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中广核礦業有限公司\*  
CGN Mining Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01164)

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Board announces the audited consolidated results of the Group for the year ended 31 December 2020, together with the comparative figures for the previous financial year ended 31 December 2019, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 December 2020*

	<i>Notes</i>	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
Revenue	5	<b>2,862,226</b>	2,076,688
Cost of sales		<b>(2,659,460)</b>	(1,932,783)
Gross profit		<b>202,766</b>	143,905
Other operating income	6	<b>9,496</b>	20,497
Selling and distribution expenses		<b>(10,453)</b>	(7,573)
Administrative expenses		<b>(37,593)</b>	(37,251)
Changes in fair value of investment properties		<b>855</b>	272
Share of results of a joint venture		<b>70,844</b>	64,872
Share of results of an associate		<b>(15,060)</b>	11,916
Finance costs	7	<b>(40,889)</b>	(20,466)
Profit before taxation		<b>179,966</b>	176,172
Income tax expenses	8	<b>(24,749)</b>	(16,163)
Profit for the year attributable to owners of the Company	9	<b><u>155,217</u></b>	<u>160,009</u>
Earnings per share	11		
– Basic		<b><u>HK2.35 cents</u></b>	<u>HK2.42 cents</u>
– Diluted		<b><u>HK2.35 cents</u></b>	<u>HK2.42 cents</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)**

*For the year ended 31 December 2020*

	<b>2020</b> <b>HK\$'000</b>	2019 <i>HK\$'000</i>
Profit for the year	<u>155,217</u>	<u>160,009</u>
Other comprehensive (expenses)/income:		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences on translation of financial statements of subsidiaries	5,430	(1,662)
Exchange differences on translation of financial statements of a joint venture	(26,929)	(3,313)
Exchange differences on translation of financial statements of an associate	<u>10,197</u>	<u>20,046</u>
	<u>(11,302)</u>	<u>15,071</u>
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Gain on revaluation of property	–	5,412
Income tax relating to items that will not be reclassified subsequently	<u>–</u>	<u>(1,353)</u>
	<u>–</u>	<u>4,059</u>
Other comprehensive (expenses)/income for the year	<u>(11,302)</u>	<u>19,130</u>
Total comprehensive income for the year	<u><u>143,915</u></u>	<u><u>179,139</u></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Notes</i>	<b>2020</b> <b>HK\$'000</b>	2019 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>622</b>	160
Right-of-use assets		<b>1,977</b>	3,836
Investment properties		<b>52,623</b>	48,595
Interest in a joint venture		<b>264,956</b>	237,775
Interest in an associate		<b>553,570</b>	553,522
Rental deposits		<b>–</b>	387
		<b>873,748</b>	844,275
<b>Current assets</b>			
Inventories		<b>1,767,335</b>	1,441,980
Trade and other receivables	<i>12</i>	<b>363,176</b>	126,706
Amount due from an intermediate holding company		<b>2,323</b>	3,875
Amount due from a fellow subsidiary		<b>19</b>	–
Income tax recoverable		<b>6,678</b>	1,737
Bank balances and cash	<i>13</i>	<b>1,174,508</b>	676,793
		<b>3,314,039</b>	2,251,091
<b>Total assets</b>		<b>4,187,787</b>	3,095,366
<b>Current liabilities</b>			
Trade and other payables	<i>14</i>	<b>158,289</b>	36,382
Loans from a fellow subsidiary		<b>370,693</b>	422,559
Bank borrowings		<b>666,704</b>	–
Lease liabilities		<b>704</b>	1,703
Amount due to an intermediate holding company		<b>874</b>	8,373
Amount due to a joint venture		<b>–</b>	5,513
Amounts due to fellow subsidiaries		<b>1,135</b>	1,421
Income tax payable		<b>15,848</b>	9,555
		<b>1,214,247</b>	485,506
<b>Net current assets</b>		<b>2,099,792</b>	1,765,585
<b>Total assets less current liabilities</b>		<b>2,973,540</b>	2,609,860

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)***As at 31 December 2020*

	<b>2020</b> <b>HK\$'000</b>	2019 <i>HK\$'000</i>
<b>Non-current liabilities</b>		
Deferred tax liabilities	<b>23,968</b>	19,104
Loans from a fellow subsidiary	<b>533,596</b>	644,494
Bank borrowings	<b>387,754</b>	–
Lease liabilities	<b>1,162</b>	2,021
	<u><b>946,480</b></u>	<u>665,619</u>
<b>Net assets</b>	<u><b>2,027,060</b></u>	<u>1,944,241</u>
<b>Capital and reserves</b>		
Share capital	<b>66,007</b>	66,007
Reserves	<b>1,961,053</b>	1,878,234
	<u><b>2,027,060</b></u>	<u>1,944,241</u>
<b>Total equity</b>	<u><b>2,027,060</b></u>	<u>1,944,241</u>

## NOTES

### 1. GENERAL

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

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

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

### 2. PRINCIPAL ACCOUNTING POLICIES

Except as described below, the accounting policies and methods of computation used in the consolidated financial statements for the year ended 31 December 2020 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019.

#### (a) Adoption of new or amended HKFRSs

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 3, Definition of a Business
- Amendments to HKAS 1 and HKAS 8, Definition of Material
- Amendments to HKAS 39, HKFRS 7 and HKFRS 9, Interest Rate Benchmark Reform

#### **Amendments to HKFRS 3, Definition of a Business**

The amendments clarify the definition of “a business” and introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election to apply the concentration test is made for each transaction. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the concentration test is met, the set of activities and assets is determined not to be a business. If the concentration test is failed, the acquired set of activities and assets is further assessed based on the elements of a business.

## **Amendments to HKAS 1 and HKAS 8, Definition of Material**

The amendments provide a new definition of “material” that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

## **Amendments to HKAS 39, HKFRS 7 and HKFRS 9, Interest Rate Benchmark Reform**

The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reform.

The adoption of these new and amended HKFRSs in the current year has had no material impact on the Group’s financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### **(b) New or amended HKFRSs that have been issued but are not yet effective**

The following new or amended HKFRSs, potentially relevant to the Group’s consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause<sup>5</sup>

Amendments to HKAS 16, Proceeds before Intended Use<sup>3</sup>

Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract<sup>3</sup>

Amendments to HKFRS 3, Reference to the Conceptual Framework<sup>4</sup>

Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>6</sup>

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16, Interest Rate Benchmark Reform – Phase 2<sup>2</sup>

Amendments to HKFRS 16, Covid-19 Related Rent Concession<sup>1</sup>

Annual Improvements to HKFRSs 2018 – 2020<sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 June 2020.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>4</sup> Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>6</sup> The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

## **Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause**

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the Reporting Period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the Reporting Period. The amendments also introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Interpretation 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Interpretation 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

The Directors do not anticipate that the application of the amendments and revision in the future will have an impact on the Group’s consolidated financial statements.

## **Amendments to HKAS 16, Proceeds before Intended Use**

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

The Directors are currently assessing the impact that the application of the amendments will have on the Group’s consolidated financial statements.

