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 2016

## HIGHLIGHTS

| | (Unaudited) Six months ended 30 June | |
|---|---|---|
| | **2016** | 2015 |
| | ***HK$'000*** | *HK$'000* |
| Revenue from continuing operations | **260,245** | 1,898 |
| Revenue from discontinued operation | **–** | 35,221 |
| Profit (loss) attributable to owners of the Company | **262,193** | 72,265 |
| – from continuing operations | **262,193** | (18,513) |
| – from discontinued operation | **–** | 90,778 |
| Earnings (loss) per share | | |
| From continuing and discontinued operations | | |
| – Basic | **HK5.23 cents** | HK2.09 cents |
| – Diluted | **HK4.51 cents** | N/A |
| From continuing operations | | |
| – Basic | **HK5.23 cents** | HK(0.54) cents |
| – Diluted | **HK4.51 cents** | N/A |
| Interim dividend per share | **Nil** | Nil |

- Revenue from continuing operations of the Group was approximately HK$260.2 million, representing an increase of approximately 136 times as compared with the corresponding period of last year.

- Profit (including continuing and discontinued operations) attributable to owners of the Company was approximately HK$262.2 million, representing an increase of approximately 263% as compared with profit of approximately HK$72.3 million in the corresponding period of last year.

- Basic earnings (including continuing and discontinued operations) per share was approximately HK5.23 cents as compared with earnings per share of approximately HK2.09 cents for the corresponding period of last year.

- The Directors do not recommend the payment of an interim dividend.

The board (the "Board") of Directors (the "Directors") of CGN Mining Company Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2016 (the "Period under Review" or "Period"), together with the comparative figures for the corresponding period of 2015 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2016*

| | | Six months ended 30 June | |
|---|---|---|---|
| | | **2016** | 2015 |
| | *Notes* | ***HK$'000*** | *HK$'000* |
| | | **(Unaudited)** | (Unaudited) |
| **Continuing operations** | | | |
| Revenue | *3* | **260,245** | 1,898 |
| Cost of sales | | **(111,531)** | (106) |
| Gross profit | | **148,714** | 1,792 |
| Other operating income | | **1,838** | 10,906 |
| Administrative expenses | | **(22,443)** | (10,462) |
| Changes in fair value of investment properties | | **1,782** | (519) |
| Share of result of a joint venture | | **26,318** | (6,805) |
| Share of result of an associate | | **138,755** | – |
| Finance costs | *4* | **(5,601)** | (14,244) |
| Profit (loss) before taxation | | **289,363** | (19,332) |
| Income tax (expense) credit | *5* | **(27,170)** | 819 |
| Profit (loss) for the period from continuing operations | *8* | **262,193** | (18,513) |
| **Discontinued operation** | | | |
| Profit for the period from discontinued operation | *6* | **–** | 90,800 |
| Profit for the period | | **262,193** | 72,287 |

| | Note | Six months ended 30 June 2016 HK$'000 (Unaudited) | 2015 HK$'000 (Unaudited) |
|---|---|---|---|
| Profit (loss) for the period attributable to owners of the Company: | | | |
| – from continuing operations | | **262,193** | (18,513) |
| – from discontinued operation | | **–** | 90,778 |
| | | **262,193** | 72,265 |
| Profit for the period attributable to non-controlling interests: | | | |
| – from discontinued operation | | **–** | 22 |
| | | **262,193** | 72,287 |
| Earnings (loss) per share | *10* | | |
| From continuing and discontinued operations | | | |
| – Basic | | **HK5.23 cents** | HK2.09 cents |
| – Diluted | | **HK4.51 cents** | N/A |
| From continuing operations | | | |
| – Basic | | **HK5.23 cents** | HK(0.54) cents |
| – Diluted | | **HK4.51 cents** | N/A |

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

*For the six months ended 30 June 2016*

| | Note | **Six months ended 30 June** **2016** ***HK$'000*** **(Unaudited)** | 2015 *HK$'000* (Unaudited) |
|---|---|---|---|
| Profit for the period | | **262,193** | 72,287 |
| Other comprehensive income (expense): | | | |
| *Items that may be subsequently reclassified to profit or loss:* | | | |
| Exchange differences on translation of financial statements of foreign operations | | **(1,397)** | (1,840) |
| Exchange differences on translation of financial statements of a joint venture | | **494** | 1,382 |
| Exchange differences on translation of financial statements of an associate | | **61,246** | – |
| Reclassification adjustment for the cumulative exchange difference included in profit or loss upon disposal of foreign operation | *7* | **–** | (81,270) |
| Other comprehensive income (expense) for the period | | **60,343** | (81,728) |
| Total comprehensive income (expense) for the period | | **322,536** | (9,441) |
| Total comprehensive income (expense) for the period attributable to: | | | |
| Owners of the Company | | **322,536** | (9,474) |
| Non-controlling interests | | **–** | 33 |
| | | **322,536** | (9,441) |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2016*

