals to approximates 2,599.78 lb of  $U_3O_8$ .

## **Operation of CGN Global**

During the Reporting Period, CGN Global newly entered into sales contracts with a total volume of 15.649 million pounds of natural uranium, among which, 29% of the contract clients are from Europe, 44% are from North America and 27% are from Asia. Meanwhile, CGN Global completed delivery of 7.316 million pounds of natural uranium and recorded revenue of HK\$1,674.8 million (approximately USD216.0 million).

## **Production and Operation of Semizbay-U**

During the Reporting Period, despite the impact of epidemic, production remained stable under effective epidemic prevention measures. In the first half of the year, the planned production was 443tU and the actual production was 451tU, which exceeded the target and increased by approximately 12tU as compared with the same period last year. Natural uranium produced from the Semizbay Mine and the Irkol Mine were 180tU and 271tU, respectively.

During the Reporting Period, the Group's share of result of Semizbay-U amounted to HK\$31.5 million, representing a decrease of 22% as compared to the corresponding period of 2020. Sales volume of Semizbay-U during the Reporting Period decreased as compared to the corresponding period of 2020 mainly due to the delivery arrangements, but it is estimated that annual sales volume will increase as compared to the year 2020.

## **Uranium Resource Exploration of Fission**

During the Reporting Period, based on the information available to the Board and publicly available, Fission completed an infill drilling program of 900E-1125E to improve "inferred resource" to "indicated resource" on the main orebody of eastern mine area. A total of 20 boreholes were drilled for a cumulative total of 7,147.8 metres. Industrial U-mineralization was encountered in all 20 boreholes, 15 of which encountered high-grade uranium mineralization, particularly in hole PLS21-602 where a cumulative thickness of 69.5 metres was encountered. A segment of mineralization averaging 6.11% and 14.5 metres thick in this hole contains a part of extremely high-grade mineralization averaging 18.63% and 4.5 metres thick.

## **Progress on the New Kazakhstan Uranium Project**

On 22 April 2021, CGNM UK entered into a sale and purchase agreement with Kazatomprom for the acquisition of 49% interest in Ortalyk, a company principally engaged in the operation of the Central Mynkuduk Deposit and the Zhalspak Deposit. The acquisition has been approved by the independent Shareholders of the Company in an extraordinary general meeting on 10 June 2021 but completion had not taken place during the Reporting Period.

## **Investor Relations Management**

During the Reporting Period, benefiting from the increase in uranium prices, the capital market has shown a significant increase in interest in the uranium industry. Despite the difficulties of the epidemic, the Company organised the 2020 annual results press conference and a number of online investor meetings. In addition, the Company has also been able to share and disseminate information about the uranium industry and its investment value in a timely manner through active participation in offline roadshows and enhanced media publicity, which has been widely recognized by market investors and analysts.

## **Other Significant Investment Held**

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

## **Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures**

During the Reporting Period, save for the acquisition of 49% equity interest in Ortalyk which has yet to complete, the Company did not have any material acquisition or disposal of subsidiaries, associates or joint ventures.

## **Subsequent Events**

The acquisition of 49% interest in Ortalyk has been completed on 30 July 2021 and the results corresponding to the acquisition will be reflected in the Group's annual results for 2021.

## **BUSINESS PROSPECT**

In the second half of 2021, the Company will continue to promote the procurement of natural uranium and sale of off-take uranium products of Semizbay-U and Ortalyk in accordance with its annual plan.

The Company will continue to maintain its strengths in international trade of natural uranium, develop the international market, expand the scale of trade, enhance trading capabilities and increase trading profits. Meanwhile, the Company will continue to participate in the operation and management of Semizbay-U and Ortalyk to ensure the achievement of its planned annual production volumes and production cost control targets as well as delivery of its off-take commitments. The Company will continue to facilitate the innovation of technology and techniques of Semizbay-U and enhance its automation management level. In addition, in order to facilitate the sustainable development of Semizbay-U, the Company will continuously pursue the enhancement of its resources/reserves.

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.

Although part of Company's operation was affected by the epidemic, the Company still upholds its strategy of exploring and acquiring high-quality resources. In order to improve the competitiveness and create a more reasonable resource supply structure, "continuous optimization of the resource pipeline" will be 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 is reflected in the financial statements.

