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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)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

The board (the “Board”) of directors (the “Directors”, each a “Director”) of CGN Mining Company Limited (“CGN Mining” or the “Company”) announces the audited consolidated results of CGN Mining and its subsidiaries (collectively the “Group”) for the year ended 31 December 2016, together with the comparative figures for the previous financial year ended 31 December 2015, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2016

	Notes	2016 HK\$'000	2015 HK\$'000
Continuing operations			
Revenue	4	707,749	703,422
Cost of sales		<u>(284,244)</u>	<u>(420,579)</u>
Gross profit		423,505	282,843
Other operating income	4	7,269	17,416
Administrative expenses		(41,278)	(31,390)
Changes in fair value of investment property		2,158	1,044
Share of results of a joint venture		44,575	5,360
Share of results of an associate		33,284	–
Finance costs	6	<u>(5,601)</u>	<u>(21,990)</u>
Profit before taxation		463,912	253,283
Income tax expenses	7	<u>(74,782)</u>	<u>(49,920)</u>
Profit for the year from continuing operations	9	<u>389,130</u>	<u>203,363</u>
Discontinued operation			
Profit for the year from discontinued operation	8	<u>–</u>	<u>94,640</u>
Profit for the year		<u><u>389,130</u></u>	<u><u>298,003</u></u>

	<i>Note</i>	2016 HK\$'000	2015 <i>HK\$'000</i>
Profit for the year attributable to owners of the Company:			
– from continuing operations		389,130	203,363
– from discontinued operation		–	94,618
		<u>389,130</u>	<u>297,981</u>
Profit for the year attributable to non-controlling interests:			
– from continuing operations		–	–
– from discontinued operation		–	22
		<u>–</u>	<u>22</u>
		<u>389,130</u>	<u>298,003</u>
Earnings per share	<i>11</i>		
From continuing and discontinued operations			
Basic		<u>HK7.05 cents</u>	<u>HK7.36 cents</u>
Diluted		<u>HK6.61 cents</u>	<u>HK5.39 cents</u>
From continuing operations			
Basic		<u>HK7.05 cents</u>	<u>HK5.02 cents</u>
Diluted		<u>HK6.61 cents</u>	<u>HK3.79 cents</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	<u>389,130</u>	<u>298,003</u>
Other comprehensive expenses:		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences on translation of financial statements of subsidiaries	(4,412)	(5,412)
Exchange differences on translation of financial statements of a joint venture	3,620	(100,139)
Exchange differences on translation of financial statements of an associate	29,459	–
Reclassification adjustment for the cumulative exchange difference included in profit or loss upon disposal of subsidiaries	–	(81,270)
Other comprehensive income (expense) for the year	<u>28,667</u>	<u>(186,821)</u>
Total comprehensive income for the year	<u>417,797</u>	<u>111,182</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	417,797	111,149
Non-controlling interests	–	33
	<u>417,797</u>	<u>111,182</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

		31 December 2016	31 December 2015
	Notes	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		17,347	20,339
Investment property		29,021	28,778
Interest in a joint venture		186,467	138,272
Interest in an associate		520,316	—
		<u>753,151</u>	<u>187,389</u>
Current assets			
Trade and other receivables	12	8,886	185,721
Amount due from an intermediate holding company		2,650	10,074
Amounts due from fellow subsidiaries		1,080,947	476,588
Bank balances and cash		40,915	285,528
		<u>1,133,398</u>	<u>957,911</u>
Total assets		<u>1,886,549</u>	<u>1,145,300</u>
Current liabilities			
Trade and other payables	13	8,803	46,453
Amount due to an intermediate holding company		13,238	11,772
Amount due to a joint venture		5,813	3,293
Amounts due to fellow subsidiaries		378	2,891
Convertible bonds		—	289,933
Income tax payable		26,353	20,449
		<u>54,585</u>	<u>374,791</u>
Net current assets		<u>1,078,813</u>	<u>583,120</u>
Total assets less current liabilities		<u>1,831,964</u>	<u>770,509</u>

	31 December 2016 <i>HK\$'000</i>	31 December 2015 <i>HK\$'000</i>
Capital and reserves		
Share capital	66,007	46,369
Reserves	<u>1,750,552</u>	<u>713,281</u>
Total equity	<u>1,816,559</u>	<u>759,650</u>
Non-current liability		
Deferred tax liabilities	<u>15,405</u>	<u>10,859</u>
	<u>1,831,964</u>	<u>770,509</u>

NOTES

1. GENERAL

The Company was incorporated in Cayman Islands as an exempted company with limited liabilities. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its parent is 中國鈾業發展有限公司 (China Uranium Development Company Limited) (“China Uranium Development”), a company incorporated in Hong Kong and a wholly-owned subsidiary of 中廣核鈾業發展有限公司 (CGNPC Uranium Resources Co. Ltd.) (“CGNPC-URC”), which is in turn a subsidiary of 中國廣核集團有限公司 (China General Nuclear Power Corporation) (“CGNPC”). CGNPC is the ultimate parent of the Company. Both CGNPC-URC and CGNPC were established in the People’s Republic of China (the “PRC”) and state-owned enterprises.

The addresses of the registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business in Hong Kong is at Suites 1903, 19/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The principal activities of the Group are property investment, trading of natural uranium and other investments. The Group discontinued its operations in selling, distributing and manufacturing of pharmaceutical and food products during the year ended 31 December 2015 following the completion of the disposal of Yugofoil Holdings Limited and its subsidiaries (collectively referred to as “Yugofoil Group”) on 25 March 2015.

The functional currency of the Company is the United States dollars (“USD”). As the Company is listed in Hong Kong, the directors of the Company consider that it is appropriate to present the consolidated financial statements in Hong Kong dollars (“HK\$”).

2. PRINCIPAL ACCOUNTING POLICIES

Except as described below, the accounting policies and methods of computation used in the consolidated financial statements for the year ended 31 December 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2015.

Investments in an associate and a joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group’s investments in an associate and a joint venture are accounted for in the consolidated financial statements using the equity method. Under the equity method, investments in an associate and a joint venture are initially recognised at cost. The Group’s share of the profit or loss and changes in the other comprehensive income of the associate and joint venture are recognised in profit or loss and other comprehensive income respectively after the date of acquisition. If the Group’s share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, which determined using the equity method together with any long-term interests that, in substance, form part of the Group’s net investment in the associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

If an associate or a joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to make the associate's or joint venture's accounting policies conform to those of the Group when the associate's or joint venture's financial statements are used by the Group in applying the equity method.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the associate or joint venture is recognised as goodwill and is included in the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised in profit or loss in the period in which the investment is acquired.