| | Notes | 30 June 2016 HK$'000 (Unaudited) | 31 December 2015 HK$'000 (Audited) |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **19,029** | 20,339 |
| Investment properties | | **29,965** | 28,778 |
| Interest in a joint venture | | **165,084** | 138,272 |
| Interest in an associate | | **656,439** | – |
| | | **870,517** | 187,389 |
| **Current assets** | | | |
| Amount due from an intermediate holding company | | **4,610** | 10,074 |
| Trade and other receivables | *11* | **264,337** | 185,721 |
| Amounts due from fellow subsidiaries | | **381,583** | 476,588 |
| Bank balances and cash | | **43,717** | 285,528 |
| | | **694,247** | 957,911 |
| **Total assets** | | **1,564,764** | 1,145,300 |
| **Current liabilities** | | | |
| Trade and other payables | *12* | **112,391** | 46,453 |
| Amount due to an intermediate holding company | | **9,871** | 11,772 |
| Amount due to a joint venture | | **4,166** | 3,293 |
| Amounts due to fellow subsidiaries | | **388** | 2,891 |
| Convertible bonds | | **–** | 289,933 |
| Income tax payable | | **43,916** | 20,449 |
| | | **170,732** | 374,791 |
| **Net current assets** | | **523,515** | 583,120 |
| **Total assets less current liabilities** | | **1,394,032** | 770,509 |

| | 30 June 2016 | 31 December 2015 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| | (Unaudited) | (Audited) |
| **Capital and reserves** | | |
| Share capital | **59,413** | 46,369 |
| Reserves | **1,320,821** | 713,281 |
| **Total equity** | **1,380,234** | 759,650 |
| **Non-current liability** | | |
| Deferred tax liabilities | **13,798** | 10,859 |
| | **1,394,032** | 770,509 |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL AND BASIS OF PREPARATION

The Company is incorporated in the 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 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 six months ended 30 June 2015 following the completion of the disposal of Yugofoil Holdings Limited ("Yugofoil") and its subsidiaries (collectively referred to as "Yugofoil Group") on 25 March 2015.

The condensed consolidated financial statements are presented in Hong Kong dollars ("HK$") while the functional currency of the Company is United States dollars. As the Company is listed in Hong Kong, the directors of the Company consider that it is appropriate to present the condensed consolidated financial statements in HK$.

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

## 2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

**Investment in an associate**

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.

The Group's investment in an associate is accounted for in the consolidated financial statements using the equity method. Under the equity method, investment in an associate is initially recognised at cost. The Group's share of the profit or loss and changes in the other comprehensive income of the associate is 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 equals or exceeds its interest in the associate, 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, 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.

If an associate 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 accounting policies conform to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate.

On acquisition 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 losses (if any), the Group determines whether it is necessary to recognise any additional impairment loss with respect to its investment in the associate. The entire carrying amount of the investment 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. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

***Application of amendments to Hong Kong Financial Reporting Standards ("HKFRS(s)")***

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

| | |
|---|---|
| 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 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 |
| Amendments to HKAS 16 and HKAS 41 | Agriculture: Bearer Plants |
| Amendments to HKAS 27 | Equity Method in Separate Financial Statements |

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

## 3. 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 gross rental income during the period.

Pharmaceutical and food segment (the "Disposed Business") was discontinued in the prior period (details set out in note 6). Accordingly, the Group's reportable and operating segments from continuing operations under HKFRS 8 are as follows:

a) property investment segment engages in leasing and selling of office premises;

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.

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

**Continuing operations**

**Six months ended 30 June 2016**

| | **Property investment** *HK$'000* **(Unaudited)** | **Other investments** *HK$'000* **(Unaudited)** | **Natural uranium trading** *HK$'000* **(Unaudited)** | **Total** *HK$'000* **(Unaudited)** |
|---|---|---|---|---|
| Revenue | **1,006** | **–** | **259,239** | **260,245** |
| Segment profit | **273** | **165,073** | **141,236** | **306,582** |
| Other income and gains | | | | **1,838** |
| Central administrative costs | | | | **(13,456)** |
| Finance costs | | | | **(5,601)** |
| Profit before taxation from continuing operations | | | | **289,363** |

**Six months ended 30 June 2015**

| | Property investment *HK$'000* (Unaudited) | Other investments *HK$'000* (Unaudited) | Natural uranium trading *HK$'000* (Unaudited) | Total *HK$'000* (Unaudited) |
|---|---|---|---|---|
| Revenue | 1,898 | – | – | 1,898 |
| Segment profit (loss) | 187 | (6,805) | (5,710) | (12,328) |
| Other income and gains | | | | 10,906 |
| Central administrative costs | | | | (3,666) |
| Finance costs | | | | (14,244) |
| Loss before taxation from continuing operations | | | | (19,332) |

