中广核礦業有限公司*
CGN Mining Company Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 01164)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

HIGHLIGHTS

	(Unaudited) Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
Revenue	**2,933,815**	2,412,830
Profit attributable to the owners of the Company	**179,692**	355,123
Earnings per share		
– Basic	**HK2.36 cents**	HK5.28 cents
– Diluted	**HK2.36 cents**	HK5.28 cents
Interim dividend per share	**Nil**	Nil

- Revenue of the Group for the Reporting Period was approximately HK$2,934 million, representing an increase of approximately 22% as compared with the corresponding period of 2022.

- Profit for the Reporting Period attributable to the owners of the Company was approximately HK$180 million, representing a decrease of approximately 49% as compared with the corresponding period of 2022.

- Basic earnings per share for the Reporting Period amounted to approximately HK2.36 cents, representing a decrease of approximately 55% as compared with the corresponding period of 2022.

- The Board does not recommend the payment of an interim dividend.

The Board announces the unaudited condensed interim consolidated results of the Group for the Reporting Period, together with the comparative figures for the corresponding period in 2022 as follows:

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**2,933,815**	2,412,830
Cost of sales		**(2,747,158)**	(2,217,222)
Gross profit		**186,657**	195,608
Other operating income		**19,648**	11,640
Selling and distribution expenses		**(8,735)**	(6,366)
Administrative expenses		**(21,465)**	(17,998)
Changes in fair value of investment properties		**(1,599)**	(1,320)
Share of result of a joint venture		**70,605**	106,007
Share of results of associates		**49,620**	150,598
Finance costs	*5*	**(59,244)**	(24,002)
Profit before taxation		**235,487**	414,167
Income tax expenses	*6*	**(55,795)**	(59,044)
Profit for the period attributable to owners of the Company	*7*	**179,692**	355,123
Earnings per share	*9*		
Basic		**HK2.36 cents**	HK5.28 cents
Diluted		**HK2.36 cents**	HK5.28 cents

CONDENSED INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**179,692**	355,123
Other comprehensive income/(expense):		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries	**(15,890)**	(5,180)
Exchange differences on translation of financial statements of a joint venture	**11,164**	(12,620)
Exchange differences on translation of financial statements of associates	**26,581**	(59,157)
Other comprehensive income/(expense) for the period	**21,855**	(76,957)
Total comprehensive income for the period attributable to owners of the Company	**201,547**	278,166

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	30 June 2023 HK$'000 (Unaudited)	31 December 2022 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**1,169**	1,262
Right-of-use assets		**1,501**	2,327
Investment properties		**42,820**	45,785
Interest in a joint venture		**349,890**	433,995
Interest in associates		**3,656,796**	3,935,248
Other receivables	*10*	**50**	367
Deferred tax assets		**9**	9
		4,052,235	4,418,993
Current assets			
Inventories		**1,923,127**	2,048,471
Trade and other receivables	*10*	**589,759**	343,396
Amount due from an intermediate holding company	*11*	**3,176**	1,679
Amount due from a fellow subsidiary		**18**	18
Income tax recoverable		**765**	760
Bank balances and cash	*12*	**516,100**	52,390
		3,032,945	2,446,714
Total assets		**7,085,180**	6,865,707

	Notes	**30 June 2023** **HK$'000** **(Unaudited)**	31 December 2022 *HK$'000* (Audited)
Current liabilities			
Trade and other payables	*13*	**970,639**	1,043,828
Loan from immediate holding company		**–**	47,694
Loan from an intermediate holding company		**41,215**	–
Bank borrowings	*14*	**1,031,426**	957,752
Lease liabilities		**1,384**	1,560
Amount due to an intermediate holding company	*11*	**7,202**	1,120
Amounts due to fellow subsidiaries		**952**	1,060
Income tax payable		**36,297**	10,697
		2,089,115	2,063,711
Net current assets		**943,830**	383,003
Total assets less current liabilities		**4,996,065**	4,801,996
Non-current liabilities			
Loans from a fellow subsidiary	*15*	**1,395,914**	1,395,914
Lease liabilities		**–**	662
Deferred tax liabilities		**46,483**	57,281
		1,442,397	1,453,857
Net assets		**3,553,668**	3,348,139
Capital and reserves			
Share capital	*16*	**76,007**	76,007
Reserves		**3,477,661**	3,272,132
Total equity		**3,553,668**	3,348,139

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

CGN Mining Company Limited (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 of Hong Kong Limited. Its parent is 中國鈾業發展有限公司 (China Uranium Development Company Limited) ("**China Uranium Development**"), a company incorporated in Hong Kong and a wholly-owned subsidiary of 中廣核鈾業發展有限公司 (CGNPC Uranium Resources Co., Ltd.) ("**CGNPC-URC**"), which is in turn a subsidiary of 中國廣核集團有限公司 (China General Nuclear Power Corporation) ("**CGNPC**"). CGNPC is the ultimate parent of the Company. Both CGNPC-URC and CGNPC were state-owned enterprises established in the PRC.

