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 2019

HIGHLIGHTS

	(Unaudited) Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Revenue	**949,644**	524,223
Profit attributable to the owners of the Company	**77,538**	41,275
Earnings per share		
– Basic	**HK1.17 cents**	HK0.63 cents
– Diluted	**HK1.17 cents**	HK0.63 cents
Interim dividend per share	**Nil**	Nil

- Revenue of the Group for the Reporting Period was approximately HK$950 million, representing an increase of approximately 81% as compared with the corresponding period of 2018.
- Profit for the Reporting Period attributable to the owners of the Company was approximately HK$78 million, representing an increase of approximately 88% as compared with the corresponding period of 2018.
- Basic earnings per share for the Reporting Period amounted to approximately HK1.17 cents, representing an increase of approximately 88% as compared with the corresponding period of 2018.
- The Board does not recommend the payment of an interim dividend.

The Board announces the unaudited condensed consolidated results of the Group for the Reporting Period, together with the comparative figures for the corresponding period of 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

	Notes	**2019** ***HK$'000*** **(Unaudited)**	2018 *HK$'000* (Unaudited) (Restated)
Revenue	*3*	**949,644**	524,223
Cost of sales		**(887,093)**	(440,252)
Gross profit		**62,551**	83,971
Other operating income		**15,194**	11,461
Selling and distribution expenses		**(2,674)**	(4,607)
Administrative expenses		**(12,455)**	(17,255)
Changes in fair value of investment properties		**243**	110
Share of result of a joint venture		**19,630**	(10,409)
Share of result of an associate		**12,132**	2,876
Finance costs	*4*	**(10,877)**	(15,114)
Profit before taxation		**83,744**	51,033
Income tax expenses	*5*	**(6,206)**	(9,758)
Profit for the period attributable to owners of the Company	*6*	**77,538**	41,275
Earnings per share	*8*		
– Basic		**HK1.17 cents**	HK0.63 cents
– Diluted		**HK1.17 cents**	HK0.63 cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Profit for the period	**77,538**	41,275
Other comprehensive income (expense):		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	**(509)**	(451)
Exchange differences on translation of financial statements of a joint venture	**(1,481)**	(3,794)
Exchange differences on translation of financial statements of an associate	**20,427**	(26,420)
	18,437	(30,665)
Items that will not be reclassified subsequently to profit or loss:		
Gain on revaluation of property	**5,412**	–
Income tax relating to items that will not be reclassified subsequently	**(1,353)**	–
	4,059	–
Other comprehensive income (expense) for the period	**22,496**	(30,665)
Total comprehensive income for the period attributable to owners of the Company	**100,034**	10,610

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	**30 June 2019 HK$'000 (Unaudited)**	31 December 2018 HK$'000 (Unaudited) (Restated)	1 January 2018 HK$'000 (Unaudited) (Restated)
Non-current assets				
Property, plant and equipment		**439**	14,466	16,871
Right-of-use assets		**2,640**	–	–
Investment properties		**49,451**	30,359	31,427
Interest in a joint venture		**194,365**	190,706	161,280
Interest in an associate		**554,115**	521,538	550,202
Deferred tax assets		**500**	496	737
		801,510	757,565	760,517
Current assets				
Inventories		**774,686**	703,300	796,889
Trade and other receivables	*9*	**109,845**	76,483	131,932
Amount due from an intermediate holding company		**2,134**	5,375	1,546
Bank balances and cash	*10*	**694,175**	1,123,056	1,182,240
Income tax recoverable		**–**	8,728	4,280
		1,580,840	1,916,942	2,116,887
Total assets		**2,382,350**	2,674,507	2,877,404

	Note	**30 June 2019**	31 December 2018	1 January 2018
		HK$'000	*HK$'000*	*HK$'000*
		(Unaudited)	(Unaudited)	(Unaudited)
			(Restated)	(Restated)
Current liabilities				
Trade and other payables	*11*	**62,066**	30,476	93,260
Loans from a fellow subsidiary		**261,346**	527,560	354,483
Lease liabilities		**1,538**	–	–
Amount due to an intermediate holding company		**8,295**	6,132	6,490
Amount due to a joint venture		**5,513**	5,513	5,513
Amounts due to fellow subsidiaries		**1,129**	1,668	1,212
Dividend payable		**33,003**	–	–
Income tax payable		**5,082**	4,246	4,063
		377,972	575,595	465,021
Net current assets		**1,202,868**	1,341,347	1,651,866
Total assets less current liabilities		**2,004,378**	2,098,912	2,412,383
Capital and reserves				
Share capital		**66,007**	66,007	66,007
Reserves		**1,799,125**	1,798,411	1,756,079
Total equity		**1,865,132**	1,864,418	1,822,086
Non-current liabilities				
Deferred tax liabilities		**15,603**	18,126	13,106
Loans from a fellow subsidiary		**122,530**	216,368	577,191
Lease liabilities		**1,113**	–	–
		139,246	234,494	590,297
		2,004,378	2,098,912	2,412,383

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.

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

The condensed consolidated financial statements are presented in HK$ while the functional currency of the Company is USD. As the Company is listed in Hong Kong, the Directors consider that it is appropriate to present the condensed 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 Listing Rules.

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 used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018.

Merger accounting for business combination involving entities under common control

The condensed consolidated financial statements include the financial statements items of the combining entities or businesses in which the common control combination occurs as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the condensed consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period unless the combining entities or businesses first came under common control at a later date.

Application of amendments to HKFRS(s)

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2019:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

The adoption of HKFRS 16 resulted in changes in the Group's accounting policies an adjustments to the amounts recognised in the condensed consolidated financial statements.

Impact on adoption of HKFRS 16 Leases

HKFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating lease and finance lease and requiring the recognition of right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new accounting policies are described in condensed consolidated financial statements. The Group has applied HKFRS 16 Leases retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of equity, where appropriate, at 1 January 2019, and has not restated comparatives for the 2018 reporting period as permitted under the specific transitional provisions in the standard. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 17 Leases.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which arrangements are, or contain, leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

The major impacts of the adoption of HKFRS 16 on the Group's condensed consolidated financial statements are described below.

The Group as lessee

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases (except for lease of low value assets and lease with remaining lease term of twelve months or less). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.80%.

The Group recognises right-of-use assets of property and measures them at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group as lessor

The Group leases some of the properties. The accounting policies applicable to the Group as lessor are not different from those under HKAS 17.

The following table summarises the impact of transition to HKFRS 16 at 1 January 2019. Line items that were not affected by the adjustments have not been included.