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

**Continuing operations:**

| | **30 June 2016** | 31 December 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| *Segment assets* | | |
| Property investment | **50,910** | 55,980 |
| Other investments | **821,523** | 138,272 |
| Natural uranium trading | **259,239** | 125,800 |
| | **1,131,672** | 320,052 |
| Unallocated corporate assets | **433,092** | 825,248 |
| Total assets | **1,564,764** | 1,145,300 |

| | **30 June 2016** | 31 December 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| *Segment liabilities* | | |
| Property investment | **8,505** | 4,850 |
| Other investments | **–** | – |
| Natural uranium trading | **114,777** | 46,564 |
| | **123,282** | 51,414 |
| Unallocated corporate liabilities | **61,248** | 334,236 |
| Total liabilities | **184,530** | 385,650 |

## 4. FINANCE COSTS

| | **Six months ended 30 June** | |
|---|---|---|
| | **2016** | 2015 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Imputed interest charged on convertible bonds | **5,601** | 14,244 |

## 5. INCOME TAX EXPENSE (CREDIT)

| | Six months ended 30 June | |
|---|---|---|
| | **2016** | 2015 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| **Continuing operations** | | |
| Current tax: | | |
| Hong Kong Profits Tax | **23,861** | – |
| UK Corporation Tax | **109** | – |
| Deferred tax | **3,200** | (819) |
| | **27,170** | (819) |

During the six months ended 30 June 2016 and 2015, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits.

Under the Law of the People's Republic of China (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 the current and previous periods.

Certain PRC subsidiaries were either in loss-making position for the current and previous periods or had sufficient tax losses brought forward from previous period to offset the estimated assessable income for the period and accordingly did not have any assessable income for the current and previous periods.

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 the current and previous periods.

Pursuant to the tax law of the Republic of Kazakhstan ("Kazakhstan"), withholding income tax is levied on 10% of profit before distributed to overseas investors. The above 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 the current and previous periods.

## 6. 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 six months ended 30 June 2015 from the Disposed Business was set out below.

| | Note | Six months ended 30 June 2015 *HK$'000* (Unaudited) |
|---|---|---|
| Loss of the Disposed Business for the period | | (8,240) |
| Gain on disposal of the Disposed Business | *7* | 99,040 |
| | | 90,800 |

The results of the Disposed Business for the six months ended 30 June 2015 was as follows:

| | Six months ended 30 June 2015 *HK$'000* (Unaudited) |
|---|---|
| Revenue | 35,221 |
| Cost of sales | (29,071) |
| 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 | (309) |
| Loss before taxation | (4,481) |
| Income tax expense | (3,759) |
| Loss of the Disposed Business for the period | (8,240) |

Income tax expense (credit) from Disposed Business included the following:

| | Six months ended 30 June 2015 *HK$'000* (Unaudited) |
|---|---|
| Current tax: | |
| PRC Enterprise Income Tax | 3,840 |
| Deferred tax | (81) |
| | 3,759 |

During the six months ended 30 June 2015, the Company disposed of its entire interests in Yugofoil Group and the 10% on the gain on disposal of subsidiaries in PRC was subjected to the PRC Enterprise Income Tax.

Loss for the six months ended 30 June 2015 from Disposed Business included the following:

| | Six months ended 30 June 2015 *HK$'000* (Unaudited) |
|---|---|
| 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 | 1,686 |
| Bank interest income | (17) |
| Net exchange loss | 136 |

Net cash outflows on Disposed Business was as follows:

| | Six months ended 30 June 2015 *HK$'000* (Unaudited) |
|---|---|
| Operating activities | (1,327) |
| Investing activities | (110) |
| | (1,437) |

## 7. DISPOSAL OF SUBSIDIARIES

As set out in note 6, on 25 March 2015, the Group entered into a sale and purchase agreement to dispose of its 100% equity interest in Yugofoil Group, to an independent third party for a total consideration of HK$101,250,000.

Included in HK$101,250,000 there is (i) a consideration for the disposal of 100% equity interests in Yugofoil at HK$61,250,000 and (ii) an assignment of an advance owing to the Group by Yugofoil of HK$40,000,000 to an independent third party.

| | *HK$'000* |
|---|---|
| | (Audited) |
| The net assets of Yugofoil Group at the date of disposal were as follows: | |
| Intangible assets | 134 |
| Property, plant and equipment | 36,328 |
| Investment properties | 69,209 |
| Prepaid lease payments on land use rights | 19,040 |
| Inventories | 38,175 |
| Trade and other receivables | 35,360 |
| Bank balances and cash | 15,277 |
| Trade and other payables | (112,857) |
| Value added tax payables | (237) |
| Income tax payable | (4,624) |
| Amount due to ultimate holding company | (40,000) |
| Deferred tax liabilities | (10,651) |
| Net assets disposed of | 45,154 |
| Gain on disposal of subsidiaries: | |
| Consideration received and receivable | |
| Cash received | 66,250 |
| Deferred cash consideration (included in other receivable) | 35,000 |
| | 101,250 |
| Consideration received | 101,250 |
| Net assets disposed of | (45,154) |
| Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of the subsidiary | 81,270 |
| Non-controlling interests | 1,674 |
| Assignment of amount due from Yugofoil Group | (40,000) |
| Gain on disposal of subsidiaries | 99,040 |
| Net cash inflow arising on disposal: | |
| Cash consideration received | 66,250 |
| Bank balances and cash disposed of | (15,277) |
| | 50,973 |

The subsidiaries disposed of during the six months ended 30 June 2015 contributed approximately HK$35,221,000 and HK$8,240,000 to the Group's revenue and net loss for the period respectively.