The principal activities of the Company and its subsidiaries (collectively referred to the "**Group**") are trading of natural uranium, property investment and other investments.

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

These condensed interim consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("**HKAS 34**"), issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These condensed interim consolidated financial statements were authorised for issue on 24 August 2023.

These condensed interim consolidated financial statements have been prepared with the same accounting policies adopted in the 2022 annual financial statements, except for those that relate to new and amended standards or interpretations effective for the first time for periods beginning on or after 1 January 2023. The adoption of the new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") have no material effect on these condensed interim consolidated financial statements. The Group has not early adopted any amendments to HKFRSs that has been issued but not yet effective in the current accounting period.

(a) Application of new and amendments to HKFRSs

In the current interim period, the Group has applied for the first time the following amendments to HKFRSs that are relevant to and effective for the Group's condensed consolidated financial statements for the annual period beginning on 1 January 2023.

- Disclosure of Accounting Policies (Amendments to HKAS 1 and HKFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to HKAS 8);
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to HKAS 12); and
- International Tax Reform – Pillar Two Model Rules (Amendments to HKAS 12).

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

(b) Amended HKFRSs that have been issued but are not yet effective

The following revised HKFRSs, potentially relevant to the Group's condensed 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 when they become effective.

- Classification of Liabilities as Current and Non-current (Amendments to HKAS 1 Presentation of Financial Statements)[1];
- Non-current Liabilities with Covenants (Amendments to HKAS 1 Presentation of Financial Statements)[1];
- HK Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[1];
- Lease Liability in a Sale and Leaseback (Amendments to HKFRS 16 Leases)[1]; and
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to HKFRS 10 Consolidated Financial Statements and HKAS 28 Investments in Associates and Joint Ventures)[2].

[1] Effective for accounting periods beginning on or after 1 January 2024
[2] Effective for accounting periods to be determined

The Group does not expect any amendments to standards issued by the HKICPA, but not yet effective, to have a material impact to the Group.

The preparation of these condensed interim consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

These condensed interim consolidated financial statements contain condensed interim consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. These condensed interim consolidated financial statements and notes do not include all of the information required for a complete set of financial statement prepared in accordance with the HKFRSs and should be read in conjunction with the 2022 consolidated financial statements.

These condensed interim consolidated financial statements are unaudited, but has been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim Financial Information Performed by the Independent Auditor of the Entity", issued by the HKICPA.

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

3. USE OF JUDGEMENTS AND ESTIMATES

In preparing these condensed interim consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2022 annual financial statements.

4. REVENUE AND SEGMENT INFORMATION

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

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods	**2,932,207**	2,411,264
Rental income (net of direct outgoings: nil)	**1,608**	1,566
	2,933,815	2,412,830

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

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 associates.

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

Segment revenue and results

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

Six months ended 30 June 2023

	Natural uranium trading	**Property investment**	**Other investments**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Revenue	**2,932,207**	**1,608**	**–**	**2,933,815**
Segment profit/(loss)	**170,820**	**(1,461)**	**120,225**	**289,584**
Other operating income				**19,648**
Finance costs				**(59,244)**
Central administrative costs				**(14,501)**
Profit before taxation				**235,487**

Six months ended 30 June 2022

	Natural uranium trading	Property investment	Other investments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	2,411,264	1,566	–	2,412,830
Segment profit/(loss)	144,000	(133)	270,347	414,214
Other operating income				11,640
Finance costs				(39)
Central administrative costs				(11,648)
Profit before taxation				414,167

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4 of the Group's annual consolidated financial statements for the year ended 31 December 2022. Segment profit represents the profit earned by each segment without allocation of other operating income, certain finance costs and central administrative costs. This is the measure reported to the CEO, being the chief operating decision maker for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

	30 June 2023	31 December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Segment assets		
Natural uranium trading	**2,499,599**	2,387,660
Property investment	**42,840**	46,566
Other investments	**4,006,686**	4,369,243
	6,549,125	6,803,469
Unallocated corporate assets	**536,055**	62,238
Total assets	**7,085,180**	6,865,707

	30 June 2023	31 December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Segment liabilities		
Natural uranium trading	**3,394,445**	3,437,657
Property investment	**42,136**	535
	3,436,581	3,438,192
Unallocated corporate liabilities	**94,931**	79,376
Total liabilities	**3,531,512**	3,517,568

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 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).