After application of the equity method, including recognising the associate's or joint venture's losses (if any), the Group determines whether it is necessary to recognise any additional impairment loss with respect to its investment in the associate or joint venture. Goodwill that forms part of the carrying amount of an investment in an associate or a joint venture is not separately recognised. The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment in the associate or joint venture. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

When the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to apply the equity method, the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest is reclassified to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Gains and losses resulting from transactions between the Group and its associate or joint venture are recognised in consolidated financial statements only to the extent of unrelated investors' interests in the associate or joint venture. The Group's share in the associate's or joint venture's gains or losses resulting from these transactions is eliminated.

Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

4. REVENUE AND OTHER OPERATING INCOME

Revenue represents amount received and receivable from sales of natural uranium, net of returns, discounts allowed and sales related taxes, and gross rental income during the year. Revenue recognised during the year from continuing operations are as follows.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue		
Sales of goods	705,556	700,391
Gross rental income (<i>Note</i>)	<u>2,193</u>	<u>3,031</u>
	<u>707,749</u>	<u>703,422</u>
Other operating income		
Bank interest income	46	549
Loan interest income from fellow subsidiaries	4,273	6,319
Interest income from overdue trade receivable from an intermediate holding company	–	3,514
Interest income from overdue sale proceeds of disposal of subsidiaries	269	–
Trade deposit interest income from a joint venture	161	3,326
Management fee income	2,504	–
Tax on disposal of subsidiaries reimbursed by the acquirer of Yugofoil Group	–	3,706
Others	<u>16</u>	<u>2</u>
	<u>7,269</u>	<u>17,416</u>
Total revenue	<u><u>715,018</u></u>	<u><u>720,838</u></u>

Note: An analysis of the Group's net rental income is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Gross rental income	2,193	3,031
Less: Outgoings (included in cost of sales)	<u>–</u>	<u>(170)</u>
Net rental income	<u><u>2,193</u></u>	<u><u>2,861</u></u>

5. SEGMENT INFORMATION

Information reported to the chief executive officer, 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.

Pharmaceutical and food segment (the “Disposed Business”) was discontinued in year ended 31 December 2015. Accordingly, the Group’s reportable and operating segments from continuing operations are as follows:

- a) property investment segment engages in leasing;
- b) natural uranium trading segment engages in trading of natural uranium; 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:

Continuing operations

For the year ended 31 December 2016

	Property investment <i>HK\$'000</i>	Other investments <i>HK\$'000</i>	Natural uranium trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>2,193</u>	<u>–</u>	<u>705,556</u>	<u>707,749</u>
Segment (loss) profit	<u>(65)</u>	<u>77,859</u>	<u>409,670</u>	<u>487,464</u>
Other income and gains				7,269
Central administration costs				(25,220)
Finance costs				<u>(5,601)</u>
Profit before taxation from continuing operations				<u><u>463,912</u></u>

For the year ended 31 December 2015

	Property investment <i>HK\$'000</i>	Other investments <i>HK\$'000</i>	Natural uranium trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>3,031</u>	<u>–</u>	<u>700,391</u>	<u>703,422</u>
Segment (loss) profit	<u>(2,536)</u>	<u>5,360</u>	<u>269,218</u>	<u>272,042</u>
Other income and gains				17,416
Central administration costs				(14,185)
Finance costs				<u>(21,990)</u>
Profit before taxation from continuing operations				<u><u>253,283</u></u>

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 2. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of central administration costs, directors' salaries, other income and gains and finance costs. This is the measure reported to the chief executive officer 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:

Segment assets

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Property investment	46,839	55,980
Other investments	706,783	138,272
Natural uranium trading	4,738	125,800
	<u>758,360</u>	<u>320,052</u>
Unallocated corporate assets	1,128,189	825,248
Total assets	<u><u>1,886,549</u></u>	<u><u>1,145,300</u></u>

Segment liabilities

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Property investment	8,597	4,850
Other investments	–	–
Natural uranium trading	6,999	46,564
	<u>15,596</u>	<u>51,414</u>
Unallocated corporate liabilities	54,394	334,236
Total liabilities	<u><u>69,990</u></u>	<u><u>385,650</u></u>

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

- all assets are allocated to operating segments other than amounts due from fellow subsidiaries, bank balances and cash and other assets for corporate use including certain property, plant and equipment and other receivables.
- all liabilities are allocated to operating segments other than amounts due to an intermediate holding company and fellow subsidiaries, convertible bonds, income tax payable, deferred tax liabilities and certain other payables.

Other segment information

Continuing operations

2016

	Property investment <i>HK\$'000</i>	Other investments <i>HK\$'000</i>	Natural uranium trading <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss or segment assets:					
Addition to property, plant and equipment	5	–	–	–	5
Depreciation and amortisation	917	–	–	1,033	1,950
Changes in fair value of investment properties	(2,158)	–	–	–	(2,158)
Operating lease rental on land and buildings	–	–	–	1,846	1,846
Share of results of a joint venture	–	(44,575)	–	–	(44,575)
Share of results of an associate (<i>Note</i>)	–	(33,284)	–	–	(33,284)
Amounts regularly provided to the chief executive officer but not included in the measure of segment profit or loss or segment assets:					
Interest expense	–	–	–	5,601	5,601
Income tax expense	–	–	–	74,782	74,782
Bank interest income	–	–	–	(46)	(46)
Loan interest income from fellow subsidiaries	–	–	–	(4,273)	(4,273)
Interest income from overdue sale proceeds of disposal of subsidiaries	–	–	–	(269)	(269)
Management fee income	–	–	–	(2,504)	(2,504)
Trade deposits interest income from a joint venture	–	–	(161)	–	(161)

Note: An impairment loss of interest in an associate of approximately HK\$220,032,000 is included in the share of results of an associate.

2015

	Property investment <i>HK\$'000</i>	Other investments <i>HK\$'000</i>	Natural uranium trading <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss or segment assets:					
Addition to property, plant and equipment	111	–	–	624	735
Transfer from investment properties	17,963	–	–	–	17,963
Depreciation and amortisation	526	–	–	996	1,522
Changes in fair value of investment properties	(1,044)	–	–	–	(1,044)
Net loss on disposal of property, plant and equipment	–	–	–	81	81
Operating lease rental on land and buildings	–	–	–	3,290	3,290
Share of results of a joint venture	–	(5,360)	–	–	(5,360)

Amounts regularly provided to the chief executive officer but not included in the measure of segment profit or loss or segment assets:

Interest expense	–	–	–	21,990	21,990
Income tax expense	–	–	–	49,920	49,920
Bank interest income	–	–	–	(549)	(549)
Loan interest income from fellow subsidiaries	–	–	–	(6,319)	(6,319)
Interest income from overdue trade receivable from an intermediate holding company	–	–	(3,514)	–	(3,514)
Trade deposits interest income from a joint venture	–	–	(3,326)	–	(3,326)

Geographical information**Continuing operations**

The Group's operations are located in Hong Kong ("HK"), the PRC, Republic of Kazakhstan ("Kazakhstan") and Canada.