## 8. PROFIT (LOSS) FOR THE PERIOD

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

| | Six months ended 30 June | |
|---|---|---|
| | **2016** | 2015 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| **Continuing operations** | | |
| Cost of inventories recognised as an expense | **111,531** | – |
| Depreciation of property, plant and equipment | **984** | 525 |
| Research and development costs | **–** | 7 |
| Interest income from fellow subsidiaries | **(1,404)** | (4,872) |
| Interest income from an intermediate holding company | **–** | (1,669) |
| Bank interest income | **(4)** | (218) |
| Trade deposit interest income from a joint venture | **(161)** | – |
| Rental income from an intermediate holding company | **(1,006)** | (1,898) |
| Net exchange loss | **3,009** | 856 |
| Tax on disposal of subsidiaries reimbursed by the acquirer of Yugofoil Group | **–** | (3,840) |

## 9. INTERIM DIVIDEND

No dividends were paid, declared or proposed during the interim period. The directors of the Company do not recommend the payment of an interim dividend (six months ended 30 June 2015: nil).

## 10. EARNINGS (LOSS) PER SHARE

**From continuing and discontinued operations**

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

| | Six months ended 30 June | |
|---|---|---|
| | **2016** | 2015 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| **Earnings** | | |
| Earnings for the period attributable to the owners of the Company for the purpose of basic earnings per share | **262,193** | 72,265 |
| Effect of dilutive potential ordinary shares: Interest on convertible bonds | **5,601** | N/A |
| Earnings for the period attributable to the owners of the Company for the purpose of diluted earnings per share | **267,794** | N/A |
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | **5,016,772,373** | 3,447,888,458 |
| Effect of dilutive potential ordinary shares: Convertible bonds | **924,510,272** | N/A |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | **5,941,282,645** | N/A |

**From discontinued operation**

Basic and diluted earnings per share from discontinued operation for the six months ended 30 June 2015 was earnings HK2.63 cents per share, based on the profit for the period from discontinued operation of HK$90,778,000 and the denominators detailed above for both basic and diluted earnings per share.

**From continuing operations**

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

| | Six months ended 30 June | |
|---|---|---|
| | **2016** | 2015 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| **Earnings (loss)** | | |
| Earnings for the period attributable to the owners of the Company for the purpose of basic earnings per share | **262,193** | 72,265 |
| Less: earnings for the period from discontinued operation | **–** | (90,778) |
| Earnings (loss) for the purpose of basic earnings (loss) per share for the period attributable to the owners of the Company | **262,193** | (18,513) |
| Effect of dilutive potential ordinary shares: | | |
| Interest on convertible bonds | **5,601** | N/A |
| Earnings for the purpose of diluted earnings per share for the period attributable to the owners of the Company | **267,794** | N/A |
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | **5,016,772,373** | 3,447,888,458 |
| Effect of dilutive potential ordinary shares: | | |
| Convertible bonds | **924,510,272** | N/A |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | **5,941,282,645** | N/A |

The computation of diluted earnings (loss) per share for the six months ended 30 June 2015 did not assume the conversion of the Company's outstanding convertible bonds as the conversion of the outstanding convertible bonds would result in a decrease in loss per share or increase in earnings per share.

## 11. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade and bills receivables of approximately HK$259,239,000 (31 December 2015: HK$125,800,000) which is due from immediate holding company, China Uranium Development Company Limited.

At 30 June 2016 and 31 December 2015, the Group normally grants to its trade customer credit periods for natural uranium segment ranging from 25 days to 30 days after delivery dates.

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

| | **30 June 2016** | 31 December 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Within 30 days | **259,239** | 125,800 |

## 12. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK$110,536,000 (31 December 2015: HK$42,637,000) which is due to a joint venture of the Company.

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

| | **30 June 2016** | 31 December 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Within 30 days | **110,536** | 42,637 |

## BUSINESS REVIEW AND ANALYSIS

### Analysis of the Business Environment in the First Half of 2016

### Macroeconomic Environment

During the first half of 2016, the uncertainties for global economic growth increased, among which the economic recovery of the United States was weak with a slowdown in employment growth. The recent excessive appreciation of the United States dollars ("USD") also limited the economic growth in the United States. Recovery in the Euro Zone continued to be moderate. However, root problems such as imbalanced industrials structure, excessive public debts burden etc. that restrained the economic growth still existed, and the Syrian refugees issue also dragged the economic growth of Euro zone. The Brexit vote brought uncertainties on the economy of the United Kingdom ("UK") and other European countries. Growth of emerging countries was subdued, while countries such as Russia and Brazil still struggled in recession.

China continued to carry out industrial structure adjustment, and its economy was comparatively stable. GDP growth during the first half of the year was 6.7%, which was above the lower end of the annual growth target, and China has now entered the new normal stage of stable development.