## **Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract**

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The Directors are currently assessing the impact that the application of the amendments will have on the Group’s consolidated financial statements.

## **Amendments to HKFRS 3, Reference to the Conceptual Framework**

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Directors do not anticipate that the application of the amendments in the future will have an impact on the Group’s consolidated financial statements.

## **Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The Directors anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

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

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

The Directors do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

## **Amendment to HKFRS 16, Covid-19-Related Rent Concessions**

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

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

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

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

The Directors do not anticipate that the application of the amendments and revision in the future will have an impact on the Group's consolidated financial statements.



## **Annual Improvements to HKFRSs 2018 – 2020**

The annual improvements amends a number of standards, including:

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to HKFRSs.
- HKFRS 9, Financial Instruments, which clarify the fees included in the ‘10 per cent’ test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other’s behalf are included.
- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- HKAS 41, Agriculture, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The Directors do not anticipate that the application of the amendments in the future will have an impact on the Group’s consolidated financial statements.

### **3. BASIS OF PREPARATION**

#### **(a) Statement of compliance**

The consolidated financial statements have been prepared in accordance with all HKFRSs, HKASs and Interpretations (hereinafter collectively referred to as the “HKFRSs”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules.

#### **(b) Basis of measurement**

The consolidated financial statements have been prepared under the historical cost basis except for investment properties that are measured at fair values.

#### **(c) Functional and presentation currencies**

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 consolidated financial statements in HK\$.

### **4. SEGMENT INFORMATION**

Information reported to the chief executive officer (“CEO”), being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. Operating segments identified by the chief operating decision maker are the same as the reportable segments of the Group.

Accordingly, the Group’s reportable and operating segments are as follows:

- a) natural uranium trading segment engages in trading of natural uranium;
- b) property investment segment engages in leasing; and
- c) other investments segment engages in investment in a joint venture and an associate.

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

## Segment revenue and results

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

### *For the year ended 31 December 2020*

	<b>Natural uranium trading HK\$'000</b>	<b>Property investment HK\$'000</b>	<b>Other investments HK\$'000</b>	<b>Total HK\$'000</b>
Revenue	<u>2,859,214</u>	<u>3,012</u>	<u>–</u>	<u>2,862,226</u>
Segment profit	<u>141,133</u>	<u>828</u>	<u>55,784</u>	<u>197,745</u>
Other operating income				9,496
Finance costs				(153)
Central administration costs				<u>(27,122)</u>
Profit before taxation				<u><u>179,966</u></u>

### *For the year ended 31 December 2019*

	<b>Natural uranium trading HK\$'000</b>	<b>Property investment HK\$'000</b>	<b>Other investments HK\$'000</b>	<b>Total HK\$'000</b>
Revenue	<u>2,073,449</u>	<u>3,239</u>	<u>–</u>	<u>2,076,688</u>
Segment profit	<u>104,416</u>	<u>2,490</u>	<u>76,788</u>	<u>183,694</u>
Other operating income				20,497
Finance costs				(92)
Central administration costs				<u>(27,927)</u>
Profit before taxation				<u><u>176,172</u></u>

The accounting policies of the operating segments are adopted in accordance with HKFRS 8 "Operating Segments". Segment profit represents the profit earned by each segment without allocation of other operating income, certain finance costs and central administrative costs. This is the measure reported to the CEO for the purposes of resource allocation and performance assessment.

## Segment assets and liabilities

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

### Segment assets

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Natural uranium trading	2,121,722	1,565,737
Property investment	54,969	52,492
Other investments	818,526	791,297
	<u>2,995,217</u>	<u>2,409,526</u>
Unallocated corporate assets	1,192,570	685,840
Total assets	<u><u>4,187,787</u></u>	<u><u>3,095,366</u></u>

### Segment liabilities

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Natural uranium trading	2,112,380	1,103,004
Property investment	1,430	3,536
Other investments	—	—
	<u>2,113,810</u>	<u>1,106,540</u>
Unallocated corporate liabilities	46,917	44,585
Total liabilities	<u><u>2,160,727</u></u>	<u><u>1,151,125</u></u>

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, income tax recoverable, deferred tax assets and other assets for corporate use (including rental deposits, certain property, plant and equipment, right-of-use assets and other receivables).
- all liabilities are allocated to operating segments other than amounts due to an intermediate holding company and fellow subsidiaries, income tax payable, deferred tax liabilities and other liabilities for corporate use (including certain other payables and lease liabilities).

**Other segment information**

2020

	Natural uranium trading <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Other investments <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Amounts included in the measure of segment profit or loss or segment assets after charging/(crediting):</b>					
Addition to non-current assets ( <i>Note a</i> )	524	–	–	–	524
Depreciation of property, plant and equipment	44	1	–	18	63
Depreciation of right-of-use assets	436	–	–	1,423	1,859
Interest expenses on loans from a fellow subsidiary	35,896	–	–	–	35,896
Interest expenses on lease liabilities	58	–	–	46	104
Reversal of provision for inventories	1,768	–	–	–	1,768
Changes in fair value of investment properties	–	(855)	–	–	(855)
Share of results of a joint venture	–	–	(70,844)	–	(70,844)
Share of results of an associate ( <i>Note b</i> )	–	–	15,060	–	15,060
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Amounts regularly provided to the CEO but not included in the measure of segment profit or loss or segment assets:</b>					
Income tax expenses	–	–	–	24,749	24,749
Interest income	–	–	–	(9,106)	(9,106)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

	Natural uranium trading HK\$'000	Property investment HK\$'000	Other investments HK\$'000	Unallocated HK\$'000	Total HK\$'000
<b>Amounts included in the measure of segment profit or loss or segment assets after charging/(crediting):</b>					
Addition to non-current assets ( <i>Note a</i> )	2,227	–	–	14	2,241
Depreciation of property, plant and equipment	132	55	–	585	772
Depreciation of right-of-use assets	181	–	–	1,551	1,732
Interest expenses on loans from a fellow subsidiary	20,352	–	–	–	20,352
Interest expenses on lease liabilities	22	–	–	92	114
Provision for inventories	1,768	–	–	–	1,768
Changes in fair value of investment properties	–	(272)	–	–	(272)
Share of results of a joint venture	–	–	(64,872)	–	(64,872)
Share of results of an associate ( <i>Note b</i> )	–	–	(11,916)	–	(11,916)

**Amounts regularly provided to the CEO but not included in the measure of segment profit or loss or segment assets:**

Income tax expenses	–	–	–	16,163	16,163
Interest income	–	–	–	(19,965)	(19,965)

*Note a:* Non-current assets excluded financial instruments and deferred tax assets.

*Note b:* A reversal of impairment loss of interest in an associate of approximately HK\$59,423,000 (2019: HK\$18,267,000) is included in the share of results of an associate.

**Geographical information**

The Group's operations are located in the HKSAR, PRC, Kazakhstan, Canada and UK.