	Note	**Carrying amount previously reported at 31 December 2018**	**Impact on adoption of HKFRS 16**	**Carrying amount as restated at 1 January 2019**
		HK$'000	*HK$'000*	*HK$'000*
Right-of-use assets	a	–	3,409	3,409
Lease liabilities	a	–	3,409	3,409

Note a: As at 1 January 2019, right-of-use assets were measured at an amount equal to the lease liabilities of approximately HK$3,409,000.

Differences between operating lease commitment as at 31 December 2018, the date immediately preceding the date of initial application, discounted using the incremental borrowing rate, and the lease liabilities recognised as at 1 January 2019 are as follow:

	HK$'000
Operating lease commitment disclosed as at 31 December 2018	3,538
Less: Short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(6)
	3,532
Discounting using the incremental borrowing rate at 1 January 2019	(123)
Lease liabilities as at 1 January 2019	3,409
Current portion	1,520
Non-current portion	1,889
	3,409

Practical expedients applied

On the date of initial application of HKFRS 16, the Group has used the following practical expedients permitted by the standard:

- not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-4 determining whether an arrangement contains a Lease;
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases; and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

The application of other new and amendments to HKFRSs in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the 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 rental income (net of direct outgoings: nil) during the periods.

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Revenue		
Sales of goods	**947,998**	523,124
Rental income (net of direct outgoings: nil)	**1,646**	1,099
	949,644	524,223

The revenue from sales of goods were mainly derived from customers in the PRC, Europe and America and recognised at a point in time.

The Group's reportable and operating segments under HKFRS 8 are as follows:

a) natural uranium trading segment engages in trading of natural uranium;

b) property investment segment engages in leasing; and

c) other investments segment engages in investment in a joint venture and an associate.

No operating segments have been aggregated to form the above reportable segments.

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

Six months ended 30 June 2019

	Natural uranium trading *HK$'000* **(Unaudited)**	**Property investment** *HK$'000* **(Unaudited)**	**Other investments** *HK$'000* **(Unaudited)**	**Total** *HK$'000* **(Unaudited)**
Revenue	**947,998**	**1,646**	**–**	**949,644**
Segment profit	**40,902**	**1,320**	**31,762**	**73,984**
Other income and gains				**15,194**
Finance costs				**(48)**
Central administrative costs				**(5,386)**
Profit before taxation				**83,744**

Six months ended 30 June 2018

	Natural uranium trading *HK$'000* (Unaudited) (Restated)	Property investment *HK$'000* (Unaudited) (Restated)	Other investments *HK$'000* (Unaudited) (Restated)	Total *HK$'000* (Unaudited) (Restated)
Revenue	523,124	1,099	–	524,223
Segment profit (loss)	57,415	(1,733)	(7,533)	48,149
Other income and gains				11,461
Finance costs				–
Central administrative costs				(8,577)
Profit before taxation				51,033

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3 of the Group's annual consolidated financial statements for the year ended 31 December 2018. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of other income and gains, certain finance costs and central administrative costs. This is the measure reported to the chief executive officer, being the chief operating decision marker for the purposes of resource allocation and performance assessment.

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

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (Restated)
Segment assets		
Natural uranium trading	**852,349**	768,772
Property investment	**51,626**	49,425
Other investments	**748,480**	712,244
	1,652,455	1,530,441
Unallocated corporate assets	**729,895**	1,144,066
Total assets	**2,382,350**	2,674,507

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (Restated)
Segment liabilities		
Natural uranium trading	**447,358**	769,521
Property investment	**373**	1,698
Other investments	**–**	–
	447,731	771,219
Unallocated corporate liabilities	**69,487**	38,870
Total liabilities	**517,218**	810,089

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

- all assets are allocated to operating segments other than bank balances and cash, right-of-use assets, income tax recoverable, deferred tax assets 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, lease liabilities, dividend payable, income tax payable, deferred tax liabilities and certain other payables.

4. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Interest on loans from a fellow subsidiary	**10,829**	15,114
Interest expense on lease liabilities	**48**	–
	10,877	15,114

5. INCOME TAX EXPENSES

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Current tax:		
Hong Kong Profits Tax	**9,855**	6,482
UK Corporation Tax	**218**	3,834
	10,073	10,316
Deferred tax	**(3,867)**	(558)
	6,206	9,758

The Bill which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. For the six months ended 30 June 2019 and 2018, the profits of all Group entities in Hong Kong are not selected by the management for the two-tiered profits tax rates regime and continue to be taxed at the flat rate of 16.5%.

Under the EIT Law and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for the both periods.

No provision for the PRC Enterprise Income Tax has been made as the PRC subsidiary has sufficient tax losses brought forward to set off against current period's assessable profit during the period ended 30 June 2019.

For the period ended 30 June 2018, the PRC subsidiary was in loss-making position and accordingly did not have any assessable income.

The subsidiaries operating in the UK are subject to Corporation Tax Act of UK and the tax rate of the UK subsidiaries is 19% for the both periods.

Pursuant to the New Tax Code of Kazakhstan, dividends paid by subsurface users to Foreign Shareholders will be exempted from the Kazakhstani withholding tax if (i) as of the date when the dividends are paid, such Foreign Shareholder has owned shares (interest) in the company for more than three years, and (ii) within 12 months prior to the dividend payment date, subsurface users undertake further processing (after primary processing) of at least 35% of the total extracted minerals, by its own production facilities in Kazakhstan or owned by its affiliated resident entity in Kazakhstan.

The Group has held shareholding in the joint venture for more than three years, and all extracted minerals of the joint venture are further processed in its own production facilities, the dividends received by the Group from the joint venture are not subject to the Kazakhstani withholding tax in accordance with the provisions of the New Tax Code of Kazakhstan.

Pursuant to the laws and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands for the current and previous periods.

6. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Cost of inventories sold	**886,597**	440,075
Depreciation of property, plant and equipment	**428**	955
Depreciation of right-of-use assets	**769**	–
Impairment loss recognised (reversed) in respect of inventories incurred in cost of inventories sold	**713**	(4,366)
Interest income from fellow subsidiaries	**(14,487)**	(9,898)
Bank interest income	**(16)**	(4)
Rental income from an intermediate holding company	**(1,646)**	(1,099)

7. DIVIDEND

No dividends were paid during the interim period. The Board does not recommend the payment of an interim dividend (six months ended 30 June 2018: nil).

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Earnings		
Earnings for the purpose of basic earnings per share for the period attributable to the owners of the Company	**77,538**	41,275
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**6,600,682,645**	6,600,682,645

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares during the six months ended 30 June 2019 and 2018.

9. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables of approximately HK$77,614,000 (31 December 2018: HK$9,186,000) which is due from the immediate holding company, China Uranium Development.