Geographical information

The Group's operations are located in the People Republic of China ("**PRC**") (including Mainland China and the Hong Kong Special Administrative Region ("**HKSAR**")), Kazakhstan, Canada and the United Kingdom ("**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**	
	Six months ended 30 June		**As at 30 June**	As at 31 December
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Mainland China	**786,109**	687,836	**42,839**	45,806
HKSAR	**–**	–	**1,152**	1,779
Europe (other than UK)	**680,331**	430,628	**–**	–
UK	**607,761**	515,558	**1,499**	1,789
US	**355,550**	194,734	**–**	–
Czech Republic	**330,971**	–	**–**	–
Canada	**96,163**	584,074	**573,670**	546,731
United Arab Emirates	**76,930**	–	**–**	–
Kazakhstan	**–**	–	**3,433,016**	3,822,512
	2,933,815	2,412,830	**4,052,176**	4,418,617

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:

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Customer A[1]	**514,669**	N/A[2]
Customer B[1]	**N/A[2]**	515,558
Customer C[1]	**784,501**	686,270
Customer D[1]	**N/A[2]**	584,072
Customer E[1]	**330,971**	N/A[2]

1 Revenue from natural uranium trading segment

2 The corresponding revenue did not contribute over 10% of the total revenue of the Group

5. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest expenses on loans from a fellow subsidiary	**33,606**	1,950
Interest expenses on loan from immediate holding company	**158**	17,510
Interest expenses on loan from an intermediate holding company	**733**	–
Interest expenses on bank borrowings	**24,726**	4,503
Interest expenses on lease liabilities	**21**	39
	59,244	24,002

6. INCOME TAX EXPENSES

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax		
– Current period	**6,753**	–
	6,753	–
Other jurisdictions current tax		
– UK corporation tax	**24,403**	47,066
– Kazakhstani withholding tax	**34,393**	10,423
	58,796	57,489
Deferred tax	**(9,754)**	1,555
	55,795	59,044

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 2023, 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%. For the six months ended 30 June 2023, the Hong Kong holding company was in profit-making position (30 June 2022: loss-making position).

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and its Implementation Regulation, the tax rate of the PRC subsidiary is 25% for both periods. For the periods ended 30 June 2023 and 2022, the PRC subsidiary did not have any assessable income.

The subsidiaries operating in UK are subject to Corporation Tax Act of UK and the tax rate of the UK subsidiaries is 25% for the period ended 30 June 2023 (30 June 2022: 19%).

As at 12 July 2022, pursuant to the Tax Code (Revised Edition) enacted since January 2023 in the Kazakhstan (the "**New Tax Code of Kazakhstan**"), dividends paid by subsurface users to foreign shareholders without permanent establishments in Kazakhstan will be subject to the Kazakhstani withholding tax at the rate of 10% if (i) the dividends are not paid to the entities registered in the list of Countries with Preferential Tax Regime; (ii) the holding period of shares or participation interest is more than three years; (iii) subsurface users undertake further processing (after primary processing) of a prescribed percentage of the mineral raw materials extracted by its own production facilities in Kazakhstan or owned by its affiliated resident entity in Kazakhstan and (iv) the distributed income was earlier levied with Corporate Income Tax.

The Group has held shareholding in the joint venture, Semizbay-U Limited Liability Partnership ("**Semizbay-U**") 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 subject to the Kazakhstani withholding tax in accordance with the provisions of the New Tax Code of Kazakhstan. For the period ended 30 June 2023, Semizbay-U is subject to Kazakhstani withholding tax at 10%.