### Nuclear Power Market and Industry Development

During the first half of 2016, international nuclear power industry continued to recover stably. Takahama Nuclear Power Plant Unit No. 3 in Japan recommissioned, this was the third nuclear power unit resuming operation after the Unit No. 1 and No. 2 at Sendai Nuclear Power Plant of Kyushu Electric Power. India was entered into a preliminary agreement in relation to six reactors with EDF Energy Holdings Limited (the UK's largest producer of low-carbon electricity), and a long-term comprehensive plan was also under preparation. According to such comprehensive plan, the proportion of nuclear power generation in India will gradually increase in the future. In addition to the investment from the public sector, the Indian government will reserve another 30 billion rupees (approximately USD442 million) every year to carry out such nuclear power program. In order to lower the dependence on Russia's energy resources, and lower the carbon dioxide emissions, and to achieve the target of controlling the climate change, the European Union ("EU") will make use of its nuclear technology advantage to develop nuclear projects. Each EU member is also required to strengthen cooperation in the future in respect of finance, development and construction of innovative nuclear reactor and such strategy will be proposed to the European Parliament for consideration in the near future. In order to ensure the supply of low-carbon electrical energy in Sweden in the future, Swedish left-wing government and the opposition parties reached an understanding to lower the nuclear reactor taxes, and the nuclear capacity tax, representing 30% of the nuclear power plant operation costs, will be abolished in 2019. Furthermore, the Sweden government also plans to approve the construction of 10 new nuclear power plant units to replace the retired nuclear power plan units.

The development of nuclear power was good in general in China. On 1 January 2016, Yangjiang Nuclear Power Plant Unit No. 3 and Fangchenggang Nuclear Power Plant Unit No.1 officially launched their operations; on 17 March 2016, Hualong International Nuclear Power Technology Co., Ltd., a company jointly invested by China National Nuclear Corporation and China General Nuclear Power Corporation ("CGNPC"), was officially established; on 29 March 2016, Ningde Nuclear Power Plant Unit No.4 successfully on-grid; on 20 June 2016, Hainan Changjiang Nuclear Power Plant Unit No. 2 successfully on-grid for the first time. At the same time, China Securities Regulatory Commission approved the initial offer application of China Nuclear Engineering Corporation Co., Ltd. ("CNECC"), on 13 May 2016, CNECC officially launched the initial public offering.

In summary, in order to inhibit global climate warming, nuclear energy, as clean and low-carbon environmental energy, will still be an important strategic option of governments of some countries in response to the climate change for the next step, outlook of industry development is stable.

**Natural Uranium Market and Industry Development**

Affected by natural uranium inventory and continuous over-supply, international uranium price further weakened during the first half of 2016 with overall trend declined. Monthly average price in the spot market during the first half of the year was USD29.37/lb (lb is the abbreviation of "Libra" and the unit of weight "pounds"), representing a decrease of 21.6% as compared with same period of last year (USD37.26/lb). Price declined from USD34.65/lb at the beginning of 2016 to USD26.40/lb in the middle of the year, during which the drop in March was significant, after that, the price fluctuated between USD26 to USD29/lb. Monthly average price in the long-term market during the first half of the year was USD43/lb, the decline was smaller than that of spot market. Affected by the medium-short term price declined, long-term price also declined in March, and reached USD40/lb at the end of June.

Due to the low natural uranium price, transaction of natural uranium further declined during the first half of 2016. It is expected that total transaction volumes of spot market and long-term market will remain at low level in 2016, which may reach the lowest level since 2005, except for specific years. The market will mostly be composed of small middle-term contracts and will continue to be weak.

**Summary of the Operation in the First Half of 2016**

As at 30 June 2016, profit attributable to owners of the Company amounted to HK$262.2 million, representing an increase of 263% as compared with HK$72.3 million recorded in the corresponding period of last year, mainly due to the occurrence of trading of natural uranium during the Period, the profit from Semizbay-U Limited Liability ("Semizbay-U", a joint venture owned as to 49% equity interest by the Group) and gain on bargain purchase arising from the acquisition of 19.99% equity interest in Fission Uranium Corp. ("Fission") in Canada. During the Period, revenue of the Group amounted to HK$260.2 million, representing an increase of approximately 136 times as compared with HK$1.9 million for the corresponding period last year, mainly attributable to revenue from trading of natural uranium in the first half year of 2016.

**Natural Uranium Trading**

According to the 2016 full year purchase plan agreed between the Company and Semizbay-U, the delivery of the purchase of first batch of sale rights products have been completed, the purchase of remaining batches of products will be implemented orderly.

Besides, in accordance with the sale principles setting out in the "Continuing Connected Transactions Framework Agreement" entered into between the Company and CGNPC Uranium Resources Co., Ltd. ("CGNPC-URC"), all the natural uranium products purchased from Semizbay-U shall be sold to the CGNPC-URC and its subsidiaries, sale during the first half of the year has been completed as planned.