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from		Non-current assets	
	external customers			
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
HK	–	–	2,178	3,211
PRC	707,749	703,422	44,190	45,906
Kazakhstan	–	–	186,467	138,272
Canada	–	–	520,316	–
	<u>707,749</u>	<u>703,422</u>	<u>753,151</u>	<u>187,389</u>

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group is as follows:

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A ¹	<u>705,556</u>	<u>700,094</u>
¹ Revenue from natural uranium trading segment		

6. FINANCE COSTS

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expenses on imputed interest charged on convertible bonds	<u>5,601</u>	<u>21,990</u>

7. INCOME TAX EXPENSES

Continuing operations

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong Profits Tax		
– current year	67,341	44,259
– under (over) provision in prior years	682	(376)
PRC Enterprise Income Tax on disposal of subsidiaries		
– current year	–	3,706
UK Corporate Tax		
– current year	646	478
– under provision in prior years	<u>659</u>	<u>–</u>
	69,328	48,067
Deferred tax	<u>5,454</u>	<u>1,853</u>
	<u>74,782</u>	<u>49,920</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

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

Certain PRC subsidiaries were either in loss-making position for the current and the previous years or had sufficient tax losses brought forward from previous years to offset the estimated assessable income for the year and accordingly did not have any provision for PRC Enterprise Income Tax for both years.

The subsidiary operating in the United Kingdom (“UK”) is subject to Corporation Tax Act of UK and the tax rate of the UK subsidiary is 20% for both years.

Pursuant to the tax law of the Kazakhstan, withholding income tax is levied on 10% of profit before distributed to overseas investors. The Kazakhstan Income Tax is withheld by the joint venture when 49% of total dividends were distributed to the Company by the joint venture.

Pursuant to the laws and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI for both years.

8. DISCONTINUED OPERATION

On 25 March 2015, the Group entered into a sale and purchase agreement to dispose of its 100% equity interest in Yugofoil Group, which carried out all of the Group’s pharmaceutical and food products operation, to an independent third party for a total consideration of HK\$101,250,000. The disposal was completed on the same day, on which date control of Yugofoil Group passed to the acquirer.

Following the completion of the disposal of Yugofoil Group, the Group discontinued its operation in the Disposed Business. The profit for the year ended 31 December 2015 from the Disposed Business was set out below:

	2015 <i>HK\$’000</i>
Loss of the Disposed Business for the year	(4,400)
Gain on disposal of the Disposed Business	99,040
	<hr/>
	94,640
	<hr/> <hr/>

The results of the Disposed Business for the year ended 31 December 2015 was as follows:

	2015 <i>HK\$'000</i>
Revenue	35,221
Cost of sales	<u>(29,071)</u>
Gross profit	6,150
Other operating income	60
Selling and distribution expenses	(3,362)
Administrative expenses	(7,020)
Changes in fair value of investment properties	<u>(309)</u>
Loss before taxation	(4,481)
Income tax credit	<u>81</u>
Loss of the Disposed Business for the year	<u><u>(4,400)</u></u>

Income tax credit from the Disposed Business included the following:

	2015 <i>HK\$'000</i>
Deferred tax	<u><u>(81)</u></u>

During the year ended 31 December 2015, the Company disposed of its entire interests in Yugofoil Group and the 10% on the gain on disposal of subsidiaries in the PRC is subjected to the PRC Enterprise Income Tax.

Loss for the year ended 31 December 2015 from the Disposed Business included the following:

	2015 <i>HK\$'000</i>
Amortisation of intangible assets	15
Amortisation of prepaid lease payments on land use rights	102
Cost of inventories recognised as an expense	28,756
Depreciation of property, plant and equipment	1,694
Operating lease rental on land and buildings	110
Staff costs	5,232
Research and development costs	7
Bank interest income	(16)
Rental income from investment properties	1,986
Net exchange loss	<u><u>136</u></u>

Net cash outflows on the Disposed Business was as follows:

	2015 <i>HK\$'000</i>
Operating activities	(1,327)
Investing activities	(110)
	<u>(1,437)</u>

9. PROFIT FOR THE YEAR

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Continuing operations		
Profit for the year has been arrived at after charging:		
Auditors' remuneration	1,270	1,250
Cost of inventories recognised as an expense and included in cost of sales	284,244	420,409
Depreciation of property, plant and equipment	1,950	1,522
Operating lease rental on land and buildings	1,846	3,290
Staff costs (including directors' emoluments)	14,746	9,444
Share of income tax expense of a joint venture	14,465	7,896
Share of income tax expense of an associate	3,110	–
Net exchange loss	2,748	703
Net loss on disposal of property, plant and equipment	–	81
	<u>–</u>	<u>81</u>

10. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2016 (2015: nil).

Subsequent to the end of the reporting period, a final dividend of HK2 cents (2015: nil) in respect of the year ended 31 December 2016 per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

11. EARNINGS PER SHARE

From continuing and discontinued operations

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Earnings		
Earnings for the year attributable to the owners of the Company for the purpose of basic earnings per share	389,130	297,981
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	<u>5,601</u>	<u>21,990</u>
Earnings for the year attributable to the owners of the Company for the purpose of diluted earnings per share	<u>394,731</u>	<u>319,971</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,515,784,641	4,047,298,131
Effect of dilutive potential ordinary shares:		
Convertible bonds	<u>459,729,151</u>	<u>1,893,984,514</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>5,975,513,792</u>	<u>5,941,282,645</u>

From continuing operations

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Earnings		
Earnings for the year attributable to the owners of the Company for the purpose of basic and diluted earnings per share	389,130	297,981
Less: earnings for the year from discontinued operation	<u>—</u>	<u>(94,618)</u>
Earnings for the purpose of basic earnings per share for the year attributable to the owners of the Company	389,130	203,363
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	<u>5,601</u>	<u>21,990</u>
Earnings for the purpose of diluted earnings per share for the year attributable to the owners of the Company	<u>394,731</u>	<u>225,353</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,515,784,641	4,047,298,131
Effect of dilutive potential ordinary shares:		
Convertible bonds	<u>459,729,151</u>	<u>1,893,984,514</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>5,975,513,792</u>	<u>5,941,282,645</u>

From discontinued operation

Basic earnings per share for the discontinued operation for the year ended 31 December 2015 was earnings HK2.34 cents per share and diluted earnings per share for the discontinued operation was HK1.59 cents per share, based on the profit for the year from discontinued operation of HK\$94,618,000 and the denominators detailed above for both basic and diluted earnings per share.