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

	Revenue from external customers		Non-current assets	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Europe (other than UK)	989,836	281,982	–	–
US	678,732	749,877	–	–
PRC	427,925	380,492	52,645	48,616
Canada	265,495	146,657	553,570	553,522
Kazakhstan	221,020	196,591	264,956	237,775
UK	205,942	206,860	1,948	2,062
HKSAR	71,803	93,255	629	2,300
Mauritius	1,473	–	–	–
Japan	–	20,974	–	–
	<u>2,862,226</u>	<u>2,076,688</u>	<u>873,748</u>	<u>844,275</u>

Note: Non-current assets excluded financial instruments and deferred tax assets.

#### Information about major customers

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

	2020 HK\$'000	2019 HK\$'000
Customer A <sup>1</sup>	424,913	377,253
Customer B <sup>1</sup>	N/A <sup>2</sup>	220,640
Customer C <sup>1</sup>	400,445	N/A <sup>2</sup>
Customer D <sup>1</sup>	291,715	N/A <sup>2</sup>
	<u>291,715</u>	<u>N/A<sup>2</sup></u>

<sup>1</sup> Revenue from natural uranium trading segment

<sup>2</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group

## 5. REVENUE

Revenue represents amount received and receivable from sale of natural uranium, net of returns, discounts allowed and sales related taxes, and rental income (net of direct outgoings: nil) during the year. Revenue recognised during the year are as follows:

	2020 HK\$'000	2019 HK\$'000
Sale of goods	2,859,214	2,073,449
Rental income (net of direct outgoings: nil)	3,012	3,239
	<u>2,862,226</u>	<u>2,076,688</u>

The revenue from sales of goods were recognised at a point in time and under HKFRS 15.

## 6. OTHER OPERATING INCOME

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest income	9,106	19,965
Government grants	216	–
Others	174	532
	<u>9,496</u>	<u>20,497</u>

## 7. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest expenses on loans from a fellow subsidiary	35,896	20,352
Interest expenses on bank borrowings	4,782	–
Interest expenses on loan from immediate holding company	107	–
Interest expenses on lease liabilities	104	114
	<u>40,889</u>	<u>20,466</u>

## 8. INCOME TAX EXPENSES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong Profits Tax		
– current year	6,977	12,341
– (over)/under provision in prior years	(80)	118
	<u>6,897</u>	<u>12,459</u>
UK Corporation tax		
– current year	14,406	3,178
	<u>21,303</u>	<u>15,637</u>
Deferred tax	3,446	526
	<u>24,749</u>	<u>16,163</u>

On 21 March 2018, the Hong Kong Legislative Council passed the Bill which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. For the years ended 31 December 2020 and 2019, 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 both years.

For the years ended 31 December 2020 and 2019, the PRC subsidiary 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 subsidiary is 19% for both years.

Pursuant to the Tax Code (Revised Edition) implemented since January 2018 in the Kazakhstan (the “New Tax Code of Kazakhstan”), dividends paid by subsurface users to foreign shareholders without permanent establishments in Kazakhstan (the “Foreign Shareholders”) will be exempted from the Kazakhstani withholding tax if (i) as of the date when the dividends are paid, such Foreign Shareholder has owned shares (interest) in the company for more than three years, and (ii) within 12 months prior to the dividend payment date, subsurface users undertake further processing (after primary processing) of at least prescribed rate of the total extracted minerals, by its own production facilities in Kazakhstan or owned by its affiliated resident entity in Kazakhstan.

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

Pursuant to the EIT Law, the earnings distributed from the joint venture to the PRC subsidiary is subject to a tax rate difference between the tax rate under EIT Law and the tax rate under the New Tax Code of Kazakhstan.

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

## 9. PROFIT FOR THE YEAR

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Profit for the year has been arrived at after charging/(crediting):		
Auditors' remuneration	<b>1,285</b>	1,652
Carrying amount of inventories sold	<b>2,666,741</b>	1,931,015
(Reversal of impairment)/impairment loss in respect of inventories	<b>(1,768)</b>	1,768
Cost of inventories recognised as an expense and included in cost of sales	<b>2,664,973</b>	1,932,783
	<hr/>	<hr/>
Depreciation of property, plant and equipment	<b>63</b>	772
Depreciation of right-of-use assets	<b>1,859</b>	1,732
Staff costs (including directors' emoluments)	<b>13,918</b>	13,413
Share of income tax expense of a joint venture	<b>19,661</b>	15,620
Net exchange loss/(gain)	<b>2,823</b>	(464)
	<hr/> <hr/>	<hr/> <hr/>



## 10. DIVIDENDS

During the year ended 31 December 2020, a final dividend of HK1 cent (2019: HK0.5 cents) per share in respect of the year ended 31 December 2019 has been declared and paid.

Subsequent to the end of the Reporting Period, a final dividend of HK0.5 cents per ordinary share (2019: HK1 cent) in respect of the year ended 31 December 2020 has been proposed by the board of directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

## 11. 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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Earnings</b>		
Earnings for the year attributable to the owners of the Company for the purpose of calculating basic earnings per share	<u>155,217</u>	<u>160,009</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>6,600,682,645</u>	<u>6,600,682,645</u>

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares during both years.

## 12. TRADE AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables ( <i>Note a</i> )	351,810	120,882
Prepayments, deposits and other receivables ( <i>Note b</i> )	<u>11,366</u>	<u>5,824</u>
	<u>363,176</u>	<u>126,706</u>

The Group did not hold any collateral over these balances. At 31 December 2020 and 2019, there was no loss allowance provided.

*Note a:* Trade receivables of HK\$64,821,000 (2019: HK\$7,387,000) represents amount due from an immediate holding company, China Uranium Development.

*Note b:* Included in prepayments, deposits and other receivables, approximately HK\$805,000 (2019: HK\$472,000) and HK\$69,000 (2019: HK\$54,000) 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 presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the Reporting Period.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 30 days	344,430	113,495
31 to 60 days	–	7,387
61 to 90 days	–	–
91 to 120 days	7,380	–
	<u>351,810</u>	<u>120,882</u>

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (“ECL”). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience and creditworthiness of the debtor and an analysis of the debtor’s current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

For other receivables, the Group measures the loss allowance equal to 12-month ECL, unless when there is a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

There has been no change in the estimation techniques or significant assumptions made during the current Reporting Period.

The Group’s trade and other receivables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

<b>Presented in:</b>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade and other receivables	<u>604</u>	<u>1,224</u>	<u>3,041</u>	<u>3,180</u>

### 13. BANK BALANCES AND CASH

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Bank deposits:		
Cash at bank and on hand	<u>1,174,508</u>	<u>676,793</u>
Analyse of bank balances and cash at the end of the year:		
Cash at bank and on hand ( <i>Note a</i> )	50,928	28,625
Cash placed at CGNPC Huasheng and CGN Finance ( <i>Note b</i> )	<u>1,123,580</u>	<u>648,168</u>
	<u>1,174,508</u>	<u>676,793</u>

Notes:

- a) Cash at bank carries interest at prevailing market rates for both years.
- b) The balance is unsecured, interest bearing at rates ranging from 0.21% to 2.76% (2019: 0.15% to 3.66%) per annum and recoverable on demand. On 14 June 2019, the Company entered into the new Financial Service Framework Agreements with CGNPC Huasheng and CGN Finance for a terms of three years commencing from 1 January 2020 and ending on 31 December 2022 (the “Agreements”). Under the Agreements, Directors consider that these deposits made to CGNPC Huasheng and CGN Finance is qualified as cash as the Group can withdraw the deposits without giving any notice and without suffering any penalty.