**Production and Operation of Semizbay-U**

During the Period, the operation of Semizbay-U was stable. Since Irkol Mine ("the "Irkol Mine") and Semizbay Mine (the "Semizbay Mine"), which are under Semizbay-U, are in the production stage, therefore no exploration has been conducted during the Period, the resources and reserves have no material change. During the Period, the natural uranium produced from the Irkol Mine and the Semizbay Mine were 348 tons and 211 tons respectively. Completion rate of half-year production plan was 112.5% and 108.5% respectively. Total operation cost of Semizbay-U was approximately HK$171.6 million, which showed effective control over average production costs.

During the Period, other than the purchase contracts of raw materials and common construction equipment for assisting the production, there were no significant new contracts in relation to the two mines entered into by Semizbay-U.

During the first half of 2016, investment income from Semizbay-U amounted to HK$26.32 million.

**Completion of the Acquisition of Equity Interest in Fission**

As disclosed in the announcement of the Company dated on 22 December 2015, in order to expand the layout of high grade and quality uranium resources in the world and to further expand the scale of control to the uranium resources, the Company and Fission signed the "Investment Letter of Intent" in respect of subscription of 19.99% equity interest in Fission. Pursuant to the "Investment Letter of Intent", the Company shall subscribe for 96,736,540 common shares of Fission, at a price of Canadian dollars ("CAD") 0.85 per share, and becomes the single largest shareholder of Fission, holding 19.99% equity interest. Fission, as a junior natural uranium exploration company in Canada owns the world's largest uranium resources PLS (Patterson Lake South) project with high grading and to be developed. On 11 January 2016, the Company entered into the share subscription agreement in respect of the acquisition, and the acquisition was completed on 27 January 2016. At present, the Company becomes the single largest shareholder of Fission, and the Company will share the benefits of development of Fission in the future, and will purchase products from Fission at discounted prices of 20% to 35% of its annual production.

As at the date of this announcement, two Directors were assigned by the Company into the board (which comprised of 9 persons) of Fission. At the same time, in order to strengthen the monitor and control of the operation situation and use of funding of Fission in, the Company has appointed relevant staff to act as the finance manager of Fission in accordance with the agreement of the Share Subscription Agreement. At present, the financial matters were monitored online by way of remote office.

**Cooperation Progress with Kazakh Parties**

As disclosed in the announcement of the Company dated 14 December 2015, the Company, CGNPC, CGNPC-URC, as one party, entered into the "Agreement on Commercial Terms in relation to the Design and Construction of a Fuel Assembly Fabrication Plant in Kazakhstan and the Joint Development of Kazakhstan Uranium Deposits" (the "Commercial Agreement") with National Atomic Company Kazatomprom ("Kazatomprom"), which holds 51% equity interest in Semizbay-U, and Ulba Metallurgical Plant, and proposed to cooperate with Kazakh parties in respect of new uranium project. The development of the new uranium project is inter-conditional on the development of the Fuel Project by indirect controlling shareholder of the Company, CGNPC-URC.

After the Commercial Agreement is entered into and until the date of this announcement, the Company has launched several rounds of negotiations with the Kazakh parties in respect of future cooperation. In the event that significant progress has been obtained in respect of such project in the future, the Company will make necessary disclosure as and when appropriate in according with the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

**Strengthen Comprehensive Risk Control**

One of the responsibilities of the audit committee of the Company (the "Audit Committee") is to review the risks that exist during the operation of the Company, and also assume the function of risk management. In order to strengthen the identification and control of the Company's operation risks, the Company established an internal audit department in December 2015, and also established communication link, regular communication system and problem reporting mechanism between the audit department and Audit Committee, during the first quarter of 2016. Besides, the audit department performed specific audit which targeted at contract business functions of the Company, and specific report was issued and improvement advices were given.

During the second quarter of 2016, the Company established business planning department, which was responsible for the overall operation management and risk management of the Company. At present, a systematic risk management system has been formed, which effectively combined risk management with daily operation management operation, through methods such as operation business analysis at each quarter, so as to effectively identify and control the operation risk.

In addition, the risk management system of “hierarchy and category management, key focus, centralized responsibility has been established, and the closed-loop management process of comprehensive risk management combine with the PBA (Planning, Budgeting and Assessment) have been achieved. The Company also kicked off the risk assessment mechanism and regular risk management reporting mechanism.

**Optimized Corporate Governance**

In order to benefit the effective performance of the non-executive Directors, and also strengthen the information control of the Company of non-executive Directors, the Company established a system that pre-discuss and pre-communicate with non-executive Directors in respect of important matters. In the first half of the year, the Company held a special Board meeting for discussing the development environment and strategy and focusing on hearing the opinions from non-executive Directors. Besides, three pre-communication meetings were held with non-executive Directors in respect of audit and development matters for the year 2015, and reported to non-executive Directors on time in respect of progress of important matters.

**Other Substantial Investment and Sale of Properties**

Other than the above mentioned completion of 19.99% equity interest on Fission, the Group has no other substantial investment during the Period. Also, the Group has not sold any of its properties during the Period.