12. TRADE AND OTHER RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade and bills receivables (<i>Note (a)</i>)	4,738	125,800
Less: impairment loss recognised in respect of trade receivables (<i>Note (b)</i>)	—	—
	<u>4,738</u>	<u>125,800</u>
Prepayments, deposits and other receivables (<i>Note (c)</i>)	4,148	59,921
	<u>8,886</u>	<u>185,721</u>

The Group did not hold any collateral over these balances.

Notes:

- (a) At 31 December 2016, trade and bills receivables represents amount due from the immediate holding company, China Uranium Development.
- (b) The movements in impairment loss of trade receivables were as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
At 1 January	—	4,330
Exchange realignment	—	(18)
Eliminated on disposals of subsidiaries	—	(4,312)
At 31 December	<u>—</u>	<u>—</u>

At 31 December 2016 and 2015, there were no impairment loss provided.

- (c) At 31 December 2016, included in prepayments, deposits and other receivables are HK\$88,000 (2015: HK\$3,577,000) due from an intermediate holding company, CGNPC-URC.

At 31 December 2015, included in prepayments, deposits and other receivables was approximately HK\$16,764,000 (equivalent to Canadian dollar (“CAD”) 3,000,000) for deposit paid for the acquisition of 19.99% equity interest of Fission pursuant to the subscription agreement. The deposit was transferred as a part of cost of investment during the year ended 31 December 2016.

The Group normally grants to its trade customer credit periods for natural uranium segment ranging from 25 days to 30 days (2015: 25 days to 30 days) after delivery dates.

The following is an ageing analysis of the trade and bills receivables presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 30 days	<u>4,738</u>	<u>125,800</u>

13. TRADE AND OTHER PAYABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade and bills payables	1,419	42,637
Accrued expenses and other payables	7,384	3,816
	<u>8,803</u>	<u>46,453</u>

At 31 December 2016, included in trade and bills payables is amount of approximately HK\$1,419,000 (2015: HK\$ 42,637,000) due to a joint venture of the Company, Semizbay-U Limited Liability Partnership (“Semizbay-U”).

The following is an ageing analysis of trade and bills payables presented based on the invoice date at the end of the reporting period:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 30 days	1,419	42,637

The average credit period on purchases of goods was 30 days (2015: 30 days) after delivery date. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in natural uranium investment and trading. As at 31 December 2016, the Group holds 49% equity interest in Semizbay-U (incorporated in Kazakhstan) and owns 49% off-take rights of products as well as 19.98% equity interest in Fission Uranium Corp. (“Fission”), a Canadian company. Meanwhile, the Kazakhstan new uranium project was conducted as scheduled.

For the year ended 31 December 2016, the Company realized revenue of HK\$708 million and profit attributable to owners of the Company of HK\$389 million, well achieving its plan and targets set at the beginning of the year.

Analysis of Business Environment

Nuclear power market and its industry development

According to the China’s power development plan for “Thirteen-Five Year Plan” (中國電力「十三五」發展規劃), in 2020, the installed nuclear capacity of China has to reach 58,000,000 kilowatts (“kW”) and the capacity under construction has to reach 30,000,000 kW, and it is expected that the installed nuclear capacity of China will reach 150,000,000 kW in 2030. Nuclear power units which were constructed during the “Twelve-Five Year” period have been successively put into operation. In 2016, seven nuclear power units in total across the country were put into operation with a total installed nuclear capacity of 7,204.79 MWe, five among them belonged to CGNPC and its subsidiaries (“CGN Group”), with an installed nuclear capacity of 5,465.79 MWe which accounted for 75.86%.

In addition, 65 countries along “One Belt, One Road” planned to install 126 nuclear power units by 2030, with a total installed nuclear capacity of 150,000,000 kW. In 2016, India, Sweden, Russia and other countries announced their plans for building new nuclear power plants. Nuclear energy has become the representative of the “Go Out Policy” of China and the nuclear “Go Out” strategy of CGN Group also achieved great progress in 2016. On 29 September 2016, CGN Group and Electricité de France (“EDF” – French public utility) officially entered into certain cooperation agreements of new UK nuclear power project in London, which confirmed that CGN Group will invest in the UK Hinkley Point C project and Sizewell C project and invest in and control shares of the Bradwell B project. On 10 January 2017, the UK government announced that it approved the generic design assessment of Hualong I (“GDA”). The activation of GDA marked a significant step of China’s third generation nuclear power technology towards the implementation of the UK Bradwell B project.

With an increasing proportion of clean energy in the world and a stricter carbon emission standard, nuclear energy, as a clean and low carbon emission energy, will play a more important role in the global energy layout. Along with the operation of several nuclear power plants under construction and new developed nuclear power plants in China, as well as the implementation of nuclear energy “Go Out” policy, domestic and international demands on nuclear energy are growing.

Natural uranium market and its industry development

In 2016, the supply of global natural uranium was greater than its demand and the fundamentals remained unchanged. The price of uranium maintained at a low level and trading volume further shrank. In 2016, the international price of natural uranium was weakened as a whole and was on downward trend. Throughout the year, the monthly average price of natural uranium in the spot market decreased from USD34.65 per pound (“lb”) at the beginning of the year to USD20.25/lb in December, of which the decrease between September and October was relatively larger and the price fluctuated between USD17.75-20.25/lb. The monthly average price of the long-term market was USD38.83/lb, representing a significant decline as compared with 2015. Due to the decrease in spot prices, the price of long-term market started decreasing from October, and dropped to USD30/lb at the end of December.

BUSINESS PERFORMANCE AND ANALYSIS

During the reporting period, the Company continued to firmly implement the annual trading plan formulated by the Board and ensured the achievement of revenues from principal business. In the meantime, the Company continued to optimize its management and control of the existing assets and, through more reasonable channels and management models, achieved its management goals. Also, the Company continued to enhance its cooperation with National Atomic Company Kazatomprom (“Kazatomprom”, which holds 51% equity interest in Semizbay-U) and some progress was made during 2016.

Operating management and control of investment projects

As at 31 December 2016, the Company held 49% equity interest in Semizbay-U and 19.98% equity interest in Fission (as certain options granted by Fission to its internal staff and directors were exercised during the reporting period, total shares increased from 483,924,661 shares when acquisition took place to 484,187,994 shares, the equity interest held by the Group was diluted to 19.98% from 19.99%). Reserves of mines of Semizbay-U amounted to 36,774 tons of uranium while resources of projects of Fission, an associate, amounted to 43,609 tons of uranium.