Included in prepayment, deposits and other receivables, approximately HK$8,655,000 (31 December 2018: HK$5,842,000) and nil (31 December 2018: HK$24,000) are interest receivables due from CGNPC Huasheng and CGN Finance respectively, fellow subsidiaries of the Company.

The Group normally grants to its trade customer credit periods for natural uranium segment ranging from 15 days to 120 days after delivery dates.

The following is an ageing analysis of the trade receivables, based on 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 2019 *HK$'000* **(Unaudited)**	31 December 2018 *HK$'000* (Unaudited) (Restated)
Within 30 days	**69,678**	55,534
31 to 60 days	**–**	9,791
61 to 120 days	**7,936**	–
	77,614	65,325

10. BANK BALANCES AND CASH

	30 June 2019 *HK$'000* **(Unaudited)**	31 December 2018 *HK$'000* (Unaudited) (Restated)
Unpledged bank deposits:		
Cash at bank and on hand	**694,175**	1,123,056
Analyse of bank balances and cash:		
Cash at bank and on hand	**61,160**	66,664
Cash placed at CGNPC Huasheng and CGN Finance *(Note)*	**633,015**	1,056,392
	694,175	1,123,056

Note: CGNPC Huasheng and CGN Finance, fellow subsidiaries of the Company, performed certain treasury activities for the Group and CGN Group. Pursuant to the arrangement, the fellow subsidiaries receive funds from the Group, pool the funds together with funds from CGN Group and provides intra-group financial services for the Group and CGN Group. The fellow subsidiaries reimburse interest to the Group with reference to the prevailing market interest rate. The balance is unsecured, interest bearing ranging from 0.15% to 3.66% per annum and recoverable on demand. As the Group can withdraw the deposits without giving any notice and without suffering any penalty, the directors of the Company consider that the deposits made to CGNPC Huasheng and CGN Finance is qualified as cash.

11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK$57,473,000 (31 December 2018: HK$8,306,000) which is due to the joint venture of the Group.

Included in other payables, approximately HK$496,000 (31 December 2018: HK$940,000) are interest payables due to CGNPC Huasheng, a fellow subsidiary of the Company.

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

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (Restated)
Within 30 days	**51,214**	10,834
31 to 60 days	**6,259**	8,306
	57,473	19,140

12. BUSINESS COMBINATION UNDER COMMON CONTROL

The Group adopts merger accounting for common control combinations in respect of the acquisition of CGN Global during the six months ended 30 June 2019. On 16 November 2018, the Company entered into a share transfer agreement with China Uranium Development to acquire 100% equity interest of CGN Global at a consideration of approximately USD8,553,800 (equivalent to approximately HK$66,335,000). The acquisition was completed on 17 January 2019. The ultimate parent of the Company and CGN Global is CGNPC and the aforesaid transactions are regarded as business combinations under common control. No significant adjustments were made to the net assets and net results of the above entities as a result of the common control combination to achieve consistency of accounting policies.

Statements of adjustments for business combinations under common control occurred during the six months ended 30 June 2019 on the Group's financial position as at 30 June 2019, 31 December 2018 and 1 January 2018 and the results for the six months ended 30 June 2019 and 30 June 2018 are summarised as follows:

	The Group excluding CGN Global *HK$'000* (Unaudited)	CGN Global *HK$'000* (Unaudited)	Adjustments (Note i) *HK$'000*	The Group including CGN Global *HK$'000* (Unaudited)
Six months ended 30 June 2019				
Revenue	**230,046**	**719,598**	**–**	**949,644**
Profit (loss) before tax	**91,307**	**(7,563)**	**–**	**83,744**
Income tax expense	**(6,206)**	**–**	**–**	**(6,206)**
Profit (loss) for the period	**85,101**	**(7,563)**	**–**	**77,538**
Other comprehensive income for the period	**22,496**	**–**	**–**	**22,496**
Total comprehensive income (loss) for the period	**107,597**	**(7,563)**	**–**	**100,034**
As at 30 June 2019				
Non-current assets	**867,296**	**549**	**(66,335)**	**801,510**
Current assets	**1,149,841**	**825,446**	**(394,447)**	**1,580,840**
Total assets	**2,017,137**	**825,995**	**(460,782)**	**2,382,350**
Current liabilities	**113,387**	**659,032**	**(394,447)**	**377,972**
Total assets less current liabilities	**1,903,750**	**166,963**	**(66,335)**	**2,004,378**
Capital and reserves				
Share capital	**66,007**	**23,265**	**(23,265)**	**66,007**
Reserves	**1,821,027**	**21,168**	**(43,070)**	**1,799,125**
Total equity	**1,887,034**	**44,433**	**(66,335)**	**1,865,132**
Non-current liabilities	**16,716**	**122,530**	**–**	**139,246**
	1,903,750	**166,963**	**(66,335)**	**2,004,378**

	The Group excluding CGN Global *HK$'000* (Unaudited)	CGN Global *HK$'000* (Unaudited)	Adjustments (Note ii) *HK$'000*	The Group including CGN Global *HK$'000* (Unaudited)
Six months ended 30 June 2018				
Revenue	177,372	346,851	–	524,223
Profit before tax	33,234	17,799	–	51,033
Income tax expenses	(7,214)	(2,544)	–	(9,758)
Profit for the period	26,020	15,255	–	41,275
Other comprehensive expense for the period	(30,655)	–	–	(30,655)
Total comprehensive (expense) income for the period	(4,635)	15,255	–	10,610
As at 31 December 2018				
Non-current assets	756,922	643	–	757,565
Current assets	1,104,970	811,972	–	1,916,942
Total assets	1,861,892	812,615	–	2,674,507
Current liabilities	31,337	544,258	–	575,595
Total assets less current liabilities	1,830,555	268,357	–	2,098,912
Capital and reserves				
Share capital	66,007	23,265	(23,265)	66,007
Reserves	1,746,422	28,724	23,265	1,798,411
Total equity	1,812,429	51,989	–	1,864,418
Non-current liabilities	18,126	216,368	–	234,494
	1,830,555	268,357	–	2,098,912

	The Group excluding CGN Global *HK$'000* (Unaudited)	CGN Global *HK$'000* (Unaudited)	Adjustments (Note ii) *HK$'000*	The Group including CGN Global *HK$'000* (Unaudited)
As at 1 January 2018				
Non-current assets	759,438	1,079	–	760,517
Current assets	1,151,837	965,050	–	2,116,887
Total assets	1,911,275	966,129	–	2,877,404
Current liabilities	107,414	357,607	–	465,021
Total assets less current liabilities	1,803,861	608,522	–	2,412,383
Capital and reserves				
Share capital	66,007	23,265	(23,265)	66,007
Reserves	1,724,748	8,066	23,265	1,756,079
Total equity	1,790,755	31,331	–	1,822,086
Non-current liabilities	13,106	577,191	–	590,297
	1,803,861	608,522	–	2,412,383

Notes:

(i) The adjustment represents elimination of the share capital of CGN Global against their investment costs. The differences have been recorded in other reserve as at 30 June 2019.