**14. TRADE AND OTHER PAYABLES**

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables ( <i>Note a</i> )	147,340	23,889
Accrued expenses and other payables ( <i>Note b</i> )	10,949	11,020
Contract liabilities ( <i>Note c</i> )	—	1,473
	<u>158,289</u>	<u>36,382</u>

*Note a:* Trade payables of HK\$54,189,000 (2019: HK\$5,994,000) represented amount due to a joint venture of the Company, namely, Semizbay-U.

*Note b:* Included in other payables, approximately HK\$1,015,000 (2019: HK\$1,219,000) are interest payable due to CGNPC Huasheng, a fellow subsidiary of the Company.

*Note c:* Contract liabilities include the upfront deposits from the customer to deliver the natural uranium.

Revenue recognised during the year ended 31 December 2020 that was included in the contract liabilities at the beginning of the year is approximately HK\$1,473,000 (2019: HK\$2,391,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in a prior year.

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the Reporting Period:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 30 days	141,078	23,889
31-60 days	126	—
61-90 days	—	—
91-120 days	6,136	—
	<u>147,340</u>	<u>23,889</u>

The average credit period on purchases of goods was ranging from 15 days to 120 days after delivery date. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is principally engaged in natural uranium investment and trading. As of 31 December 2020, the Company held 49% equity interest and off-take rights of products in Semizbay-U, 16.74% equity interest in Fission, as well as wholly-owned subsidiaries Beijing Sino-Kazakh Uranium Resources Investment Company Limited, CGN Global and CGNM UK Ltd..

In 2020, the Group achieved revenue of HK\$2,862 million and profits attributable to owners of the Company of HK\$155 million.

#### Analysis of business environment

##### *The nuclear power market and its development*

According to data released by International Atomic Energy Agency, there were 443 nuclear power units in operation worldwide by the end of 2020, with a total installed capacity of 393,080MWe, and nuclear power units in operation and under construction are scattered in 32 countries and regions. In 2020, there were five newly grid-connected units worldwide, with a total installed capacity of 5,521MWe; four units with a total installed capacity of 4,473MWe commenced construction; and six closed units with a total installed capacity of 5,165MWe. The world's total net installed capacity showed an increasing trend, and the focus of global nuclear power generation is shifting from traditional nuclear power countries to emerging economies.

##### *In China*

According to data released by the China Nuclear Energy Association, there were 49 nuclear power units in operation in China (excluding Taiwan Region of the PRC) with a rated installed capacity of 51,027 MWe as of 31 December 2020. In 2020, the total power generation of the country was 7,417,040 million kWh, and the total power generation from nuclear power units was 366,243 million kWh, accounting for 4.94% of the total power generation of the country. Power generation by nuclear power units in 2020 represented a year-on-year increase of 5.02% compared with 2019 and the cumulative on-grid power generation was 342,854 million kWh, representing a year-on-year increase of 4.89% compared with 2019.

## ***Global natural uranium market and its development***

Due to the impact of the COVID-19 epidemic, major natural uranium producers in the world announced to reduce or suspend production in 2020, such as, Cameco Corp. announced to suspend the production of Cigar Lake uranium mine in March (subsequently resumed in September and suspended again in December due to the intensification of the COVID-19 epidemic) and the uranium mines of Kazatomprom implemented a three-month production reduction; besides, the production of major uranium mines such as Husab and Rossing uranium mines in Namibia was also affected by different extents. The output of natural uranium was expected to be only 47,000tU in 2020, representing a decrease of 17% as compared with 2019, which is the lowest point since 2008, accounting for only 69% of the global natural uranium demand in the year.

Affected by the suspension of production of Cigar Lake uranium mine in March, the trading volume of natural uranium spot trading surged between late March and April, and the single-month trading volume in April broke the historical record. Spot prices increased from US\$24/lb to US\$26/lb at the beginning of the year to US\$34/lb at the end of May, which is the highest point of the year. Spot prices declined gently to below US\$30/lb after June, but recovered to US\$30/lb by the end of the year. According to data released by UxC, the global spot trading volume of natural uranium was 35,503tU in 2020, representing an increase of 43% as compared with 2019, with average trading size decreased and the trading frequency increased. It was observed that natural uranium producers sought procurement opportunities in the spot market after they reduced their production capacity and the activities of natural uranium traders and financial investors increased dramatically, while the direct procurement demand from nuclear power plants owners remained pent-up and delayed.

In 2020, the long-term trading volume of natural uranium was approximately 21,560tU, representing a decrease of approximately 42% as compared with 2019. According to the data from UxC, the long-term price fluctuated between US\$31/lb to US\$33/lb in 2020, while according to the data from TradeTech Inc., the long-term price fluctuated between US\$33/lb to US\$39/lb in 2020.

## **BUSINESS PERFORMANCE AND ANALYSIS**

### **Uranium mines under production – production of Semizbay-U**

Due to the impact of the COVID-19 epidemic, the production volume of Semizbay Mine and Irkol Mine, owned by Semizbay-U, were both reduced, of which Semizbay Mine and Irkol Mine respectively produced 299tU and 434tU. Their annual production plans have been fulfilled, but the total production volume of the two mines in 2020 was only 733tU, decreased by 24% as compared with 2019. However, based on the foundation of good cooperation between the two parties for years and active communication, the Company kept its natural uranium off-take amount of 588tU from Semizbay-U in 2020.

During the Reporting Period, Semizbay Mine developed four new blocks with 326 boreholes drilled and approximately 409tU developed reserves expanded; and Irkol Mine developed five new blocks with 333 boreholes drilled and approximately 435tU developed reserves expanded. The total exploration expenses of Semizbay Mine and Irkol Mine were 3 billion tenge (approximately HK\$55.06 million).

### **Uranium mine project pending for development – operation and project exploration by Fission**

There were changes in Fission's management in 2020. The former chief operating officer Mr. Ross McElroy has been promoted as the chief executive officer, new management and technical team have been engaged and a new company development plan has been formulated to meet the need in promoting the PLS project to the development phase, which mainly comprises:

- (1) Putting forward the development path of Fission, promoting the development of the PLS Project by strengthening operation team and obtaining financial resources, and continuously improve the image of the company.
- (2) Evaluating potential financing pathway of Fission. To implement the new development plan, Fission conducted two rounds of financing in 2020 with proceeds of CA\$24.07 million (approximately US\$19.26 million), which secured the financial resources for commencement of infill drilling and other works.
- (3) Formulating a new 6-year (2021 to 2026) development plan for the PLS Project, where the total expenditure is approximately US\$56 million, including US\$12.40 million for infill drilling, US\$27.20 million for feasibility studies, and US\$16.30 million for licenses and permits and social impacts. Approximately US\$41.50 million are urgently needed in 2021 and 2022 for feasibility studies and environmental assessments.