Asset management

During the reporting period, regarding to the management of Semizbay-U, the Company formulated an optimization solution of management and control by various channels such as holding seminars. The optimization solution divided the duties of its assigned team (the “Assigned Team”, including the chief financial officer, deputy manager of the financial department, deputy manager of the business planning department, senior engineer of the production technology department of Semizbay-U) and relevant departments of the Company which were engaged in operation and management of Semizbay-U. Also, through the optimization solution, the Company has sorted out three management and control lines among shareholders’ meeting, the board meeting and the Assigned Team, so as to ensure the accomplishment of achieving its management and control target. In addition, the Company formed a specific management and control solution for Fission, which was implemented through our two directors in the board of directors of Fission.

In order to optimize the management and reduce costs, during the reporting period, the Company has deregistered a subsidiary, namely Ever Jump Limited, which did not carry out any business over the past three years.

Natural Uranium Trading Business

In 2016, all of the natural uranium products sold by the Company were sourced from self-owned mines of Semizbay-U, the natural uranium trading amount achieved HK\$706 million, representing an increase of 1% as compared to 2015 (2015: HK\$700 million). As at 31 December 2016, gross profit from natural uranium trading business was approximately HK\$421 million, representing an increase of 50% as compared to the gross profit of HK\$280 million for 2015.

Since the original natural uranium sales framework agreement has expired on 31 December 2016, the Company has obtained the approval from shareholders for the continuing connected transactions under the new natural uranium sales framework agreement dated 6 December 2016 made between the Company and CGNPC-URC (“New Natural Uranium Sales Framework Agreement”) during the reporting period. The natural uranium transactions between the Company and CGNPC-URC in the coming three years will be conducted subject to such framework agreement. With reference to the basis of market price, the New Natural Uranium Sales Framework Agreement adopted a floor price and ceiling price mechanism, which aims at achieving interest and risk sharing with the owners of nuclear power plants.

Developing new projects

During the reporting period, the new uranium deposit developing project between the Company and Kazatomprom has made further progress, subject to certain fulfillment of conditions. Respectively on 4 October 2016 and 6 December 2016, the Company entered into the “Mining Principles Agreement on the Joint Development of Kazakhstan Uranium Deposit” and its supplemental agreement with Kazatomprom. Accordingly, both parties have selected the mine for their jointly-developed uranium deposit project in Kazakhstan and agreed on the Group’s participatory interest in the mining partnership (the partnership which was incorporated for joint development of uranium deposits) to share on balance reserves of 19,600 tons of uranium with an undertaking volume of not less than 20,000 tons of uranium (the excess part which is beyond the Share on balance reserves of the Company will be available to the Company from the entitlement of the off-take volume of Kazatomprom).

Placement and New Financial Service Framework Agreement

On 8 November 2016, the Company and Hong Kong Xinmao Investment Co., Limited (“Hong Kong Xinmao”), which is a wholly-owned subsidiary of Hainan Mining Co., Ltd.* (海南礦業股份有限公司, which is listed on the Shanghai Stock Exchange), entered into a share subscription agreement. Pursuant to such agreement, Hong Kong Xinmao subscribed for 659,400,000 ordinary shares of the Company at a price of HK\$0.52 per share (closing price being HK\$0.63 per share on 8 November 2016). The aggregate nominal value of the subscription shares is HK\$6,594,000. Upon completion of such transaction, Hong Kong Xinmao held 9.99% of the issued share capital of the Company as enlarged by the issue of shares and become the second largest shareholder of the Company. The proceeds raised in the issue of subscription shares, after deduction of the related expenses, amounted to approximately HK\$340 million (representing a net subscription price of approximately HK\$0.5153 per share), which will be used for acquiring uranium from overseas at competitive costs during market downturn in the future. For more details, please refer to the announcement of the Company dated 9 November 2016.

Since the original financial service framework agreement has expired on 31 December 2016, the Company and CGNPC Huasheng Investment Limited (“CGNPC Huasheng”) entered into a new financial service framework agreement dated 6 December 2016 (“New Financial Service Framework Agreement”). Such agreement was approved at the extraordinary general meeting held on 29 December 2016 for) a terms commencing from 1 January 2017 to 31 December 2019 (both days inclusive). The New Financial Service Framework Agreement, to a maximum extent, ensures a safe finance of the Company and reduces its financial costs.

Major Acquisition / Disposal

On 27 January 2016, the Company completed the acquisition of 19.99% equity interest in Fission. The Company subscribed for 96,736,540 common shares of Fission at a price of CAD0.85 per share. Pursuant to share subscription agreement, the Company obtained 20% of the annual production volume of the Patterson Lake South (“PLS”) project acquired from Fission at a discount rate of 5% of the average spot price index published by Trade Tech, Inc. (Trade Tech of Denver Tech Center) and UxC (the LCX Consulting Company, LLC) and the Company may acquire an additional 15% of sales rights of the annual production volume of the PLS project.

Potential risks during operation and risk management

Risks of single supplier and single customer

During the reporting period, all supply of the Company’s natural uranium is from the exercise of the off-take rights of Semizbay-U and on the other hand, because of Chinese import restriction on natural uranium and the strong demand from nuclear power plants owner of CGN Group, all natural uranium products are selling to CGNPC-URC (one of the few companies which holds the import and export permits of natural uranium in the PRC). Hence, the Company is exposed to the risks of single supplier and single customer.

In respect of the risk of single supplier, the Company aims to cultivate its purchasing ability of natural uranium from other channels, to ensure once Semizbay-U cannot provide sufficient supply due to operation difficulties, the Company can promptly activate its emergency mechanism to offer sufficient sales to its customer.

In respect of the risk of single customer, the Company obtained a written commitment from CGNPC-URC for its procurement priority. The sales volume of the Company only take a very small proportion of the annual consumption volume of the nuclear power plants of the CGN Group. Therefore, the Company will not be exposed to the risk of non-performance of the procurement commitment by CGNPC-URC.

Risk of fluctuation in foreign exchange rate

The major investment assets of the Company are located at Kazakhstan and Canada, fluctuation of local currencies will cause material effects on the recognition of investment interests of the Company. Thus, the Company will continue to pay close attention to and assess the impacts of the risk of exchange rate.