### Major Financial Indicators

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>(Unaudited)</b>	(Unaudited)
<b>Profitability indicators</b>		
Gross profit margin (%) <sup>1</sup>	<b>3.99</b>	11.76
EBITDA (HK\$ million) <sup>2</sup>	<b>62.14</b>	146.54
EBITDA/Revenue (%) <sup>3</sup>	<b>3.37</b>	15.83
Net profit margin (%) <sup>4</sup>	<b>1.95</b>	12.12
<b>Operating ability indicators</b>		
Days sales of inventory – Average (Days) <sup>5</sup>	<b>157</b>	425
Trade receivables cycle – Average (Days) <sup>6</sup>	<b>25</b>	34
<b>Investment return indicators</b>		
Return on equity (%) <sup>7</sup>	<b>1.77</b>	5.77
Profit attributable to the owners of the Company to revenue ratio (%) <sup>8</sup>	<b>1.95</b>	12.12
Return on total assets (%) <sup>9</sup>	<b>0.92</b>	3.21
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b>(Unaudited)</b>	(Audited)
<b>Repayment ability indicators</b>		
Current ratio (%) <sup>10</sup>	<b>379.13</b>	272.93
Debt to asset ratio (%) <sup>11</sup>	<b>44.39</b>	51.60
Gearing ratio (%) <sup>12</sup>	<b>79.83</b>	106.59

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. 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 revenue multiplied by 100%.
9. Profit attributable to the owners of the Company 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
	2021	2020	Increase/ (Decrease)	Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	Increase/ (Decrease)
	(Unaudited)	(Unaudited)		%
Natural uranium trading	1,843,777	924,056	919,721	100%
Property investment	1,606	1,575	31	2%
Total revenue	1,845,383	925,631	919,752	99%

During the Reporting Period, the Group recorded revenue of HK\$1,845 million, representing an increase of 99% as compared to the corresponding period of 2020, which was mainly due to CGN Global aggressively expanded international markets and resulted in the significant increase of uranium trading volume.

### Cost of sales

	Six months ended 30 June		Movements	Percentage
	2021	2020	Increase/ (Decrease)	Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	Increase/ (Decrease)
	(Unaudited)	(Unaudited)		%
Natural uranium trading	1,771,751	816,744	955,007	117%
Total cost of sales	1,771,751	816,744	955,007	117%

During the Reporting Period, the cost of sales of the Group amounted to HK\$1,772 million, representing an increase of 117% as compared to the corresponding period of 2020, which was mainly due to the significant increase in uranium trading volume.

## **Other Operating Income**

During the Reporting Period, other operating income of the Group amounted to HK\$1.40 million, representing a significant decrease of 78% as compared to the corresponding period of 2020, which was mainly due to the continuous decrease in Libor rate of USD, 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\$6.80 million, representing an increase of 46% as compared to the corresponding period of 2020, which was mainly due to the increase in storage expenses of natural uranium inventories.

## **Administrative Expenses**

During the Reporting Period, the Group's administrative expenses amounted to HK\$15.90 million, representing an increase of 16% as compared to the corresponding period of 2020 which was mainly due to exchange loss of bank balances and cash.

## **Share of Result of a Joint Venture**

During the Reporting Period, the share of result of a joint venture amounted to HK\$31.47 million (the corresponding period of 2020: HK\$40.44 million) and the decrease was mainly due to the decrease in sales volume of Semizbay-U during the Reporting Period as compared to the corresponding period of 2020 due to the delivery arrangements, but it is estimated that annual sales volume will increase as compared to the year 2020.

## **Share of Result of an Associate**

The share of loss of an associate in the Reporting Period amounted to HK\$23.32 million (the corresponding period of 2020: HK\$7.6 million), which included a reversal of long-term investment impairment of HK\$3.66 million (the corresponding period of 2020: HK\$10.85 million) and the loss of deemed disposal of partial interest of HK\$22.26 million (the corresponding period of 2020: HK\$1.30 million).

During the Reporting Period, part of the share options granted by Fission to its directors and employees were exercised with 11,119,033 ordinary shares issued. In addition, Fission completed the additional issue of 57,500,000 ordinary shares at 11 May 2021. As a result, the equity interests in Fission held by the Company as at 30 June 2021 decreased to 14.97% (31 December 2020: 16.74%).



## **Finance Costs**

During the Reporting Period, the Group's finance cost amounted to HK\$18.34 million, representing interest expenses generated from bank borrowings of CGN Global and loans from a fellow subsidiary, which have decreased by 2% as compared to the corresponding period of 2020.

## **Income Tax Expenses**

During the Reporting Period, income tax expenses of the Group amounted to HK\$6.84 million, representing a decrease of 53% as compared to the corresponding period of 2020, which was mainly due to the decrease of the gross profit of uranium trading, resulting in a decrease in the amount of tax payable.