During the Reporting Period, Fission had not carried out any exploration activity.

### **Natural uranium trading business**

For the year ended 31 December 2020, the Group achieved revenue of HK\$2,859 million from natural uranium trading, increased by 38% as compared to 2019. Trading revenue from sales of natural uranium products from mines owned by Semizbay-U was HK\$425 million, representing an increase of 12.5% compared to 2019 (2019: HK\$377 million).

During the Reporting Period, CGN Global sold a total 4,168tU and realised trading revenue of approximately HK\$2,434 million, with realised profit of approximately HK\$60 million. Although the price of natural uranium in 2020 was still at the low point in the historical cycle and face to face communication with customers was impracticable due to the epidemic in 2020, CGN Global made an active effort to grasp the opportunities and still realised significant improvement in operating performance compared to 2019.

## **Acquisitions of New Uranium Projects**

The New Kazakhstan Uranium Project has been the primary task of the Company in recent years. During the Reporting Period, the Company had completed a round of supplemental due diligence and launched multiple rounds of negotiations with its Kazakhstan partner. The Company has reached an intention with Kazatomprom in principle to complete the transaction by 30 June 2021.

## **BUSINESS PROSPECTS**

### **Business environment outlook**

#### ***Nuclear power market forecast***

Low-carbon has never been more widely recognized in the world like it is today. On 22 September 2020, the Chinese President Xi Jinping announced at the 75th session of the United Nations General Assembly that “China will scale up its nationally determined contributions and adopt more vigorous policies and measures, strive to peak carbon dioxide emissions before 2030, and achieve carbon neutrality before 2060”. Countries such as Japan, South Korea, and Canada successively announced in 2020 the plan for realization of carbon neutrality. In January 2021, the President of the US, Biden, announced the return to the Paris Agreement. The US and European Union jointly announced that they would achieve carbon neutrality by 2050 in March 2021. According to a research report issued by the International Energy Agency, nuclear power accounted for 18% of the total power generation among developed economies in 2018, which was the largest low-carbon energy source, contributed nearly half of the low-carbon power in the past half century and was an important contributor to the global energy transition. However, emerging economies are expected to succeed the developed countries as the main players in vigorously developing nuclear power in the future.

On 5 March 2021, the Chinese Premier Li Keqiang proposed in government report: Promote clean and efficient use of coal, vigorously develop new energy, and actively and orderly develop nuclear power under the premise of ensuring safety. This is the first time in the past ten years that the word “actively” was used in mentioning the development to nuclear power in Chinese government’s work report. According to the estimation of the *China’s Annual Development and Outlook of Nuclear Energy (2020)* published by the China Nuclear Energy Industry Association, the future position of nuclear energy in China’s energy structure will be clearer, and the pace of nuclear power construction is expected to be stabilized. China’s nuclear power construction is expected to continue steadily at a rate of 6 to 8 units per year during the “14th Five-Year” and mid- to long-term periods and it is estimated that China’s nuclear power installed capacity in operation will reach 70 million kW by 2025 with 30 million kW under construction. The total installed nuclear power capacity in operation and under construction will reach 200 million kW by 2035.

Therefore, we believe that nuclear power, with its advantages of zero carbon emission, fearless of climate changes and its capability of being base load, will play an increasingly important role in the worldwide carbon neutrality movement.



## ***Natural uranium market forecast***

As the COVID-19 epidemic rebounded at the end of 2020 in Canada and Kazakhstan, major producers of uranium in the world, certain natural uranium mines stopped production. Moreover, the industry has been starved of capital investment for years, and there were no new uranium projects receiving sufficient capital for development in the market, which means that it will be difficult for new projects to form new production capacity rapidly even if natural uranium prices rise in the short term. Therefore, although the global supply of natural uranium is expected to recover in 2021 as compared with 2020, it is unlikely to recover to the level before the outbreak of the epidemic, and the market demand will continue to exceed production and the inventory of natural uranium will be further consumed.

Meanwhile, both newly constructed nuclear power plants in global emerging economies and the demand brought by the expiration and renewal of long-term trade contracts signed historically will bring more mid- to long-term procurement demands by nuclear power plants owners and enhance recovery impetus to the natural uranium market in 2021.

## **BUSINESS DEVELOPMENT OUTLOOK**

### **Operation Management of Semizbay-U**

Faced with the situation that Semizbay-U was forced to reduce production under the impact of the COVID-19 epidemic, the Company will actively participate in its governance through its board of directors in 2021 to ensure the completion of its annual production plan and product sales tasks so as to achieve annual profit targets. The field team will strengthen the supervision of the implementation on the annual production, operation plan and the annual budget to ensure that the enterprise's business objectives are achieved under the premise of safe production. Moreover, in 2021, Semizbay-U will continue to promote innovation in mineral production and new technology, optimize the construction of digitalized mines and improve the standard of automated management. Meanwhile, in order to promote the sustainable development of Semizbay-U, the Company will continue to promote the enhancement of its resources/reserves in 2021.

### **Management and Control on Fission**

In respect of Fission, the Company mainly relies on participation in its board of directors to involve in its major decision-making and exert influence, while continuously deepen the technical support for the PLS project and enhancing regular technical exchange. In 2021, the Company will support Fission in completing the winter and summer exploration programs as scheduled and finishing the upgrade of part of the R780E and R840W areas of the PLS project from inferred level to indicated level so as to extend the designed life of mines. The Company also plans to hire a local technical personnel to participate in the field work of Fission in Canada to increase technical management for the PLS project and enhance collaboration efficiency.



## **Active Expansion of Trading Business**

The Group will strengthen its business dealings with end customers, such as global nuclear power plants owners, actively participate in international market bidding, deepen its analysis of market conditions and counterparties' behaviors, seize market opportunities, develop new business models and actively explore new trading opportunities to ensure the achievement of annual trade targets.

## **Acquisition of New Uranium Resources Projects**

The Company is optimistic about the continuous growing trend of natural uranium demand brought by the long-term stable development of global nuclear power. Given the current price of natural uranium is still at the low point in the historical cycle, the Company will seize this historical opportunity and take the investment and acquisition of high-quality uranium resources as its lifeline of development. In 2021, the Company will strive to implement the relevant completion work on New Kazakhstan Uranium Project in the first half of the year on the one hand, and will seek for potential uranium resource investment opportunities in major uranium-producing regions such as Central Asia and Africa on the other hand, and start to build a sustainable development resources pipeline of “exploration +in-production”. Furthermore, the Company will seek for establishing strategic cooperative relationships with internationally renowned uranium producers and traders to study the feasibility of joint development of uranium projects in various modes.