(ii) The adjustment represents transfer the share capital of CGN Global to capital reserves as at 31 December 2018 and 1 January 2018.

The effects of adopting merger accounting for common control combination on the Group's basic earnings per share for the six months ended 30 June 2019 and 2018 are as follows:

	Six months ended 30 June	
	2019 ***HK cents*** **(Unaudited)**	2018 *HK cents* (Unaudited) (Restated)
Figures before adjustment	**1.28**	0.39
Adjustment arising on common control combination	**(0.11)**	0.24
Restated figures after adjustments	**1.17**	0.63

BUSINESS REVIEW AND ANALYSIS

Analysis of the Business Environment in the First Half of 2019

Macroeconomic Environment

According to the *World Economic Outlook* published by the International Monetary Fund (IMF), the global economy remained weak in the first half of 2019. It is expected that the growth rate of the global economy will be 3.2% in 2019, decreasing from that of 3.6% in 2018. In response to the pressure of economic slowdown, nearly 20 countries, such as Russia and India, had announced interest rate cuts by the end of June 2019.

In the first half of 2019, China's GDP has grown by 6.3% as compared with the same period of the previous year, and the national economy was running smoothly and advanced steadily. According to the statistics of the China Electricity Council, power consumption of the entire society in the PRC has grown by 5.0% in the first half of 2019 as compared with the same period of the previous year and the trend of steady growth is expected to continue in the second half of the year with the power consumption of the entire society for the year is expected to grow by 5.5% as compared with the previous year.

Nuclear Power Market and Industry Development

As of June 2019, 449 nuclear reactors located in 31 countries with a total installed capacity of 400 GW were in operation. 43 of the 54 nuclear reactors under construction are in developing countries, of which 25 are in BRICS, while only 11 are in developed countries.

Nuclear power plays an important role in the energy restructuring in the PRC. The Chinese government has committed to increase the share of non-fossil fuels in primary energy consumption to around 20% by 2030. As an important component of non-fossil energy with high energy density and is suitable for bearing power base load, nuclear energy is gaining increasing prominence in the energy restructuring of the future. In the first half of 2019, the national nuclear power generation in the PRC amounted to approximately 160 billion KWh, accounting for 4.75% of the total national power generation, which was significantly lower than the global average of 10%. There are huge potential in the nuclear power market in the PRC.

With the commencement of commercial operation of Haiyang Nuclear Power Unit 2 in January 2019, 45 nuclear power units have been put into commercial operation in China, with a total installed capacity of 45.91 million KW. Later on at the China Nuclear Energy Sustainable Development Forum hosted by China Nuclear Energy Association in April 2019, Mr. Liu Baohua, deputy director of the National Energy Administration, said that China is studying and formulating a new round of medium and long-term development planning for nuclear power to promote a high-quality development.

Natural Uranium Market Conditions

In the first half of 2019, the total trading volume in the international natural uranium spot market was only 26.9 million pounds, representing a period-to-period decrease of 50%. Spot prices turned negative after a favourable start. At the beginning of 2019, the spot index was about USD28 per pound. However, affected by the uncertain results of Section 232 Investigation of the US, spot prices have been falling since March. In May, the spot price fell to USD24.1 per pound, the lowest in the first half of 2019, then recovered slightly and was USD24.7 per pound as at the end of the Reporting Period.

Summary of the Operation in the First Half of 2019

Overall operation

During the Reporting Period, the Group realized a profit of HK$77.54 million and a revenue of HK$949.64 million, represented a significant increase of 88% and 81%, respectively, as compared with the corresponding period of 2018. The increase in profit was mainly due to the share of results of a joint venture which turned from loss to profit during the Reporting Period; and the increase in revenue was mainly attributed to the vigorous expansion of the international market by CGN Global during the Reporting Period.

Natural Uranium Trading

During the Reporting Period, the Group completed the sale of 354t self-owned mine products under the Natural Uranium Sales Framework Agreement and 3.51 million pounds[Note] (approximately 1,350.11t) of natural uranium in the international market, which generated approximately HK$948.00 million trading revenue.

The current Natural Uranium Sales Framework Agreement will expire on 31 December 2019. The Company entered into the New Natural Uranium Sales Framework Agreement on 14 June 2019, and the agreement and transactions contemplated thereunder will be implemented upon approval by the independent shareholders at an extraordinary general meeting.

Operation of CGN Global

By simultaneously locking up the purchasing and selling price, CGN Global can ensure that all contracts entered into are profitable. As it adopted the average cost accounting method, the cost of all natural uranium purchased constitutes the sales cost for the current period, and the realizable sales price will fluctuate with the trend of natural uranium market price, leading to deviation between the secured trading profit and the recognised book profit.

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

During the Reporting Period, CGN Global has newly entered into trading contracts with a total volume of 11.4 million pounds of natural uranium, among them, 57% of contract clients are from Europe, 39% from North America and 4% from Asia, completed the international sales delivery of 3.51 million pounds of natural uranium, recorded revenue of USD92.80 million and loss of USD975,000. The loss was mainly caused by a mismatch in sales and delivery times. The high-price sales that have been secured were mostly delivered in the second half of the year, while the prices of the majority of sales delivered in the first half of the year were lower than the selling costs, resulting in a book loss in the first half of 2019. In the second half of 2019, the average sales price secured were higher than that in the first half of the year. From a year-round perspective, the secured sales will achieve book profit.

Production and Operation of Semizbay-U

During the Reporting Period, Semizbay-U's mining production of natural uranium was 454.15 tons, representing a decrease of 7.9 tons as compared with the corresponding period of 2018, of which the natural uranium produced from the Semizbay Mine and the Irkol Mine were 174.98 tons and 279.17 tons respectively, acheiving a half-year planned production completion rate of 97.19% and 102.54%, respectively. Semizbay-U has not carried out any exploration activity other than those necessary for production.

During the Reporting Period, the Group's share of result of Semizbay-U amounted to HK$19.63 million, representing a turnaround from the loss recorded in the corresponding period of 2018 (in the corresponding period of 2018: loss of HK$10.41 million) and a significant improvement. Such turnaround was attributed to the huge increase in gross profit from trading achieved by Semizbay-U and the loss recorded in the corresponding period of 2018.