Pursuant to the EIT Law, the earnings distributed from Semizbay-U to the Mainland China subsidiary of the Company is subject to tax if the tax rate under EIT Law is higher than the tax rate under the New Tax Code of Kazakhstan. The applicable tax rate is the difference between the tax rates under EIT Law and the New Tax Code of Kazakhstan. For the year of assessment 2023, as Mainland China's income tax rate of 25% is lower than the Kazakhstan's total tax rate, which is the sum of income tax rate of 20% and withholding dividend tax rate of 10% under the New Tax Code of Kazakhstan, the Mainland China subsidiary is not subject to tax in this regard.

Mining Company "ORTALYK" LLP ("**Oratlyk**") has qualified for a reduced withholding tax rate under an applicable tax treaty, the dividends received by the Group from Ortalyk are subject to the UK-Kazakhstan double taxation agreement and the tax rate of the withholding tax is 5%.

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

7. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold*	**2,747,158**	2,217,222
Depreciation of property, plant and equipment	**107**	138
Depreciation of right-of-use assets	**826**	618
Interest income from fellow subsidiaries	**(5,217)**	(225)
Bank interest income	**(885)**	(205)
Rental income from an intermediate holding company	**(1,608)**	(1,566)

* Cost of inventories sold for the six months ended 30 June 2023 includes impairment of inventories for the period amounted to approximately HK$47,694,000 (six months ended 30 June 2022: HK$17,712,000).

8. DIVIDEND

No dividends has been declared and paid during the interim period. The Board of Directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
EARNINGS		
Earnings for the period attributable to owners of the Company for the purpose of calculating basic earnings per share	**179,692**	355,123
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**7,600,682,645**	6,731,211,927

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

The Group's associate, Fission Uranium Corp. ("**Fission**"), has issued share options and warrants to the directors of Fission, granting the right for the share options and warrants holders to subscribe the ordinary shares of Fission. The diluted earnings per share is the same as basic earnings per share as the effect of these potential ordinary shares is anti-dilutive during the six months ended 30 June 2023 and 2022.

10. TRADE AND OTHER RECEIVABLES

	30 June 2023	31 December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables *(Note a)*	**573,821**	335,621
Prepayments, deposits and other receivables *(Note b)*	**15,988**	8,142
	589,809	343,763
Analysed into		
Current portion	**589,759**	343,396
Non-current portion	**50**	367
	589,809	343,763

The Group did not hold any collateral over these balances. At 30 June 2023 and 31 December 2022, there was no loss allowance provided.

Note a: As at 30 June 2023, trade receivables of HK$455,153,000 (31 December 2022: HK$277,148,000) represent amount due from the immediate holding company, China Uranium Development.

Note b: As at 30 June 2023, included in prepayments, deposits and other receivables, approximately HK$1,006,000 (31 December 2022: approximately HK$197,000) are interest receivables due from CGNPC Huasheng Investment Limited ("**CGNPC Huasheng**"), a fellow subsidiary of the Company.

The Group normally grants to its trade customer credit periods for natural uranium segment within 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.

	30 June 2023	31 December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**564,406**	335,621
31 days to 60 days	**9,415**	–
Total	**573,821**	335,621

11. AMOUNT DUE FROM/(TO) AN INTERMEDIATE HOLDING COMPANY

The amount due from an intermediate holding company represents the rental receivable from CGNPC-URC of which the maximum outstanding amount during the six months ended 30 June 2023 is approximately HK$3,176,000 (31 December 2022: HK$1,679,000).

The amount due to an intermediate holding company represents unsettled amount of management service provided by and the expenses paid by CGNPC-URC on behalf of the Group.

The amounts are unsecured, interest-free, and repayable on demand.

12. BANK BALANCES AND CASH

	30 June 2023	31 December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Bank deposits:		
Cash at bank and on hand	**516,100**	52,390
Analysis of bank balances and cash:		
Cash at bank and on hand	**1,333**	1,236
Cash placed at CGNPC Huasheng and CGN Finance *(Note)*	**514,767**	51,154
	516,100	52,390

Note: The balance is unsecured, interest bearing at rates ranging from 4.32% to 6.36% (31 December 2022: ranging from 3.95% to 5.92%) per annum and recoverable on demand.

On 16 June 2022, the Company entered into the new Financial Service Framework Agreements (the "**Agreements**") with CGNPC Huasheng and CGN Finance Co., Ltd ("**CGN Finance**") for a term of three years commencing from 1 January 2023 and ending on 31 December 2025.