BUSINESS PROSPECTS

Forecast of the natural uranium market

In 2016, spot prices of natural uranium kept decreasing from US\$34.65/lb in January to US\$17.75/lb in November. Despite a slight rebound to US\$20.25/lb in December, the entire decline trend of prices remained unchanged. The price of the long-term market also dropped from US\$44.00/lb at the beginning of the year to US\$30.00/lb at the end of the year. Combining all analysis reports released by major institutions, the Company expects that the over-supply trend in the natural uranium market will continue in short term and the price of natural uranium in 2017 will maintain at a low level and continue to fall down. Due to the production reducing plans of large-scale producers, the market price in early 2017 may rebound temporarily. However, the downward trend for the year will not change. It is expected that the market will be still at a de-stocking stage in the coming years, the possibilities of reduction of production by manufacturers due to the long-term loss and acceleration of re-start process of Japan's nuclear industry will enlarge and the price level will slightly increase as compared with the current stage, yet, the entire market may still be sluggish. In the face of such market environment, the Company will adopt measures for controlling production costs and strengthen its management and control of risks, so as to maintain its stable operation.

Grasping opportunities for acquiring new projects

The low uranium price does not only bring challenges to the Company, but also offer a good timing for the Company to acquire high-quality resources. In 2017, we will continue to focus on oversea projects which have low costs and high-quality uranium resource, with in-situ leachable sandstone-type uranium mines in Central Asia and high grade uranium mines in Canada as its main targets. In the meantime, the Company will be active in establishing strategic partnership with famous international uranium manufacturers and traders and will capture opportunities for developing uranium mines according to its established strategies.

Focusing on the reversal of natural uranium market

In 2017, the Company will pay great effort in market research and pay close attention to the price trend of natural uranium. If it is ensured that risks are under control, the Company will explore new business models such as international natural uranium trading and make preparation before market reversal, so as to avoid missing opportunities arisen from such market reversal.

Enhancing the management of investor relationship

In 2017, the Company will further enhance its management of investor relationship, so as to build up good reputation of an honest, responsible and regulated image in the capital market. As for information disclosure, save for statutory disclosure, the Company will also make voluntary disclosure in order to increase the transparency of corporate information. As for communication with institutional investors, the Company will pay visits to key institutional investors regularly to inform them of the Company's latest operating status; and procure the Company to be placed on the investment lists of institutional investors and attract the institutional investors to become our shareholders in the secondary market. As for communication with securities institutes, we will actively invite various brokerages to track CGN Mining for preparing research reports.

Optimizing corporate operation and governance structure

In 2017, the Company will optimize corporate operation, reduce operating costs and enhance management efficiency according to its business development needs. Regarding to the management and control of joint stock subsidiaries, the Company will release the monthly report of those joint stock subsidiaries within the Company regularly, conduct preliminary reviews of papers regarding the issue to be proposed at shareholder's meetings and board meetings, focusing on financial information research and pay close attention to financial budget, dividends and cost control issues. The Company will also endeavor to attract institutional investors so as to optimize its shareholders' structure, which will be beneficial to the long-term development of the Company.

Operation and management of the Company

The Company positions its development as the sole overseas uranium exploration, investment and financing platform for CGN Group, and continues to optimize its asset portfolio by taking full advantages of the capital market. The Company will, through establishing a reasonable and high-quality uranium resources project foundation, enhance its position and bargaining power in the industry, striving for a growth in shareholder value.

In 2017, the Company will adhere to its three operation and management strategies of stabilizing operations, striving for development and strengthening the management to carry out its business:

In stabilizing operations, the Company will strengthen its management and control of Semizbay-U so as to achieve its goals of costs control, production volume and profitability of Semizbay-U and to ensure the realization of the off-take targets of the Company itself for the year. As for Fission, the Company will, through its influence on the Board of Fission and the online financial audit, procure Fission to control its expenses and maintain capital reserve so as to cross over the "winter" and welcome the "spring" in the market.

In striving for development, the Company will implement the new uranium deposit project in Kazakhstan as scheduled and reach its targets by phases. In the meantime, the Company will track and select high-quality uranium deposits in oversea rich uranium regions and focus on high-quality projects in Central Asia and Canada.

In strengthening the management, firstly, the Company will formulate a comprehensive incentive scheme for staff, so as to support the business development of the Company; secondly, the Company will strengthen its management of the operating plan and its risks assessment, so as to ensure the implementation of its operating plans and risk management and control measures.

During the “Thirteen-Five Year Period”, the major development goal of the Company is to become an influential natural uranium supplier and the Company will strive for reaching such goal.

FINANCIAL PERFORMANCE AND ANALYSIS

Financial performance reflects the operation of the Company throughout the year. By paying attention to changes in financial indicators, business development of the Company can be fully understood.

Overview of financial results and position

Major Financial Indicators

	2016	2015
Profitability indicators		
Gross profit margin (%) ¹	59.84	40.21
EDITDA (million HK\$) ²	471.46	373.25
EBITDA/Revenue (%) ³	66.61	53.06
Net profit margin(%) ⁴	54.98	42.36
Operation ability indicators		
Trade receivables cycle – average (Days) ⁵	50	106
Inventory cycle – average (Not including goods in transit) (Days) ⁶	N/A	14
Investment return indicators		
Return on equity (%) ⁷	30.21	27.60
Profit attributable to owners of the Company to revenue ratio ⁸	54.98	42.36
Return on assets (%) ⁹	25.67	17.58
Repayment ability indicators		
Liability component of the convertible bonds (million HK\$)	–	289.93
Bank balances and cash (million HK\$)	40.92	285.53
Net tangible assets (million HK\$) ¹⁰	1,816.56	759.65
Gearing ratio (%) ¹¹	3.85	50.77
Interest coverage ¹²	83.83	16.82

1. Difference between revenue and cost of sales divided by revenue multiplied by 100%.
2. The sum of profit before tax, finance costs, depreciation and amortisation, if any.
3. The sum of profit before tax, finance costs, depreciation and amortisation, if any divided by revenue multiplied by 100%.
4. Profit for the year divided by revenue multiplied by 100%.
5. Average receivables (i.e the arithmetic average of the beginning and the end of reporting period) divided by average daily sales (revenue divided by 360 days).
6. Average amount of inventory (i.e the arithmetic average of the beginning and the end of reporting period) multiplied by 360 divided by cost of sales.
7. Profit attributable to 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 owners of the Company divided by the revenue multiplied by 100%.
9. Profit for the year divided by total average assets (i.e the arithmetic average of the beginning and the end of reporting period) multiplied by 100%.
10. Net assets less intangible assets, if any.
11. Total debt divided by total equity multiplied by 100%.
12. Profit before interest and taxes divided by interest expense.