Uranium Resource Exploration of Fission

During the Reporting Period, Fission continued the winter exploration that has commenced in 2018. During which, 32 drill with a total length of 3,872 meters had been completed. The exploration cost was approximately CAD8.40 million. Achievements in this exploration include: (a) part of inferred resources in R780 area were transferred to indicated category, thereby increasing the minable reserves of the mine and improving the economical feasibility of the project; (b) through a series of additional geological studies, it further identified the engineering and technical conditions of ore deposit development, and laid the foundation for the selection of mining methods and the reasonable design of tailing storage facility in the feasibility study of PLS project.

Fission released a preliminary feasibility study report on the PLS project in May 2019, which indicated that the total resources of the PLS project were about 62,000 tU, with an average grade of 1.64%; the total reserves were 41,000 tU, with a hydrometallurgical recovery rate of 96.7%; and the total investment in mining construction was CAD1,498 million. According to the model hypothesis of "selling price at USD50 per pound, exchange rate at CAD1/USD0.75, discount rate at 8%", the production cost of PLS project is USD6.77 per pound, the internal rate of return is 21%, the net present value is CAD132 million and the project payback period is 2.3 years. In addition, the report indicates that there is still room for further increase in deposit reserves. For further details, please refer to the preliminary feasibility study report dated 30 May 2019 publicated by Fission on its website "www.fissionuranium.com/news".

Other Significant Investment Held

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

Acquisition and Disposals of Subsidiaries, Associates and Joint Ventures

The Company completed the acquisition of the entire interest of CGN Global on 17 January 2019. CGN Global is a company incorporated with limited liability under the laws of England and Wales and has accumulated good reputation in the field of global uranium trading. The principle business of CGN Global is trading of natural uranium and its major operating geographical regions are overseas markets outside the PRC, focusing on the European and American markets. The major customers of CGN Global include European and American nuclear power owners, global nuclear fuel manufacturers and global nuclear fuel traders etc. For further details, please refer to the circular of the Company dated 28 December 2018.

The comparative financial results for the six months ended 30 June 2018 included in the unaudited condensed consolidated financial statements of the Group has been restated to reflect the acquisition of CGN Global.

Save for the acquisition of CGN Global, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures during the Reporting Period.

Subsequent Events

After the Reporting Period, the Company and Kazatomprom held various rounds of consultations on the acquisition schedule and path of New Kazakhstan Uranium Project. Both parties reached consensus on initiating due diligence and accelerating the progress of the project.

BUSINESS PROSPECTS

As the results of the Section 232 Investigation of the US became clearer in July, it is expected that the purchase volume of market participants such as nuclear power enterprises, natural uranium producers and investment funds will increase in the second half of 2019 as compared with the first half of the year. The backlog of natural uranium demand in the earlier period will be released. With the steady increase of trading volume in the market, spot price is expected to show an upward trend.

After three years of stagnation, China's nuclear power industry has ushered in a long-awaited blossoming breeze. On 25 July, the National Energy Administration confirmed that six nuclear power plant units, including Rongcheng nuclear power plant in Shandong, Zhangzhou nuclear power plant in Fujian and Taipingling nuclear power plant in Guangdong, had obtained construction permission, breaking the "zero approval" deadlock of nuclear power for the past three years. This is the first time that China has approved new conventional units (excluding demonstration reactors) in three years after the approval of eight nuclear power plant units in 2015. It is believed that the recovery of China's nuclear power industry will bring more room for the future development of the Company.

In the second half of 2019, the Company will complete the purchase and sale of natural uranium of its own mines in accordance with the annual plan, actively explore the international market by seizing the opportunity of market demand release so as to expand the scale of natural uranium trade and improve trading profit under manageable risks.

For existing projects, the Company will continue to participate in the operation and management of Semizbay-U, urging it to achieve the annual natural uranium production target and production cost control objectives, and strictly controlling management costs and financial expenses. At the same time, it will push Semizbay-U to speed up the work on increasing reserves. For Fission, the Company will carry out technical and economic evaluation of its PLS project, paving the way for the steps ahead.

Furthermore, in order to increase the resources interested in and enhance its overall competitiveness, the Company will accelerate the progress of New Kazakhstan Uranium Project, conduct due diligence on the project carefully, and strive for project completion as soon as possible. Meanwhile, the Company will continue to pay attention to other high-quality uranium mining projects in areas with rich uranium reserves such as Kazakhstan, Australia and Africa, as well as uranium associated minerals and follow-up processing projects of natural uranium, and seize new opportunities for mergers and acquisitions.

FINANCIAL REVIEW AND FINANCIAL CAPITAL

Financial Performance and Analysis

The Company's investments and operating strategies affect its business performance, which as a result reflects in the figures of financial statements.

Major Financial Indicatiors

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited) (Restated)
Profitability indicators		
Gross profit margin (%)[1]	**6.59**	16.02
EBITDA (HK$'million)[2]	**95,818**	67,102
EBITDA/Revenue (%)[3]	**10.09**	12.80
Net profit margin (%)[4]	**8.16**	7.87
Operating ability indicators		
Days sales of inventory – Average (Days)[5]	**150**	338
Trade receivables cycle – Average (Days)[6]	**14**	39
Investment return indicators		
Return on equity (%)[7]	**4.16**	2.24
Profit attributable to the owners of the Company to revenue ratio (%)[8]	**8.16**	7.87
Return on total assets (%)[9]	**3.07**	1.49

	30 June 2019	31 December 2018
	(Unaudited)	(Unaudited) (Restated)
Repayment ability indicators		
Current ratio (%)[10]	**418.24**	333.04
Debt to asset ratio (%)[11]	**21.71**	30.29
Gearing ratio (%)[12]	**27.73**	43.45

1. Difference between revenue and cost of sales divided by revenue multiplied by 100%.

2. The sum of profit before taxation, finance costs and depreciation of property, plant and equipment.

3. The sum of profit before taxation, finance costs and depreciation of property, plant and equipment, divided by revenue multiplied by 100%.

4. Net profit for the period divided by revenue multiplied by 100%.

5. Average inventory (i.e. the arithmetic average of the beginning and the end of the Reporting Period) divided by average daily cost of sales (cost of sales divided by 180 days).

6. Average trade receivables (i.e the arithmetic average of the beginning and the end of the Reporting Period) divided by average daily sales (revenue divided by 180 days).

7. Profit attributable to the owners of the Company divided by total average equity (i.e. the arithmetic average of the beginning and the end of Reporting Period) multiplied by 100%.

8. Profit attributable to the owners of the Company divided by the revenue multiplied by 100%.

9. Net profit for the period divided by total average asset (i.e. the arithmetic average of the beginning and the end of Reporting Period) multiplied by 100%.