**BUSINESS PROSPECT**

Analyzing the positive and negative factors in the natural uranium market in full, it is expected that the imbalance between supply and demand in the second half of 2016 will still exist; the supply of natural uranium in the world will still exceed the demands. Since spot prices of natural uranium at present are significantly lower than production costs of almost all mines in the world, there are limited spaces for international uranium prices to further decrease, the natural uranium prices will remain stable at low level.

In respect of operation, the Company will continue to strengthen the operation management of Semizbay-U, to maintain the stable production volume and product cost, so as to ensure the target of investment income can be achieved. In respect of natural uranium trading, good market opportunities will be fully utilized, which can lower the cost of purchase of natural uranium, and increase earnings of the Company, to ensure the operation target of the year can be achieved. The Company will actively promote the exploration work of Fission PLS project in summer of 2016, which can further enhance the resources of the project, and explore the resources potential of the project. At the same time, the Company will continue to promote and implement the cooperation of the new uranium project with Kazakhstan cooperation partners, and will continue to follow-up merger opportunities of project with good quality, which lay a foundation for the Company to gain advantage in the next uranium price cycle.

In respect of corporate governance and management optimization, the Company will strengthen the communications with investors, and will introduce strategic partners at a good time to optimize the shareholders base of the Company. At the same time, the Company will further define the middle to long term business development plan, to perfect the comprehensive risk management and internal control systems, so as to improve internal management, and further strengthen the human resources and training work, which can achieve the co-development between staff and the Company.

## FINANCIAL REVIEW

### Capital Structure

On 9 May 2016, China Uranium Development Company Limited ("China Uranium Development") exercised the conversion rights attached to the convertible bonds in respect of the principal amount of HK$300,000,000 at the conversion price of HK$0.23 per conversion share, the Company has allocated and issued 1,304,347,826 conversion shares to China Uranium Development.

As at 30 June 2016, the Company has issued 5,941,282,645 ordinary shares in aggregate (31 December 2015: 4,636,934,819 ordinary shares) and the market capitalization of the Company amounted to approximately HK$2,703 million (31 December 2015: HK$2,782 million).

### Recognition of Gain on Bargain Purchase from Acquisition of an Associate

On 27 January 2016, the Company completed the acquisition of 19.99% equity interest in Canada Fission and gain on bargain purchase from acquisition of the associate was approximately HK$261.64 million.

As at 30 June 2016, share of loss from an associate of the Group was HK$4.66 million (30 June 2015: nil). The provision of impairment was HK$118.22 million (30 June 2015: nil).

### Liquidity and Financial Resources

As at 30 June 2016, the Group had no bank borrowing (31 December 2015: nil). On 18 December 2015, the Company (as borrower) entered into a facility agreement with CGNPC Huasheng Investment Limited ("CGNPC Huasheng") (as lender), the Company was granted a facility of USD300 million (31 December 2015: USD300 million) for a period of 3 years. On 9 May 2016, liability component of convertible bonds have all been fully performed (31 December 2015: HK$289.9 million).

The Group has maintained sufficient financial resources for business operation purposes, and has no seasonality of borrowing requirement. The Group adopts conservative capital and treasury policy and goals. During the Period, the Group provided operating funding by internal generated resources. If there are opportunities of possible merger and acquisition in the future, the Group will take advantage of diversified financing channels to raise funds to meet the project needs.

During the Period, the Group had paid the consideration of CAD82.2 million for the acquisition related to Fission. As the Group has sufficient internal funds, the funding required for this transaction was entirely financed by the Group's own fund and no financing arrangement has been involved.

As at 30 June 2016, the Group did not pledge any bank balances and cash as collateral to a bank (31 December 2015: nil). The Group had bank balances and cash of approximately HK$43.72 million (31 December 2015: HK$285.53 million), including 0% (31 December 2015: 81%) was denominated in CAD, approximately 1% (31 December 2015: 6%) was denominated in USD, approximately 9% (31 December 2015: 1%) was denominated in HK$ and approximately 90% (31 December 2015: 12%) was denominated in Renminbi ("RMB").

**Exposure to Foreign Exchange Risk and Currency Policy**

During the Period, the sales and purchase of the Group were mainly denominated in USD and RMB (2015: USD and RMB). Normal operation of the Company, including administrative expenses, selling and distribution expenses, were mainly denominated in HKD and RMB (2015: HKD and RMB). During the Period, 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.

There has been a significant depreciation of the Tenge, the Kazakhstan currency, as it was allowed to float freely since 20 August 2015, but the foreign exchange rate gradually become stabilized during the Period. As Tenge is the functional currency of Semizbay-U, its depreciation may have certain effect on the production operation cost of Semizbay-U, and may also have an impact on the fair value of the Group's interest in Semizbay-U.

**Contingent Liabilities**

As at 30 June 2016, the Group had no material contingent liabilities (31 December 2015: nil).

**Finance Cost**

The finance costs for the Period mainly arose from the convertible bonds issued and allotted in the second half of year 2011. As at 9 May 2016, all convertible bonds have been converted.