Under the Agreements, the directors of the Company consider that these deposits made to CGNPC Huasheng and CGN Finance qualified as cash and cash equivalent as the Group can withdraw the deposits by giving notice to meet its short-term cash commitments and without suffering any penalty.

13. TRADE AND OTHER PAYABLES

	30 June 2023	31 December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables *(Note a)*	**739,218**	655,139
Accrued expenses and other payables *(Note b)*	**231,421**	388,689
	970,639	1,043,828

Note a: Trade payables of approximately HK$133,318,000 (31 December 2022: approximately HK$10,875,000) and HK$295,658,000 (31 December 2022: approximately HK$243,828,000) represented amount due to a joint venture of the Company, namely, Semizbay-U and an associate of the Company, namely Ortalyk.

Note b: Included in other payables, approximately HK$40,674,000 and HK$706,000 (31 December 2022: approximately HK$7,067,000 and HK$ Nil) is interest payable due to CGNPC Huasheng, a fellow subsidiary of the Company and CGNPC-URC respectively and approximately HK$170,612,000 (31 December 2022: approximately HK$350,948,000) is the cash received in inventory lease.

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

	30 June 2023	31 December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**730,512**	655,139
31 days to 60 days	**8,706**	–
Totals	**739,218**	655,139

14. BANK BORROWINGS

	30 June 2023	31 December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Bank loans – unsecured and guaranteed		
Analysed into		
Current portion	**1,031,426**	957,752

As at 30 June 2023, the above balance was borrowed by CGN Global Uranium Ltd, a subsidiary of the Company, under two credit facilities with amounts of USD100,000,000 and USD150,000,000 respectively (31 December 2022: two credit facilities amounts of USD50,000,000 and USD150,000,000).

Two loans are borrowed by a subsidiary of the Company and bears interest rates at Secured Overnight Financing Rate ("**SOFR**") + 0.75% per annum and SOFR + 0.8% per annum (31 December 2022: one loan at LIBOR+1.2% and one loan at SOFR + 0.8% per annum) and it is guaranteed by the Company.

The repayment schedule of the above borrowings based on the agreed terms of repayment granted by bank are as follows:

	30 June 2023	31 December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**1,031,426**	957,752

15. LOANS FROM A FELLOW SUBSIDIARY

	30 June 2023	31 December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Loans repayable on 7 November 2025, unsecured and interest bearing at rates ranging from 4.59% to 5.27% (31 December 2022: ranging from 4.59% to 5.27%) per annum	**1,395,914**	1,395,914

The effective interest rate of the loans from a fellow subsidiary is 4.79% (2022: 4.88%) per annum.

16. SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Ordinary share of HK$0.01 each		
Authorised:		
At 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	50,000,000,000	500,000
Issued and fully paid:		
At 1 January 2022	6,600,682,645	66,007
Issue of new shares under subscription agreement *(Note a)*	240,700,000	2,407
Issue of new shares under subscription agreement *(Note b)*	759,300,000	7,593
At 31 December 2022, 1 January 2023 and 30 June 2023	7,600,682,645	76,007

All the ordinary shares issued during the period rank pari passu with the then existing shares in all respects.

Note a: On 28 March 2022, the Company completed a subscription agreement with third parties (the "**Subscribers**"), pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 240,700,000 ordinary shares (at par value of HK$0.01) at the subscription price of HK$0.80 per share. Those subscription shares issued by the Company rank pari passu in all respects with the issued ordinary shares of the Company on the date of issue.

Note b: On 30 June 2022, the Company completed a subscription agreement with a third party (the "**Subscriber A**"), pursuant to which the Subscriber A has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 759,300,000 ordinary shares (at par value of HK$0.01) at the subscription price of HK$0.80 per share. Those subscription shares issued by the Company rank pari passu in all respects with the issued ordinary shares of the Company on the date of issue.

The Company replenishes its capital after the acquisition of 49% interest in Ortalyk on 30 July 2021 for its natural uranium trading business as well as for future acquisition of competitive overseas uranium resource projects as part of the Group's development strategy.

The gross proceeds from the above subscriptions are HK$800 million and the net proceeds from the subscriptions, after deducting the relevant expenses, are HK$776 million. The Company intends to utilise the net proceeds as general working capital and for acquisition of uranium resources project.