10. Current assets divided by current liabilities multiplied by 100%.

11. Total debt divided by total assets multiplied by 100%.

12. Total debt divided by total equity multiplied by 100%.

FINANCIAL RESULTS ANALYSIS

Revenue

	Six months ended 30 June		Movements	Percentage Change
	2019	2018	Increase/ (Decrease)	Increase/ (Decrease)
	HK$'000	*HK$'000*	*HK$'000*	*%*
	(Unaudited)	(Unaudited) (Restated)		
Natural uranium trading	**947,998**	523,124	424,874	81.22
Property investment	**1,646**	1,099	547	49.77
Total revenue	**949,644**	524,223	425,421	81.15

During the Reporting Period, the Group recorded revenue of HK$949.64 million, representing a substantial increase of 81.15% as compared with the corresponding period of 2018. It was mainly due to the significant increase in revenue from sales of natural uranium as compared with the corresponding period of 2018 as a result of CGN Global's efforts to expand the international market.

Cost of sales

	Six months ended 30 June		Movements	Percentage Change
	2019	2018	Increase/ (Decrease)	Increase/ (Decrease)
	HK$'000	*HK$'000*	*HK$'000*	*%*
	(Unaudited)	(Unaudited) (Restated)		
Natural uranium trading	**887,093**	440,252	446,841	101.50
Total cost of sales	**887,093**	440,252	446,841	101.50

During the Reporting Period, the cost of sales of the Group was HK$887.09 million, representing an increase of 101.50% as compared with that of HK$440.25 million for the corresponding period of 2018. It was mainly due to the significant increase in cost of sales of natural uranium as compared with the corresponding period of 2018 as a result of CGN Global's efforts to expand the international market.

Other Operating Income

During the Reporting Period, other operating income of the Company was HK$15.19 million, representing an increase of 32.57% as compared with that of HK$11.46 million for the corresponding period of 2018, mainly due to the significant increase in interest income as a result of strengthened planned management of funds.

Selling and Distribution Expenses

During the Reporting Period, the Company's selling and distribution expenses amounted to HK$2.67 million, representing a decrease of 41.96% as compared with that of HK$4.61 million for the corresponding period of 2018, mainly due to the Company's increased effort to control the expenditures.

Administrative Expenses

During the Reporting Period, the Company's administrative expenses amounted to HK$12.46 million, representing a decrease of 27.82% as compared with that of HK$17.26 million for the corresponding period of 2018, mainly due to the Company's enhanced cost reduction and efficiency measures and increased efforts to control expenditures.

Share of Result of a Joint Venture

The joint venture of the Company is Semizbay-U. During the Reporting Period, the share of result of the joint venture reversed the loss of HK$10.41 million for the corresponding period of 2018 to the profit of HK$19.63 million. It was mainly due to the significant increase in its gross profits for the Reporting Period and the loss recorded in the corresponding period of 2018. The deposit of Semizbay-U in Qazaq Bank could not be withdrawn and thus impaired as the bank narrowed its business scale in the corresponding period in 2018, but was compensated in the second half year.

Share of Result of an Associate

Fission is an associate of the Company, and the share of profit of the associate in the Reporting Period was HK$12.13 million (the corresponding period of 2018: profit of HK$2.88 million), which included a reversal of long-term investment impairment of HK$15.24 million (the corresponding period of 2018: HK$7.00 million).

During the Reporting Period, part of the share options granted by Fission to its directors and employees were exercised and 251,728 ordinary shares were issued. As a result, the equity interests in Fission held by the Company decreased to 19.89% (31 December 2018: 19.90%).

Finance Costs

During the Reporting Period, the Company's finance cost was HK$10.88 million (the corresponding period of 2018: HK$15.11 million), mainly attributable to the interest expenses incurred by the borrowings of CGN Global. As the Group repaid the loans from a fellow subsidiary and improved the usage efficiency of its funds; and no new external borrowings were made during the Reporting Period, the finance cost during the Reporting Period decreased as compared with the corresponding period of 2018.

Income Tax Expenses

During the Reporting Period, income tax expenses of the Company was HK$6.21 million, representing a decrease of 36.40% as compared with the corresponding period of 2018, mainly due to the exemption from dividend tax in Kazakhstan, resulting in the reversal of deferred tax liabilities accrued in the prior period and a decrease in income tax expenses for the Reporting Period.

Half-year Profit

During the Reporting Period, the Company's profit amounted to HK$77.54 million, representing an increase of 87.86% from the corresponding period of 2018, mainly due to the significant improvement in the share of result of the joint venture.

Financial Position

As at 30 June 2019, the Group's total assets amounted to HK$2,382 million, representing a decrease of 10.92% from HK$2,675 million as at 31 December 2018; the Group's total liabilities amounted to HK$517 million, representing a decrease of 36.15% from HK$810 million as at 31 December 2018; and the Group's total equity and the equity attributable to the owners of the Company amounted to HK$1,865 million, representing a slightly increase as compared with that of HK$1,864 million as at 31 December 2018.

Net Current Assets

As at 30 June 2019, the Group's net current assets amounted to HK$1,203 million, representing a decrease of 10.32% from HK$1,341 million as at 31 December 2018, mainly due to the repayment of loans from a fellow subsidiary by CGN Global and prioritising the use of the Group's own funds to purchase natural uranium during the Reporting Period.

Current assets

	As at 30 June 2019 *HK$'000* **(Unaudited)**	As at 31 December 2018 *HK$'000* (Unaudited) (Restated)	Movements Increase/ (Decrease) *HK$'000*	Percentage Change Increase/ (Decrease) *%*
Inventories	**774,686**	703,300	71,386	10.15
Trade and other receivables	**109,845**	76,483	33,362	43.62
Amount due from an intermediate holding company	**2,134**	5,375	(3,241)	(60.30)
Bank balances and cash	**694,175**	1,123,056	(428,881)	(38.19)
Income tax recoverable	**–**	8,728	(8,728)	(100)
Total current assets	**1,580,840**	1,916,942	(336,102)	(17.53)

As at 30 June 2019, the current assets of the Group were HK$1,581 million, representing a decrease of 17.53% as compared with HK$1,917 million as at 31 December 2018, mainly due to the repayment of loans from a fellow subsidiary by CGN Global and prioritising the use of the Group's own funds to purchase natural uranium during the Reporting Period.

As at 30 June 2019, the aggregate amount of bank balances and cash of the Group was HK$694 million (31 December 2018: HK$1,123 million), among which 37% (31 December 2018: 23%) was denominated in HKD, 62% (31 December 2018: 76%) was denominated in USD, and 1% (31 December 2018: 1%) was denominated in RMB. The Group did not have any bank deposits pledged to any banks (31 December 2018: nil).