## **Risk Identification and Management**

Upon systematic analysis, the Company is subject to the following two main risks in 2021:

### ***International natural uranium trade risks***

Affected by the COVID-19 epidemic, CGN Global still faces challenges in securing contracts with nuclear power plants owners for the sale of natural uranium and in identifying trade opportunities. To reduce the risk of natural uranium trade, the Company will sort out and optimize the authorization mechanism for exposure (i.e. purchase of natural uranium without the sales customers secured). Leveraging on the market opportunities, the Company will actively expand trade business in Europe and other regions, explore new business models such as the trade of UF<sub>6</sub> (intermediate product in the production of nuclear fuel), and strive to achieve the annual target of the trade business. We will also vigorously develop the global natural uranium market, increase the proportion of sales to overseas customers, and try to win the bid of more sales to international nuclear power plants owners.

## ***Production and operation risk of Semizbay-U***

As the COVID-19 epidemic in Kazakhstan has not been effectively controlled and is not expected to end in the short term, Semizbay-U will face challenges in achieving its annual production and profit targets. To this end, the Company will assist Kazatomprom to carry out the epidemic prevention and production works on the mining site, continuously conduct nucleic acid test by all the staff before work, strictly prevent cluster infection, and strive to ensure that the mine production and operation will not be affected in the year. We will monitor the production progress of the two mines on a daily basis to ensure the timely completion of development tasks and ensure the progress of acidification and pipeline connection; and increase the number of drilling rigs as appropriate to improve the production efficiency of the two mines.

## **FINANCIAL PERFORMANCE AND ANALYSIS**

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

## **OVERVIEW OF FINANCIAL RESULTS AND POSITION**

### **Major Financial Indicators**

	<b>2020</b>	2019
<b>Profitability indicators</b>		
Gross profit margin (%) <sup>1</sup>	<b>7.08</b>	6.93
EBITDA ( <i>HK\$ million</i> ) <sup>2</sup>	<b>222.78</b>	199.14
EBITDA/Revenue ratio (%) <sup>3</sup>	<b>7.78</b>	9.59
Net profit margin(%) <sup>4</sup>	<b>5.42</b>	7.71
<b>Operation ability indicators</b>		
Trade receivables cycle – average ( <i>Days</i> ) <sup>5</sup>	<b>30</b>	17
Inventory cycle – average ( <i>Days</i> ) <sup>6</sup>	<b>218</b>	200
<b>Investment return indicators</b>		
Return on equity (%) <sup>7</sup>	<b>7.82</b>	8.40
Profit attributable to owners of the Company to revenue ratio (%) <sup>8</sup>	<b>5.42</b>	7.71
Return on assets (%) <sup>9</sup>	<b>4.26</b>	5.55
<b>Repayment ability indicators</b>		
Bank balances and cash ( <i>HK\$ million</i> )	<b>1,174.51</b>	676.79
Net tangible assets ( <i>HK\$ million</i> ) <sup>10</sup>	<b>2,025.08</b>	1,940.41
Gearing ratio (%) <sup>11</sup>	<b>106.59</b>	59.21

*Notes:*

1. Difference between revenue and cost of sales divided by revenue multiplied by 100%.
2. The sum of profit before tax, finance costs, depreciation of right-of-use assets and depreciation of property, plant and equipment, if any.
3. The sum of profit before tax, finance costs, depreciation of right-of use assets and depreciation of property, plant and equipment, if any, divided by revenue multiplied by 100%.
4. Profit for the year divided by revenue multiplied by 100%.
5. Average receivables (i.e the arithmetic average of the beginning and the end of the Reporting Period) divided by average daily sales (i.e revenue divided by 360 days).
6. Average inventories (i.e the arithmetic average of the beginning and the end of the Reporting Period) divided by average daily costs of sales (i.e costs of sales divided by 360 days).
7. Profit for the year attributable to owners of the Company divided by total average equity (i.e the arithmetic average of the beginning and the end of the Reporting Period) multiplied by 100%.
8. Profit for the year attributable to owners of the Company divided by the revenue multiplied by 100%.
9. Profit for the year attributable to owners of the Company divided by total average assets (i.e the arithmetic average of the beginning and the end of the Reporting Period) multiplied by 100%.
10. Total equity less intangible assets, net.
11. Total debt divided by total equity multiplied by 100%.

**Financial results**

The profit of the Group was HK\$155 million in 2020, representing a year-on-year decrease of 3% as compared to that of HK\$160 million in 2019.

## REVENUE

	For the year ended		Movements	
	31 December		Increase/ (Decrease)	Increase/ (Decrease)
	2020	2019		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
Natural uranium trading	<b>2,859,214</b>	2,073,449	<b>785,765</b>	<b>38</b>
Property investment	<b>3,012</b>	3,239	<b>(227)</b>	<b>(7)</b>
Total revenue	<b><u>2,862,226</u></b>	<b><u>2,076,688</u></b>	<b><u>785,538</u></b>	<b><u>38</u></b>

The revenue of the Group was HK\$2,862 million in 2020, representing an increase of 38% as compared to that of HK\$2,077 million in 2019, primarily because CGN Global aggressively expanded the global market and achieved a significant increase in sales volume and trading revenue of natural uranium as compared with the corresponding period in 2019.

## Cost of sales

	For the year ended		Movements	
	31 December		Increase/ (Decrease)	Increase/ (Decrease)
	2020	2019		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
Natural uranium trading cost	<b>2,659,460</b>	1,932,783	<b>726,677</b>	<b>38</b>
Property investment	<b>–</b>	–	<b>–</b>	<b>–</b>
Total cost of sales	<b><u>2,659,460</u></b>	<b><u>1,932,783</u></b>	<b><u>726,677</u></b>	<b><u>38</u></b>

The cost of sales of the Group was HK\$2,659 million in 2020, representing an increase of 38% as compared to that of HK\$1,933 million in 2019, which is in line with the increase percentage of revenue primarily due to CGN Global aggressively expanded the global market.

## **Gross profit and gross profit margin of natural uranium trading**

Due to the increase on the sales volume of CGN Global, the Group recorded a gross profit of natural uranium trading of HK\$200 million in 2020, representing an increase of 42% as compared to that of HK\$141 million in 2019, and the gross profit margin of natural uranium trading remained stable at 7%.

## **Other operating income**

The other operating income of the Group was HK\$9 million in 2020, representing a decrease of 54% as compared to that of HK\$20 million in 2019, mainly due to the significant decrease in the amount of daily average fund deposited through optimising the internal utilisation of financial resources of the Company by lending to its subsidiary, CGN Global, and also the decrease of market interest rate, resulting in the significant decrease in interest income.

## **Selling and distribution expenses**

Selling and distribution expenses of the Group was HK\$10 million in 2020, representing an increase of 38% as compared to that of HK\$8 million in 2019, mainly due to the increase of storage expenses of natural uranium inventories.

## **Administrative expenses**

Administrative expenses of the Group was HK\$38 million in 2020, representing an increase of 1% as compared to that of HK\$37 million in 2019. Although the Group expanded its business actively during the Reporting Period, benefited from the overall strengthened cost management, administrative expenses only increased slightly.