## **Half-year Profit**

During the Reporting Period, the Group's profit amounted to HK\$36.03 million, representing a significant decrease of 68% from the corresponding period of 2020, which was mainly due to the decrease in gross profit of natural uranium trading, the share of result of a joint venture and the share of results of an associate.

## **Financial Position**

As at 30 June 2021, the Group's total assets amounted to HK\$3,676 million, representing a decrease of 12% from HK\$4,188 million as at 31 December 2020; the Group's total liabilities amounted to HK\$1,632 million, representing a decrease of 24% from HK\$2,161 million as at 31 December 2020; and the Group's total equity and the equity attributable to the owners of the Company amounted to HK\$2,044 million, representing an increase of 1% as compared with that of HK\$2,027 million as at 31 December 2020.

## **Net Current Assets**

As at 30 June 2021, the Group's net current assets amounted to HK\$2,072 million, representing a decrease of 1% as compared to the HK\$2,100 million as at 31 December 2020.

## Current assets

	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)	Movements Increase/ (Decrease) <i>HK\$'000</i>	Percentage Change Increase/ (Decrease) %
Inventories	1,330,064	1,767,335	(437,271)	(25)
Trade and other receivables	181,133	363,176	(182,043)	(50)
Amount due from an intermediate holding company	547	2,323	(1,776)	(76)
Amount due from a fellow subsidiary	19	19	–	–
Income tax recoverable	22,287	6,678	15,609	234
Bank and cash balances	<u>1,279,823</u>	<u>1,174,508</u>	<u>105,315</u>	<u>9</u>
Total current assets	<u><u>2,813,873</u></u>	<u><u>3,314,039</u></u>	<u><u>(500,166)</u></u>	<u><u>(15)</u></u>

As at 30 June 2021, the current assets of the Group amounted to HK\$2,814 million, representing a decrease of 15% as compared with HK\$3,314 million as at 31 December 2020, mainly due to the improved recovery efficiency of trade receivables and the reduced inventories by CGN Global.

As at 30 June 2021, the aggregate amount of bank and cash balances of the Group was approximately HK\$1,280 million (31 December 2020: HK\$1,175 million), among which 7% (31 December 2020: 9%) was denominated in HKD, 92% (31 December 2020: 90%) was denominated in USD, and 1% (31 December 2020: 1%) was denominated in RMB. The Group did not have any bank deposits pledged to any banks (31 December 2020: nil).

## Current liabilities

	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)	Movements Increase/ (Decrease) <i>HK\$'000</i>	Percentage Change Increase/ (Decrease) %
Trade and other payables	244,822	158,289	86,533	55
Loans from a fellow subsidiary	58,939	370,693	(311,754)	(84)
Bank borrowings	387,754	666,704	(278,950)	(42)
Lease liabilities	1,407	704	703	100
Amount due to an intermediate holding company	3,505	874	2,631	301
Amount due to a fellow subsidiary	1,141	1,135	6	1
Dividend payable	33,003	–	33,003	N/A
Income tax payable	11,624	15,848	(4,224)	(27)
Total current liabilities	<u>742,195</u>	<u>1,214,247</u>	<u>(472,052)</u>	<u>(39)</u>

As at 30 June 2021, the current liabilities of the Group amounted to HK\$742 million, representing a significant decrease of 39% as compared with HK\$1,214 million as at 31 December 2020, mainly due to the partial repayments of bank borrowings and loans from a fellow subsidiary.

## Non-current assets

	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)	Movements Increase/ (Decrease) <i>HK\$'000</i>	Percentage Change Increase/ (Decrease) %
Property, plant and equipment	573	622	(49)	(8)
Right-of-use assets	4,828	1,977	2,851	144
Investment properties	53,961	52,623	1,338	3
Interest in a joint venture	255,933	264,956	(9,023)	(3)
Interest in an associate	546,506	553,570	(7,064)	(1)
Deferred tax assets	49	–	49	N/A
Rental deposits	367	–	367	N/A
Total non-current assets	<u>862,217</u>	<u>873,748</u>	<u>(11,531)</u>	<u>(1)</u>

As at 30 June 2021, the non-current assets of the Group amounted to HK\$862 million, representing a decrease of HK\$12 million as compared with HK\$874 million as at 31 December 2020.