Current liabilities

	As at 30 June 2019 *HK$'000* **(Unaudited)**	As at 31 December 2018 *HK$'000* (Unaudited) (Restated)	Movements Increase/ (Decrease) *HK$'000*	Percentage Change Increase/ (Decrease) *%*
Trade and other payables	**62,066**	30,476	31,590	103.66
Loans from a fellow subsidiary	**261,346**	527,560	(266,214)	(50.46)
Lease liabilities	**1,538**	–	1,538	N/A
Amount due to an intermediate holding company	**8,295**	6,132	2,163	35.27
Amount due to a joint venture	**5,513**	5,513	–	–
Amounts due to fellow subsidiaries	**1,129**	1,668	(539)	(32.31)
Dividend payable	**33,003**	–	33,003	N/A
Income tax payable	**5,082**	4,246	836	19.69
Total current liabilities	**377,972**	575,595	(197,623)	(34.33)

As at 30 June 2019, the current liabilities of the Group were HK$378 million, representing a decrease of 34.33% as compared with HK$576 million as at 31 December 2018, mainly due to the repayment of loans from a fellow subsidiary by CGN Global during the Reporting Period.

Non-current assets

	As at 30 June 2019 *HK$'000* **(Unaudited)**	As at 31 December 2018 *HK$'000* (Unaudited) (Restated)	Movements Increase/ (Decrease) *HK$'000*	Percentage Change Increase/ (Decrease) *%*
Property, plant and equipment	**439**	14,466	(14,027)	(96.97)
Right-of-use assets	**2,640**	–	2,640	N/A
Investment properties	**49,451**	30,359	19,092	62.89
Interest in a joint venture	**194,365**	190,706	3,659	1.92
Interest in an associate	**554,115**	521,538	32,577	6.25
Deferred tax assets	**500**	496	4	0.81
Total non-current assets	**801,510**	757,565	43,945	5.80

As at 30 June 2019, the non-current assets of the Group were HK$802 million, representing an increase of 5.80% from HK$758 million as at 31 December 2018, mainly due to the property held by the Group being converted to full leasing from partial leasing, resulting in a significant increase in the carrying amount of investment properties, measured at fair value, as well as an increase in the interest in an associate.

Non-current liabilities

	As at 30 June 2019 ***HK$'000*** **(Unaudited)**	As at 31 December 2018 *HK$'000* (Unaudited) (Restated)	Movements Increase/ (Decrease) *HK$'000*	Percentage Change Increase/ (Decrease) %
Loans from a fellow subsidiary	**122,530**	216,368	(93,838)	(43.37)
Deferred tax liabilities	**15,603**	18,126	(2,523)	(13,92)
Lease liabilities	**1,113**	–	1,113	N/A
Total non-current liabilities	**139,246**	234,494	(95,248)	(40.62)

As at 30 June 2019, the non-current liabilities of the Group were HK$139 million, representing a decrease of 40.62% from HK$234 million as at 31 December 2018, which was due to the reclassification of certain loans from a fellow subsidiary from "non-current liabilities" to "current liabilities".

Total Equity

As at 30 June 2019, total equity of the Group amounted to HK$1,865 million, representing a slightly increase as compared with that of HK$1,864 million as at 31 December 2018.

At the end of the Reporting Period, the Company's gearing ratio (total debts/equity attributable to the owners of the Company after deducting intangible assets and goodwill) was 27.73% (30 June 2018: 52.07%).

FINANCIAL CAPITAL

Capital Structure

As at 30 June 2019, the Company had 6,600,682,645 ordinary shares in issue in total (31 December 2018: 6,600,682,645 ordinary shares), the market value of the Company was approximately HK$2,277.24 million (31 December 2018: HK$1,584.16 million).

Liquidity Risk and Financial Resources

In order to manage liquidity risk, the Company monitors the cash and cash equivalents and the unutilized credit facility in real time. As at 30 June 2019, the Group has unutilised borrowing facility of USD386,500,000, which can be utilised to provide sufficient cash for the operation of the Group and lower the impact of cash flow volatility.

The Group has sufficient financial resources for daily operation and business and does not have seasonal borrowing demands. If any suitable acquisition opportunity arises in the future, the Group will raise funds from diverse financing channels.

Exposure to Foreign Exchange Risk and Currency Policy

During the Reporting Period, the Group's sale and purchase of products were mainly settled in USD and RMB (corresponding period of 2018: USD and RMB). Daily expenses of the Company, including administrative expenses, selling and distribution expenses, were mainly settled in USD, HKD and RMB (corresponding period of 2018: USD, HKD and RMB). The Group did not enter into any forward contracts, interest or currency swaps, or other financial derivatives for hedging purpose, nor did it experience any material difficulty or negative effect on its operations or liquidity as a result of fluctuations on currency exchange rates.

Contingent Liabilities

During the Reporting Period, the Group had no material contingent liabilities (31 December 2018: nil).

External Guarantee and Charge of Assets

During the Reporting Period, the Group did not have external guarantee and there were no charge on any assets (31 December 2018: nil).

CHANGE IN ACCOUNTING POLICIES

Details of change in accounting policies as required by the applicable accounting standard has been set out in Note 2 to the Condensed Consolidated Financial Statements.

SHARE OPTION SCHEME

The Company has adopted a share option scheme at the annual general meeting of the Company held on 2 June 2010 (the "2010 Share Option Scheme"). The 2010 Share Option Scheme will remain in force for a period of 10 years and will expire on 1 June 2020. Since the adoption of the 2010 Share Option Scheme, no share options have been granted.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

SHARE CAPITAL

As at 30 June 2019, the total share capital of the Company was 6,600,682,645 shares.

EMPLOYEE INFORMATION

As at 30 June 2019, the Group had 15 employees (30 June 2018: 24 employees), of which 7 were located in Hong Kong, 3 were located in Kazakhstan and 5 were located in the United Kingdom.

The Company's employee remunerations are commensurate with performance and comparable to the prevailing market rates. The Group treasures internal training of employees and also encourages staff to develop themselves on a continuous basis through external training programs, so as to improve their abilities to meet challenges and increase the market competitive edge of the Group. Total staff costs during the Reporting Period amounted to approximately HK$4.44 million (30 June 2018: approximately HK$8.99 million).

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (2018: no payment of interim dividend).

REVIEW OF INTERIM RESULTS

The unaudited interim financial statements of the Group for the six months ended 30 June 2019 have been reviewed by the Company's audit committee and external auditor of the Company, SHINEWING (HK) CPA Limited.