## **Share of results of a joint venture**

The joint venture of the Company is Semizbay-U. The share of results of a joint venture was HK\$71 million in 2020, representing an increase of 9% as compared to that of HK\$65 million in 2019, mainly due to its growth of profit during the Reporting Period which was contributed by the increase of selling price of natural uranium.

## **Share of results of an associate**

The associate of the Company is Fission. The share of loss of an associate was HK\$15 million, which includes share of loss for the Reporting Period of HK\$10 million, loss on deemed disposal of HK\$64 million and the reversal of long-term investment impairment of HK\$59 million.

During the Reporting Period, Fission issued 79,163,474 ordinary shares under subscription of new shares by investors, 1,684,231 ordinary shares in lieu of payment of interest, 10,000,000 ordinary shares upon exercise of warrants and 243,852 ordinary shares as director remuneration. As a result, the equity interests in Fission held by the Company as at 31 December 2020 decreased to 16.74% (31 December 2019: 19.88%).

## **Finance costs**

The finance costs of the Group was HK\$41 million in 2020, representing an increase of 100% as compared to that of HK\$20 million in 2019, mainly due to the addition of external borrowings by CGN Global for business expansion.

## **Income tax expenses**

Income tax expense of the Group was HK\$25 million in 2020, representing an increase of 53% as compared to that of HK\$16 million in 2019, mainly due to the increase in gross profit of natural uranium trade.

## **Profit for the year**

The profit of the Group was HK\$155 million in 2020, representing a slight decrease of 3% as compared to that of HK\$160 million in 2019.

## **FINANCIAL POSITION AND ANALYSIS**

### **Total assets**

As at 31 December 2020, the Group's total assets were HK\$4,188 million, representing an increase of 35% as compared to HK\$3,095 million as at 31 December 2019, mainly due to the significant increase in natural uranium inventories, trade receivables and bank balances and cash as compared with the corresponding period in 2019.

### **Total liabilities**

As at 31 December 2020, the Group's total liabilities were HK\$2,161 million, representing an increase of 88% as compared to HK\$1,151 million on 31 December 2019, mainly due to the external bank loan newly drawdown by CGN Global for business expansion during the Reporting Period.

### **Net current assets**

As at 31 December 2020, the Group's net current assets were HK\$2,100 million, representing an increase of 19% as compared to HK\$1,766 million as at 31 December 2019, mainly due to the significant increase in natural uranium inventories, trade receivables and bank balances and cash as compared with the corresponding period in 2019.

## Current assets

	As at 31 December		Movements	
	2020 HK\$'000	2019 HK\$'000	Increase/ (Decrease) HK\$'000	Percentage change Increase/ (Decrease) %
Inventories	1,767,335	1,441,980	325,355	23
Trade and other receivables	363,176	126,706	236,470	186
Amount due from an intermediate holding company	2,323	3,875	(1,552)	(40)
Amount due from a fellow subsidiary	19	–	19	N/A
Income tax recoverable	6,678	1,737	4,941	284
Bank balances and cash	1,174,508	676,793	497,715	74
<b>Total current assets</b>	<b>3,314,039</b>	<b>2,251,091</b>	<b>1,062,948</b>	<b>47</b>

As at 31 December 2020, the Group's total current assets were HK\$3,314 million, representing an increase of 47% as compared to HK\$2,251 million as at 31 December 2019, mainly due to the significant increase in natural uranium inventories, trade receivables and bank balances and cash as compared with the corresponding period in 2019.

As at 31 December 2020, the aggregate amount of bank balances and cash of the Group was HK\$1,175 million (31 December 2019: HK\$677 million), among which, approximately 9% (31 December 2019: 32%) was denominated in HKD, approximately 90% (31 December 2019: 67%) was denominated in USD, approximately 1% (31 December 2019: 1%) was denominated in RMB.

As at 31 December 2020, the Group did not have any bank deposits and cash pledged to any banks (31 December 2019: Nil). The proportion of current assets of the Group over total assets was 79% (31 December 2019: 73%), and the proportion of bank balances and cash over total assets was 28% (31 December 2019: 22%).

## Non-current assets

	As at 31 December		Movements	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	Increase/ (Decrease) <i>HK\$'000</i>	Percentage change Increase/ (Decrease) %
Property, plant and equipment	622	160	462	289
Right-of-use assets	1,977	3,836	(1,859)	(48)
Investment properties	52,623	48,595	4,028	8
Interest in a joint venture	264,956	237,775	27,181	11
Interest in an associate	553,570	553,522	48	–
Rental deposits	–	387	(387)	(100)
<b>Total non-current assets</b>	<b>873,748</b>	<b>844,275</b>	<b>29,473</b>	<b>3</b>

As at 31 December 2020, the total non-current assets of the Group were HK\$874 million, representing an increase of 3% as compared to HK\$844 million as at 31 December 2019, mainly due to the increase in interest in a joint venture.

## Current liabilities

	As at 31 December		Movements	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	Increase/ (Decrease) <i>HK\$'000</i>	Percentage change Increase/ (Decrease) %
Trade and other payables	158,289	36,382	121,907	335
Loans from a fellow subsidiary	370,693	422,559	(51,866)	(12)
Bank borrowings	666,704	–	666,704	N/A
Lease liabilities	704	1,703	(999)	(59)
Amount due to an intermediate holding company	874	8,373	(7,499)	(90)
Amount due to a joint venture	–	5,513	(5,513)	(100)
Amounts due to fellow subsidiaries	1,135	1,421	(286)	(20)
Income tax payable	15,848	9,555	6,293	66
<b>Total current liabilities</b>	<b>1,214,247</b>	<b>485,506</b>	<b>728,741</b>	<b>150</b>

As at 31 December 2020, the Group's total current liabilities were HK\$1,214 million, representing an increase of 150% as compared to HK\$486 million as at 31 December 2019, mainly due to the external bank loan drawdown by CGN Global for business expansion during the Reporting Period.



## Non-current liabilities

	As at 31 December		Movements	
	2020	2019	Increase/ (Decrease)	Percentage change
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>(Decrease) %</i>
Deferred tax liabilities	23,968	19,104	4,864	25
Loans from a fellow subsidiary	533,596	644,494	(110,898)	(17)
Bank borrowings	387,754	–	387,754	N/A
Lease liabilities	1,162	2,021	(859)	(43)
<b>Total non-current liabilities</b>	<b>946,480</b>	<b>665,619</b>	<b>280,861</b>	<b>42</b>

As at 31 December 2020, the Group's total non-current liabilities were HK\$946 million, representing an increase of 42% as compared to HK\$666 million as at 31 December 2019, mainly due to the external bank loan drawdown by CGN Global for business expansion during the Reporting Period.

## Total equity

	As at 31 December		Movements	
	2020	2019	Increase/ (Decrease)	Percentage change
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>(Decrease) %</i>
Share capital	66,007	66,007	–	–
Reserves	1,961,053	1,878,234	82,819	4
<b>Total equity</b>	<b>2,027,060</b>	<b>1,944,241</b>	<b>82,819</b>	<b>4</b>

As at 31 December 2020, total equity of the Group amounted to HK\$2,027 million, representing an increase of 4% as compared to HK\$1,944 million as at 31 December 2019, mainly due to the increase of profit during the Reporting Period.