BUSINESS REVIEW AND ANALYSIS

Analysis of the Business Environment in the First Half of 2023

Macroeconomic Environment

In the first half of 2023, the global economy has become more volatile as a result of the collapse of Silicon Valley Bank, the crisis of Credit Suisse and the tightened monetary policy of the US Federal Reserve. Meanwhile, the continuous tension in supply-demand relationship in global energy has led to the critical situation in energy security and energy independence issues. The conflict between the structural dilemma on the supply side and the global objective of "Carbon Neutrality and Carbon Peaking" is intensifying. It has become an important issue for every nation to ensure the security and independence of national energy supply under the trend of carbon neutrality.

Nuclear Power Market and Industry Development

As of 30 June 2023, the net installed capacity of global transportable nuclear power units (437 units) was 391GWe while the net installed capacity of global nuclear power units under construction (57 units) was 59GW.

Since 2022, with the intensification of the global energy crisis, carbon neutrality and carbon peaking have reached a global consensus, energy security and energy independence have been emphasized as never before. Every country has started to explore the possibility of resuming development of nuclear power, and a number of countries have already taken practical actions, so that the trend of nuclear power recovery is becoming clearer and the recovery of global nuclear power industry is accelerating. Developments relating to nuclear power in major countries in the first half of 2023 are as follows:

- In January, Korea announced a plan to increase its nuclear power generation share to 32.4% by 2030, higher than the share of other energy sources. In addition, the plan states that the share of nuclear power generation will be further increased by 2.2 percentage points by 2036 compared to 2030.

- In January, the Prime Minister of Sweden publicly stated that the restriction on the number of nuclear power stations is intended to be abolished by legislation to allow the construction of more nuclear power stations (note: the previous legislation stipulated that "the country can only build no more than 10 nuclear reactors in three locations within the country"), which will increase the power production of the Scandinavian countries and enhance energy security.

- In January, Bulgaria announced its latest energy strategy, which envisages the construction of two reactors each at Kozloduy and Belene between 2023 and 2053.

- In February, the Ministry of Energy of Belgium announced that it was considering to extend the service life of Units 1 and 2 at Doel Nuclear Power Station and Unit 1 at Tihange Nuclear Power Station.

- In February, Finland approved the extension of the operation of two units at Fortum's Loviisa nuclear power plant until 2050 (originally scheduled to expire at the end of 2027 and the end of 2030), which is reported to be Finland's first nuclear power plant and currently provides more than 10% of Finland's electricity.

- In February, the cabinet meeting of the government of Japan passed a decision on extending the operating hours of nuclear power stations. In March, the National Diet of Japan formally passed legislation authorizing the operating life of domestic nuclear power units to be over 60 years.

- In March, Uganda announced that it would partner with China National Nuclear Corporation (CNNC) to develop the first nuclear power plant in East Africa, which would allow it in becoming the second or third African country with nuclear power plants.

- In March, the government of Canada released its "2023 Federal Budget", which provides clear and strong support for the development of nuclear power, including a 30% investment tax credit for the manufacture of nuclear power equipment and for the processing or recycling of nuclear fuel and heavy water, CA$1.3 billion for improving efficiency through regulatory review and approval as well as CA$500 million within 10 years for the Strategic Innovation Fund in supporting small modular reactor-related projects.

- In March, in view of the growing need for energy security and independence of the Italian power system, Électricité de France signed contracts with energy companies such as Ansaldo Energia, Ansaldo Nucleare and Edison from Italy for the development of small nuclear reactors.

- In April, according to the "Report on Nuclear Energy Development in China 2023" released by the China Nuclear Energy Association, as at the end of April 2023, China has 54 nuclear power units in commercial operation and 24 under construction, and continues to lead the world in terms of the number of nuclear power units under construction.

- In April, Germany closed its last three nuclear power stations in the country, marking the end of the "nuclear era".

- In April, India announced plans to triple its installed nuclear power capacity by 2031 and increase the share of nuclear power generation to 9% by 2047.

- In May, members of the European "Nuclear Alliance" held a meeting in Paris to draw up a "roadmap" for the development of nuclear energy in Europe, and it is expected that by 2050, the installed capacity of nuclear power in the European Union will increase from the current 100GW to 150GW.

- In May, the Chamber of Deputies of Italy passed a resolution allowing the government to seek international partners to introduce Generation IV nuclear technology to Italy. The resolution is the first step in Italy's return to nuclear power after the nuclear renouncement in a referendum in 1987.