AUDIT COMMITTEE

The Company has established the 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 comprised two INEDs and one NED, which is an important link between the Board and the auditor. 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. During the Reporting Period, the audit committee has convened two meetings in total.

The audit committee has reviewed the accounting principles and practices adopted by the Group in preparing the Group's unaudited financial statements for the six months ended 30 June 2019 and discussed the auditing, internal control and financial reporting matters with the management. Also, the Group's unaudited financial statements for the six months ended 30 June 2019 have been reviewed and adopted by the audit committee, which 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 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 Reporting Period.

CORPORATE GOVERNANCE

The Company's corporate governance policy has followed the guidelines of the Corporate Governance Code. In the opinion of the Board, the Company has complied with all the code provisions set out in the Corporate Governance Code during the Reporting Period.

As at the date of this announcement, the Board comprises two EDs: Mr. An Junjing (chief executive officer) and Mr. Chen Deshao; three NEDs: Mr. Yu Zhiping (chairman), Mr. Sun Xu and Mr. Yin Xiong; and three INEDs: Mr. Qiu Xianhong, Mr. Gao Pei Ji and Mr. Lee Kowk Tung Louis.

DEFINITIONS

"Bill"	The Inland Revenue (Amendment) (No. 7) Bill 2017 which passed by the Hong Kong Legislative Council on 21 March 2018.
"Board"	the board of Directors.
"BRICS"	is the acronym coined for an association of five major emerging nation economics: Brazil, Russia, India, China and South Africa.
"CAD"	Canadian dollars, the lawful currency of Canada.
"CGN Finance"	CGN Finance Co., Ltd* (中廣核財務責任有限公司), a company incorporated in the PRC with limited liability and a subsidiary of CGNPC.
"CGN Global"	CGN Global Uranium Ltd, a company incorporated and registered in England and Wales and a wholly-owned subsidiary of the Company, is primarily engaged in the trading of natural uranium in the international market.
"CGN Group"	CGNPC and its subsidiaries.
"CGNPC Huasheng"	CGNPC Huasheng Investment Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of CGNPC.
"CGNPC"	China General Nuclear Power Corporation* (中國廣核集團有限公司), a company incorporated in the PRC with limited liability and the sole shareholder of CGNPC-URC Development.
"CGNPC-URC Development"	CGNPC Uranium Resources Development Company Limited* (中廣核鈾業發展有限公司), a company established in the PRC with limited liability and the sole shareholder of the China Uranium Development.
"China Uranium Development"	China Uranium Development Company Limited, the controlling shareholder of the Company.
"Company"	CGN Mining Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange.
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules.

"Corporate Governance Code"	Corporate Governance Code set out in Appendix 14 to the Listing Rules.
"Director(s)"	the director(s) of the Company.
"EIT Law"	the Enterprise Income Tax under the law of PRC.
"Fission"	Fission Uranium Corp., a Canadian-based resource company, the common shares of which are listed on the Toronto Stock Exchange under the symbol "FCU", on the OTCQX marketplace in the US under the symbol "FCUUF" and on the Frankfurt Stock Exchange under the symbol "2FU". Fission is an associate of the Company.
"Foreign Shareholders"	Shareholders that do not have the permanent establishment in Kazakhstan.
"Group"	the Company and its subsidiaries.
"GW"	a unit of power, equal to 1,000,000 KW.
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong.
"HKFRSs"	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China.
"INED(s)"	independent non-executive Director(s) of the Company.
"Irkol Mine"	the Irkol mine located in the Kyzylorzhinsk area, 20 kilometres from the town of Chiili, Kazakhstan, which was owned and operated by Semizbay-U.
"Kazakhstan"	the Republic of Kazakhstan.
"Kazatomprom"	National Atomic Company Kazatomprom, a joint stock company established according to the laws of Kazakhstan, which holds 51% equity interest of Semizbay-U.
"KW"	a unit of power, equal to 1,000 watts.
"KWh"	a unit of power consumption, kilowatt hour.

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.
"Natural Uranium Sales Framework Agreement"	the framework agreement dated 6 December 2016 and entered into between the Company and CGNPC-URC Development in relation to the sale of natural uranium by the Group to CGNPC-URC Development and/or its subsidiaries.
"NED(s)"	non-executive Director(s) of the Company.
"New Kazakhstan Uranium Project"	the acquisition of not more than 49% equity interest in new uranium mines in central Mynkuduk and Zhangzhou in Kazakhstan through the acquisition of a corresponding equity interest in its holding company.
"New Natural Uranium Sales Framework Agreement"	the framework agreement dated 14 June 2019 signed between the Company and CGNPC-URC Development in relation to the sale of natural uranium by the Group to CGNPC-URC Development and/or its subsidiaries.
"New Tax Code of Kazakhstan"	the Tax Code (Revised Edition) implemented since January 2018 in Kazakhstan.
"PLS Project"	Patterson Lake South project, Fission's primary and wholly-owned asset.
"PRC" or "China"	The People's Republic of China.
"Reporting Period"	the period from 1 January 2019 to 30 June 2019.
"RMB"	Renminbi, the lawful currency of the PRC.
"Section 232 Investigation of the US"	Investigation conducted by the Department of Commerce of US pursuant to the authority under the Trade Exponsion Act of 1962 to determine and report to the president within 270 days the effect of import on the national security to the US and the persident has 90 days to determine whether to use his statutory authority to take action.
"Semizbay Mine"	the Semizbay mine located in the Valihanov District of Akmoltnsk Oblast, Kazakhstan which was owned and operated by Semizbay-U.

"Semizbay-U"	Semizbay-U Limited Liability Partnership, a limited liability partnership established in Kazakhstan, in which the Company has 49% equity interest, and is a joint venture of the Company.
"share(s)"	ordinary share(s) in the Company with a nominal value of HK$0.01 each.
"shareholder(s)"	holder(s) of the share(s).
"Stock Exchange"	The Stock Exchange of Hong Kong Limited.
"subsidiary"	has the meaning ascribed to it under the Listing Rules.
"tU"	tons of elemental Uranium.
"UK"	the United Kingdom of Great Britain and Northern Ireland.
"US"	the United States of America.
"USD"	United States dollars, the lawful currency of the US.

On behalf of the Board
CGN Mining Company Limited
Yu Zhiping
Chairman

Hong Kong, 29 August 2019

As at the date of this announcement, the Board comprises two executive Directors: Mr. An Junjing (chief executive officer) and Mr. Chen Deshao; three non-executive Directors: Mr. Yu Zhiping (chairman), Mr. Sun Xu and Mr. Yin Xiong; and three independent non-executive Directors: Mr. Qiu Xianhong, Mr. Gao Pei Ji and Mr. Lee Kwok Tung Louis.

* *For identification purpose only*