## Non-current liabilities

	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)	Movements Increase/ (Decrease) <i>HK\$'000</i>	Percentage Change Increase/ (Decrease) %
Loans from a fellow subsidiary	474,657	533,596	(58,939)	(11)
Bank borrowings	387,754	387,754	–	–
Lease liabilities	3,296	1,162	2,134	184
Deferred tax liabilities	23,978	23,968	10	0
	<u>889,685</u>	<u>946,480</u>	<u>(56,795)</u>	<u>(6)</u>
Total non-current liabilities	<b>889,685</b>	<b>946,480</b>	<b>(56,795)</b>	<b>(6)</b>

As at 30 June 2021, the non-current liabilities of the Group amounted to HK\$890 million, representing a decrease of 6% from HK\$946 million as at 31 December 2020.

## Total Equity

As at 30 June 2021, total equity of the Group amounted to HK\$2,044 million, representing an increase of HK\$17 million as compared with that of HK\$2,027 million as at 31 December 2020.

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 79.83% (31 December 2020: 106.59%).

## **FINANCIAL CAPITAL**

### **Capital Structure**

As at 30 June 2021, the Company had 6,600,682,645 ordinary shares in issue in total (31 December 2020: 6,600,682,645 ordinary shares), with market capitalisation of approximately HK\$4,752 million (31 December 2020: HK\$2,376 million).

### **Liquidity Risk and Financial Resources**

In order to manage liquidity risk, the Company monitors its cash and cash equivalents and unutilized credit facility in real time. As at 30 June 2021, the Group has unutilised borrowing facility of USD1,140 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 2020: 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 2020: 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 negative effect on its operations or liquidity as a result of fluctuations on currency exchange rates.

### **Contingent Liabilities**

During the Reporting Period, the Group had no material contingent liabilities (31 December 2020: 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 assets (31 December 2020: nil).

## **SHARE OPTION SCHEME**

During the Reporting Period, the Company did not have a share option scheme or any outstanding share option.

## **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 2021, the total share capital of the Company was 6,600,682,645 shares.

## **EMPLOYEE INFORMATION**

As at 30 June 2021, the Group had 16 employees (30 June 2020: 15 employees), of which seven were located in Hong Kong, three were located in Kazakhstan and six were located in the UK.

The Company's employee remunerations are commensurate with their 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 professional 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\$6.20 million (six months ended 30 June 2020 : approximately HK\$5.39 million).

## **DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (2020 interim dividend: nil).

## **REVIEW OF INTERIM RESULTS**

The unaudited interim financial statements of the Group for the six months ended 30 June 2021 have been reviewed by the audit committee of the Board and 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 auditors. The main responsibility of the audit committee is to assist the Board by provision of independent opinions on the effectiveness of the financial reporting procedures, internal control and risk management systems of the Group. During the Reporting Period, the audit committee has held two 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 2021 and discussed the auditing, internal control and financial reporting matters with the management. The audit committee has also reviewed and adopted the Group's unaudited financial statements for the six months ended 30 June 2021, and 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 standard 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 has adopted the Corporate Governance Code as its corporate governance policy. 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 Kwok 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.
“Central Mynkuduk Deposit”	the central plot of Mynkuduk deposit in South-Kazakhstan region Kazakhstan, which was owned and operated by Ortalyk.
“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 in UK, with limited liability and a wholly-owned subsidiary of the Company, and is primarily engaged in the trading of natural uranium in the international market.
“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.
“CGNPC-URC”	CGNPC Uranium Resources Co., Ltd.* (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.
“CGNM UK”	CGNM UK Limited, a company incorporated in UK, with limited liability and a wholly-owned subsidiary 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.
“COVID-19”	coronavirus disease 2019, a contagious disease caused by severe acute respiratory syndrome coronavirus 2.
“Director(s)”	the director(s) of the Company.
“ED(s)”	executive 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.
“EU”	European Union, a political and economic union of 27 member states that are located primarily in Europe.
“EUR”	the lawful currency of EU.
“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.
“Group”	the Company and its subsidiaries.
“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.
“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.
“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 2018 in Kazakhstan.
“Ortalyk”	Mining Company “ORTALYK” LLP, a legal entity established in the form of a limited liability partnership in Kazakhstan, in which the Company has 49% equity interest upon completion of its acquisition on 30 July 2021.
“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 2021 to 30 June 2021.
“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.
“TradeTech”	TradeTech of Denver Tech Centre, 7887E. Belleview Avenue, Suite 888, Englewood, CO 80111, USA, one of the leading providers of uranium prices and an independent third party.
“tU”	tonnes of 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.
“UxC”	UxC, LLC, one of the leading providers of uranium prices and an independent third party.
“Zhalpak Deposit”	the uranium deposit located in Sozak district, Kazakhstan, which was owned and operated by Ortalyk.

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

Hong Kong, 26 August 2021

*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*