**Key Financial Figures and Ratios**

| | Six months ended 30 June | |
|---|---|---|
| | **2016** | 2015 |
| | **(Unaudited)** | (Unaudited) |
| **Statement of profit or loss items:** | | |
| Revenue (HK$'million) from continuing and discontinued operations | **260.2** | 37.1 |
| Gross profit margin | **57%** | 21% |
| Profit attributable to owners of the Company/Revenue *(note)* | **101%** | 195% |
| Earning before interest, tax, depreciation and amortisation ("EBITDA") (HK$'million) | **296** | 92 |
| EBITDA/Revenue *(note)* | **114%** | 248% |

| | **As at 30 June 2016** | As at 31 December 2015 |
|---|---|---|
| **Statement of financial position items:** | | |
| Liability component of convertible bonds (HK$'million) | – | 290 |
| Bank balances and cash (HK$'million) | **44** | 286 |
| Net tangible assets (HK$'million) | **1,380** | 760 |
| Gearing ratio | **13%** | 51% |
| Average trade receivable turnover days *(note)* | **136 days** | 85 days |

*Note:* The revenue used to calculate such ratios included continuing and discontinued operations for the six months ended 30 June 2015.

For the six months ended 30 June 2016, return on average shareholders' funds was approximately 19% (2015: 12%).

## SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "2010 Share Option Scheme") at the annual general meeting of the Company held on 2 June 2010. After the adoption of the 2010 Share Option Scheme, no share option was granted.

## PURCHASE, SALE OR REDEMPTION OF THE LISTING SECURITIES OF THE COMPANY

During the 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 2016, the total share capital of the Company was 5,941,282,645 shares.

## CHANGE OF DIRECTORS

On 29 June 2016, the Company convened a Board meeting to approve the change of Directors. At such Board meeting, Mr. Chen Qiming resigned as a non-executive Director, Mr. Yin Engang resigned as a non-executive Director and a member of the Audit Committee. Mr. Fang Chunfa has been appointed as a non-executive Director and a member of the Audit Committee and Mr. Wu Junfeng has been appointed as a non-executive Director.

## EMPLOYEE INFORMATION

As at 30 June 2016, the Group had 22 employees (30 June 2015: 7 employees). 16 of these employees were located in the Mainland China and 6 employees were located in Hong Kong.

The policies of employee remuneration are commensurate with performance and are comparable to market rate. The Group treasures internal training on employees and encourages staff to develop themselves on a continuous basis through external training programs, so as to improve staff quality to meet challenges and gain a market competitive edge. Total staff costs from continuing operations for the Period under Review amounted to approximately HK$8.3 million (30 June 2015: approximately HK$2.8 million).

## DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2016 (30 June 2015: nil).

## REVIEW OF INTERIM RESULTS

The unaudited interim financial statements of the Group for the six months ended 30 June 2016 have been reviewed by the Company's Audit Committee and external auditors of the Company, SHINEWING (HK) CPA Limited.

## AUDIT COMMITTEE

The Company has established an Audit Committee 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 is comprised of two independent non-executive Directors and one non-executive Director, which is an important link between the Board and Auditors. The main responsibility of the Audit Committee is to assist the Board by provision of independent opinions on the financial reporting procedures, internal control and risk management systems of the Group.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters with the management. The Group's financial statements for the six months ended 30 June 2016 have been reviewed and adopted by the Audit Committee, who is of the opinion that such statements comply with the applicable accounting standards, and the Listing Rules and legal requirements, and that adequate disclosures have been made.

## MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules of the Stock Exchange as the principle standards of securities transactions for Directors. All Directors have confirmed, upon specific enquiry by the Company that they have complied with the required standard set out in the Model Code during the Period.

## CORPORATE GOVERNANCE

The Company's corporate governance policy follows the principles and practice stated in Appendix 14 of the Listing Rules (Corporate Governance Code and Corporate Governance Report) (the "Corporate Governance Code").

In the opinion of the Board, the Company has complied with the code provisions ("Code Provisions") set out in the Corporate Governance Code during the period from 1 January 2016 to 30 June 2016, except for the deviations from the Code Provisions disclosed below.

Code Provision E.1.2 stipulates that the chairman of the Board should attend and invite the chairman of the audit, remuneration, nomination and any other committees (as appropriate) to attend the annual general meeting (the "AGM"). In their absence, he should invite another member of the committees or failing this, his duly appointed delegate, to attend. These persons should be available to answer questions at the AGM.

All Directors have regularly attended and actively participated in meetings and give the Board and the respective committees the benefit of their skills and expertise from their background and qualification. Mr. Zhou Zhenxing, chairman of the Board and the nomination committee, was unable to attend the annual general meeting of the Company held on 19 May 2016 ("2016 AGM") due to other business engagement. Mr. Yu Zhiping, an executive Director and the chief executive officer of the Company, was responsible for chairing the 2016 AGM and answering questions raised by shareholders.

On behalf of the Board
**CGN Mining Company Limited**
**Yu Zhiping**
*Chief Executive Officer*

Hong Kong, 26 August 2016

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

* *For identification purpose only*