The Group's gearing ratio (total debt divided by total equity multiplied by 100%) was 107% (2019: 59%).

## **Assets and investments**

The Group did not conduct any significant equity investment, major acquisition or disposal during the Reporting Period.

## **Investment direction**

According to the business positioning and development strategy of the Group, the main investment direction of the Group remains to be acquiring competitive overseas uranium resource projects with low cost. The Group will carry out relevant investment activities as and when appropriate, to laid the foundation of further development of the Group.

## **CORPORATE GOVERNANCE**

During the Reporting Period, the Company's corporate governance policy adopted and complied with all the applicable code provisions of the Corporate Governance Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as the standards of securities transactions by the Directors. All Directors have confirmed, following specific enquiries made, that they have complied with the required standards set out in the Model Code regarding Directors' securities transactions during the Reporting Period.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available and to the best knowledge of the Directors, at least 25% of the Company's issued shares has been held by the public throughout the Reporting Period and thereafter up to the date of this announcement, in compliance with the requirements under the Listing Rules.

## **DIVIDEND**

The Board recommended the payment of a final cash dividend of HK0.5 cent per share for the year ended 31 December 2020. The ratio of final dividend distribution for the year is determined based on various factors including business performance of the Group in 2020 and being not lower than 20% of the distributable net profit of the continuous business of the Reporting Period. The proposed final dividend is subject to Shareholders' approval at the forthcoming annual general meeting of the Company.

## **AUDIT COMMITTEE AND REVIEW OF RESULTS**

The Audit Committee has reviewed the accounting principles and practices adopted by the Group with the management of the Company and discussed matters including auditing, internal control and financial reporting matters of the Group.

The annual results of the Group for the year ended 31 December 2020 have also been reviewed by the Audit Committee.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement is published on the Company's website ([www.cgnmc.com](http://www.cgnmc.com)) and the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2020 annual report containing all information required by the Listing Rules will be dispatched to the Shareholders and available on the websites of the Company and the Stock Exchange in due course.

## **ANNUAL GENERAL MEETING**

A notice convening the annual general meeting will be published and dispatched to the Shareholders in accordance with the requirements of the Listing Rules and the articles of association of the Company in due course.

## **EVENTS AFTER THE REPORTING PERIOD**

After the Reporting Period, there is no material event affecting the Group need to be reported to the Shareholders.

## DEFINITION

“Audit Committee”	the audit committee of the Company.
“Bill”	the Inland Revenue (Amendment)(No.7) Bill 2017.
“Board”	the board of Directors of the Company.
“CAD” or “CA\$”	Canadian dollars, the lawful currency of Canada.
“Canada”	Canada, a country in the northern part of North America.
“CGN” or “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 at CGNPC-URC.
“CGN Finance”	CGN Finance Co., Ltd* (中廣核財務有限責任公司), a company incorporated in the PRC with limited liability and a subsidiary of CGNPC.
“CGN Global”	CGN Global Uranium Ltd (中廣核國際鈾產品銷售有限公司*), a company incorporated and registered in England and Wales with limited liability and a subsidiary of the Company.
“CGN Group”	CGNPC and its subsidiaries.
“CGNPC Huasheng”	CGNPC Huasheng Investment Limited (中廣核華盛投資有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of CGNPC.
“CGNPC-URC”	CGNPC Uranium Development Company Limited* (中廣核鈾業發展有限公司), a company incorporated in the PRC with limited liability and the sole shareholder of the China Uranium Development.
“China Uranium Development”	China Uranium Development Company Limited (中國鈾業發展有限公司), a company incorporated in Hong Kong and 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 and Corporate Governance Report set out in Appendix 14 of the Listing Rules.
“Director(s)”	the director(s) of the Company.
“EIT Law”	the Law of the PRC of Enterprise Income Tax.
“Fission”	Fission Uranium Corp., a Canadian-based resource company of which ordinary shares are listed on the Toronto Stock Exchange under the symbol “FCU”, the OTCQX market place in the US under the symbol “FCUUF” and on the Frankfurt Stock Exchange under the symbol “2FU” a company owned as to 16.74% by the Company as at 31 December 2020.
“Group”	the Company and its subsidiaries.
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong.
“HKAS”	the Hong Kong Accounting Standards.
“HKFRSs”	the Hong Kong Financial Reporting Standards issued by HKICPA.
“HKICPA”	the Hong Kong Institute of Certified Public Accountants.
“Hong Kong” and “HKSAR”	the Hong Kong Special Administrative Region of the People’s Republic of China.
“Irkol Mine”	the Irkol mine located in the Kyzylorzhinsk area, 20 kilometres from the town of Chiili, Kazakhstan with limited liability, which was owned and operated by Semizbay-U.
“Kazakhstan”	The Republic of Kazakhstan.
“Kazatomprom”	Joint Stock Company National Atomic Company “Kazatomprom”, a joint stock company established according to the laws of Kazakhstan with limited liability, which holds 51% equity interest of Semizbay-U.
“kW”	kilowatt.
“kWh”	kilowatt hour.
“lb”	pound.

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
“Mauritius”	the Republic of Mauritius, is an island nation in the Indian Ocean.
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules.
“MWe”	megawatts of electricity.
“New Kazakhstan Uranium Project”	the acquisition of not more than 49% interest in uranium mines in central Mynkuduk and Zhalpak in Kazakhstan through the acquisition of a corresponding equity interest in its holding company.
“PLS Project”	Patterson Lake South project, Fission’s primary and wholly-owned asset, which located in Saskatchewan, Canada, with an exploration area of approximately 31,039 hectares.
“PRC” or “China”	The People’s Republic of China.
“Reporting Period”	From 1 January 2020 to 31 December 2020.
“RMB”	Renminbi, the lawful currency of the PRC.
“Semizbay Mine”	the Semizbay mine located in the Valihanov District of Akmoltnsk Oblast in Kazakhstan, which was owned and operated by Semizbay-U.
“Semizbay-U”	Semizbay-U Limited Liability Partnership, a limited liability partnership established in Kazakhstan, with the Company holding 49% of its equity interest through its wholly-owned subsidiary and recognised as 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(s)”	has the meaning ascribed to it under the Listing Rules.
“Tenge”	Tenge, the lawful currency of Kazakhstan.
“tU”	tons of elemental Uranium.

“UK”	the United Kingdom of Great Britain and Northern Ireland.
“UMP”	Joint Stock Company “Ulba Metallurgical Plant”, a joint stock company established according to the laws of Kazakhstan, and a subsidiary of Kazatomprom.
“US”	the United States of America.
“USD” or “US\$”	United States dollars, the lawful currency of the US.
“UxC”	The UxC, LLC, one of the leading consulting companies in the nuclear industry.

By Order of the Board  
**CGN Mining Company Limited**  
**Yu Zhiping**  
*Chairman*

Hong Kong, 31 March 2021

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

\* *For identification purposes only*