Financial results

As at 31 December 2016, the Group realized revenue of HK\$708 million from continuing businesses, representing an increase of HK\$5 million or 1% compared to the revenue of HK\$703 million in 2015; the Group realized profit of HK\$389 million, representing an increase of HK\$91 million or 31% compared to the profit of HK\$298 million in 2015. Profit attributable to owners of the Company was HK\$389 million, representing an increase of HK\$91 million or 31% compared to the profit of HK\$298 million in 2015.

REVENUE

	For the year ended 31 December		Movements	Percentage change
	2016	2015	Increase/ (Decrease)	Increase/ (Decrease)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	%
Natural uranium trading	705,556	700,391	5,165	0.74
Property investment	2,193	3,031	(838)	(27.65)
Total income	707,749	703,422	4,327	0.62

The revenue of 2016 of the Group increased by 0.62% to HK\$708 million as compared to the revenue of HK\$703 million of 2015. It was mainly due to the slight increase in the selling price of natural uranium of the Group for 2016 as compared with 2015.

Cost of sales

	For the year ended 31 December		Movements	Percentage change
	2016	2015	Increase/ (Decrease)	Increase/ (Decrease)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	%
Natural uranium trading	284,244	420,409	(136,165)	(32.39)
Property investment	–	170	(170)	(100.00)
Total cost of sales	284,244	420,579	(136,335)	(32.42)

The cost of sales of the Group decreased by 32.42% from HK\$421 million in 2015 to HK\$284 million in 2016. It was mainly due to the significant decrease in the purchasing price of natural uranium of the Group for 2016 as compared with 2015.

Other operating income

The other operating income of the Group decreased by 58.82% from HK\$17 million in 2015 to HK\$7 million in 2016, mainly due to the decrease in interest income generated due to the fund paid upon the settlement for the acquisition of Fission, decrease in trade deposit interest income from a joint venture and no interest charging on overdue trade receivable.

Administrative expenses

Administrative expenses of the Group increased by 32% from HK\$31 million in 2015 to HK\$41 million in 2016, mainly due to the inclusion of the administrative expenses of Beijing Sino-Kazakh Resources Investment Company Limited* (北京中哈鈾資源投資有限公司), a wholly-owned subsidiary of the Company in 2016, while only part of its monthly administrative expenses were included in 2015.

Share of results of a joint venture

Our joint venture is Semizbay-U, and our share of results of a joint venture increased from the profit of HK\$5.36 million in 2015 to the profit of HK\$44.58 million in 2016.

Share of results of an associate

The associate of the Company is Fission. On 27 January 2016, the Company completed the acquisition of 19.99% equity interest in Fission and shared its results of HK\$33.28 million in 2016.

Finance costs

Our finance cost decreased by 73% from HK\$22 million in 2015 to HK\$6 million in 2016. The main reason is that China Uranium Development exercised the conversion rights attached to the convertible bonds in respect of a principal amount of HK\$300,000,000 at the conversion price of HK\$0.23 per conversion share on 9 May 2016. As at 9 May 2016, China Uranium Development completed all conversion of convertible bonds.

Income tax expenses

Income tax expenses increased by 50% from HK\$50 million in 2015 to HK\$75 million in 2016, mainly due to the increase in profit before taxation of the Company for 2016 as compared with 2015.

Profit for the year

Our annual profit significantly increased from HK\$298 million in 2015 to HK\$389 million in 2016. It was mainly from the increase on trading profits and share of results of a joint venture and the gain on bargain purchase from the acquisition of an associate.

ASSETS CONDITION AND ANALYSIS

Total Assets

As at 31 December 2016, the Group's total assets amounted to HK\$1,887 million, representing an increase of HK\$742 million or 65% from HK\$1,145 million as at 31 December 2015.

Net current Assets

As at 31 December 2016, the Group's net current assets was HK\$1,079 million (2015: HK\$583 million). The change was primarily due to the settlement of consideration of CAD82.2 million to Fission for acquiring 19.99% equity interest, the settlement of consideration of HK\$342,888,000 for placing 659,400,000 new shares to Hong Kong Xinmao during the period under review, realization of trading revenue and completed all conversion of convertible bonds.

Current Assets

	As at 31 December		Movements	Percentage change
	2016	2015	Increase/ (Decrease)	Increase/ (Decrease)
	HK\$'000	HK\$'000	HK\$'000	%
Amount due from an intermediate holding company	2,650	10,074	(7,424)	(73.69)
Trade and other receivables	8,886	185,721	(176,835)	(95.22)
Amount due from fellow subsidiaries	1,080,947	476,588	604,359	126.81
Bank balances and cash	40,915	285,528	(244,613)	(85.67)
Total current assets	1,133,398	957,911	175,487	18.32

As at 31 December 2016, the current assets of the Group were HK\$1,133 million, representing an increase of HK\$175 million or 18.32% from HK\$958 million as at 31 December 2015, primarily due to the realization of trading revenue and financing from placement of new shares which resulted in the increase of deposits in fellow subsidiaries.

As at 31 December 2016, the aggregate amount of bank balances and cash was approximately HK\$40.92 million (31 December 2015: HK\$285.53 million), among which approximately 4% (31 December 2015: 1%) was calculated in HKD, approximately 19% (31 December 2015: 6%) was calculated in USD, 0% (31 December 2015: 81%) was calculated in CAD and approximately 77% (31 December 2015: 12%) was calculated in RMB.

As at 31 December 2016, the Group did not have any bank deposits and cash pledged to any banks (31 December 2015: nil).

Liabilities

The Group's total liabilities amounted to HK\$70 million, representing a decrease of HK\$316 million or 82% from HK\$386 million as at 31 December 2015.

Current Liability

	As at 31 December		Movements	Percentage change
	2016	2015	Increase/ (Decrease)	Increase/ (Decrease)
	HK\$'000	HK\$'000	HK\$'000	%
Trade and other payables	8,803	46,453	(37,650)	(81.05)
Amount due to an intermediate holding company	13,238	11,772	1,466	12.45
Amount due to a joint venture	5,813	3,293	2,520	76.53
Amounts due to fellow subsidiaries	378	2,891	(2,513)	(86.92)
Convertible bonds	–	289,933	(289,933)	(100.00)
Income tax payable	26,353	20,449	5,904	28.87
Total current liabilities	54,585	374,791	(320,206)	(85.44)

As at 31 December 2016, the current liabilities of the Group were HK\$55 million, representing a decrease of HK\$320 million or 85.44% from HK\$375 million as at 31 December 2015, primarily due to the China Uranium Development exercised its conversion rights of all its convertible bonds.

As at 31 December 2016, the Group had no bank borrowings (31 December 2015: Nil). However, the Company entered into a facility agreement with CGNPC Huasheng, pursuant to which the Company can borrow from CGNPC Huasheng for short-term capital within the limit of total borrowing from time to time within 3 years from the first withdrawal.

Non-current Assets

	As at 31 December		Movements	Percentage change
	2016	2015	Increase/ (Decrease)	Increase/ (Decrease)
	HK\$'000	HK\$'000	HK\$'000	%
Property, plant and equipment	17,347	20,339	(2,992)	(14.71)
Investment property	29,021	28,778	243	0.84
Interest in a joint venture	186,467	138,272	48,195	34.86
Interest in an associate	520,316	–	520,316	100.00
Total non-current assets	753,151	187,389	565,762	301.92

As at 31 December 2016, the non-current assets of the Group were HK\$753 million, representing an increase of HK\$566 million or 301.92% from HK\$187 million as at 31 December 2015. It was mainly because the Company has completed the acquisition of 19.99% equity interest in Fission during the period.

Non-current liability

	As at 31 December		Movements	Percentage change
	2016	2015	Increase/ (Decrease)	Increase/ (Decrease)
	HK\$'000	HK\$'000	HK\$'000	%
Deferred tax liabilities	15,405	10,859	4,546	41.86
Total non-current liability	15,405	10,859	4,546	41.86

As at 31 December 2016, the non-current liability of the Group were HK\$15 million, representing an increase of HK\$4 million or 41.86% from HK\$11 million as at 31 December 2015, primarily due to the deferred tax liabilities as a result of the significant increase on profits shared by Semizbay-U during the year as compared to the profits shared last year.

Total equity

	As at 31 December		Movements	Percentage change
	2016	2015	Increase/ (Decrease)	Increase/ (Decrease)
	HK\$'000	HK\$'000	HK\$'000	%
Share capital	66,007	46,369	19,638	42.35
Reserves	1,750,552	713,281	1,037,271	145.42
Total equity	1,816,559	759,650	1,056,909	139.13

As at 31 December 2016, total equity of the Group amounted to HK\$1,817 million, representing an increase of HK\$1,057 million or 139.13% from HK\$760 million as at 31 December 2015, mainly attributable to (i) trading profits from off-take products; (ii) gain on bargain purchase of the associate; (iii) the facts that China Uranium Development exercised its conversion rights of the convertible bonds in an amount of HK\$300,000,000 at a conversion price of HK\$0.23 per conversion share and the Company allotted and issued 1,304,347,826 conversion shares to China Uranium Development; (iv) the fact that the Company placed 659,400,000 new shares to Hong Kong Xinmao at a price of HK\$0.52 per share.

Due to the decrease in liabilities, the Group's gearing ratio (total borrowings/equity attributable to owners of the Company) dropped to 4% (2015: 51%).

MAJOR TRANSACTIONS AND CONNECTED TRANSACTIONS

Acquisition of 19.99% equity interest in Fission in Canada

The Company has completed the acquisition of 19.99% equity interest in Fission at 27 January 2016.

Enter into the New Natural Uranium Sales Framework Agreement and New Financial Service Framework Agreement

The previous natural uranium sales framework agreement and financial service framework agreement have expired on 31 December 2016, the Company has entered into the New Natural Uranium Sales Framework Agreement with CGNPC-URC and New Financial Service Framework Agreement with CGNPC Huasheng respectively for a terms of three years commencing from 1 January 2017 and ending on 31 December 2019 (both days inclusive) and which were approved in the extraordinary general meeting on 29 December 2016.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions set out in the Corporate Governance Code and Corporate Governance Report (“Corporate Governance Code”) as stated in Appendix 14 of the Listing Rules for the year ended 31 December 2016, except for the deviation from the code provision disclosed below.

Code provision A.6.7 stipulates that independent non-executive Directors and other non-executive Directors, as equal Board members, should attend general meetings and develop a balanced understanding of the views of shareholders of the Company.

Save for Mr. Yu Zhiping, the executive Director and chief executive officer, Mr. Xing Jianhua, the executive Director, Mr. Yin Engang, the non-executive Director (resigned on 29 June 2016), Mr. Qiu Xianhong, Mr. Gao Pei Ji and Mr. Lee Kwok Tung Louis, all being independent non-executive Directors, other Directors did not attend the annual general meeting held on 19 May 2016 (“2016 AGM”) due to business engagement.

Moreover, according to Code provision E.1.2, the chairman of the Board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting.

Mr. Zhou Zhenxing, chairman of the Board and nomination committee, did not attend the 2016 AGM due to business engagement. The 2016 AGM was chaired by Mr. Yu Zhiping who also answered questions of the Company’s shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as the principle standards of securities transactions for the directors of the Company. Following the specific enquiries made by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code regarding Directors’ securities transactions throughout the year ended 31 December 2016.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SHARES

For the year ended 31 December 2016, neither the Company nor its subsidiaries, redeemed any shares, or purchased or sold any shares of the Company.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2016.

DIVIDEND

The Board recommended a payment of final cash dividend of HK\$0.02 per share for the year ended 31 December 2016 to shareholders of the Company as of the record date for payment of dividend. The ratio of final dividend distribution for the year is based on the various factors such as business performance in 2016, provided that it shall not be lower than 20% of the distributable net profit of the continuous business for such year. Upon shareholders’ approval at the forthcoming annual general meeting, the proposed final dividend will be paid on or before Monday, 31 July 2017 to shareholders whose names appeared on the register of members of the Company on Tuesday, 20 June 2017.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited financial statements for the year ended 31 December 2016.

The annual results of the Group for the year ended 31 December 2016 have been reviewed by the Audit Committee.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be held on Friday, 9 June 2017 (the “AGM”). The notice of AGM will be published and despatched to the shareholders in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 6 June 2017 to Friday, 9 June 2017, both days inclusive, during which period the registration of transfer of shares will be suspended. In order to be eligible to attend and vote at the AGM of the Company, all transfer of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:30 p.m. on Monday, 5 June 2017.

The record date for qualifying to receive the proposed final dividend is Tuesday, 20 June 2017. In order to determine the right of shareholders entitled to receive the proposed final dividend, which is subject to the approval by shareholders in the forthcoming AGM, the register of members of the Company will also be closed from Friday, 16 June 2017 to Tuesday, 20 June 2017, both days inclusive, during which period the registration of transfer of shares will be suspended. All transfer of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:30 p.m. on Thursday, 15 June 2017.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Company's website (www.cgnmc.com) and the Stock Exchange's website (www.hkex.com.hk). The 2016 annual report containing all information required by the Listing Rules will be dispatched to the shareholders and will be available on the websites of the Company and the Stock Exchange as soon as practicable.

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

Hong Kong, 23 March 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 Kowk Tung Louis.

* *For identification purposes only*