- In June, the 2MWt Liquid Fuel Thorium-based Molten Salt Experimental Reactor (TMSR-LF1) in Gansu Province, China, received an operating license from the National Nuclear Safety Administration (NNSA), and commenced its first load operation.

- In June, Belgium approved a ten-year extension to 2035 for the Doel 4 Nuclear Power Station and Tihange 3 Nuclear Power Station reactors.

- In June, in order to minimize dependence on Russian nuclear fuel, the US and the UK established the Joint Standing Committee on Nuclear Energy Cooperation (JSCNEC), which encourages the establishment of new infrastructures and the development of nuclear fuel cycle capabilities. Framatome and Slovenské elektrárne cooperated in the development of the new VVER (Voda-Vodyanoi Energetichesky Reaktor) fuel (100% European own property rights).

- In July, it was deliberated and decided at the executive meeting of China's State Council to approve six nuclear power units that have been included in the national plan and subject to a comprehensive safety assessment. They are Units 1 and 2 of the Xudabao nuclear power project in Liaoning, Units 1 and 2 of Phase 1 of Huaneng's Shidao Bay nuclear power plant expansion project in Shandong, and Units 5 and 6 of Phase 2 of the Ningde project in Fujian.

In summary, the development of nuclear power in emerging countries is on the rise and the attitude of developed countries towards nuclear power has become more positive. As a baseload energy source, nuclear power has low carbon safety, high energy density, high load factor and high economic benefits, and we believe that the development of nuclear power is inevitable in the reformation of international energy structure. We believe that there will be a steadily rising market demand for natural uranium in the future.

Natural Uranium Market Conditions

In the first half of 2023, with the apparent growth in nuclear power demand, a stable and sufficient supply of natural uranium, the major fuel of nuclear power, has become the primary prerequisite for capacity expansion of the nuclear power industry. In 2023, both the spot prices and long-term trade prices of natural uranium rose and remained high at USD56/lb with significant increase in the number of long-term trade contracts signed and lower activity of financial institutions, and the industry is on the road to steady recovery.

In June 2023, the spot price of natural uranium published by UxC and TradeTech was both USD56/lb, representing an increase of 9.82% as compared to the beginning of 2023, and the highest spot price in the first half of the year was USD57.75/lb, which was mainly due to further concerns about the security of energy supply and the reduction of purchasable quantities in the spot market out of the Russia-Ukraine conflict. Meanwhile, the average long-term price indicator of UxC and TradeTech was USD56/lb in June, up 6.67% from the beginning of 2023. In addition, according to the data of UxC, in the first half of 2023, the contracted volume at spot prices amounted to 8,384tU, down 33.9% compared to the same period last year, mainly due to the impact of financial institutions being affected by the pressures of rising capital costs and spot prices in this year, the purchasing volume was significantly reduced year-on-year; whereas the contracted volume at long-term trade prices in the first half of the year amounted to 41,192tU, which was already higher than the level for last year, mainly due to the expiration of nuclear power owners' and producers' long-term trade contracts, and the purchases for investment becoming more active, leading to the gradual recovery of the long-term trade market.

Natural uranium deposits in production are mainly located in Central Asia (Kazakhstan and Uzbekistan), North America (Canada), Australasia (Australia) and Africa (Namibia, Niger and South Africa). According to the data of the World Nuclear Association (WNA), in 2022, a total of approximately 48,800tU was produced globally. Since the beginning of 2023, following the increase in uranium prices, production of certain mines that have been shut down for maintenance due to economic reasons will gradually resume, and construction and drilling progress of mines which are under construction and advanced exploration are also expected to be accelerated. According to the public information of respective relevant companies, in 2023, natural uranium producer Paladin has announced to resume production at the Langer Heinrich uranium mine in Namibia in the first quarter of 2024 while Cameco has announced to resume the uranium mine production at the McArthur River and Cigar Lake uranium mines in Canada. The Honeymoon uranium mine in Australia will be commissioned by the end of 2023 with its maximum production volume reaching 1,500tU per year.

However, some countries and regions still have recurring outbreaks of COVID-19, while the Russia-Ukraine conflict may also pose a potential threat to natural uranium supply and transportation in Central Asia. The Kazakhstan uranium deposits still maintains its production plan at 10% reduced production and is expected to return to 100% production capacity in 2025.

There has been a long-term gap between demand and supply in the natural uranium market. Currently, such gap is filled solely by secondary sources and inventories. Nevertheless, in recent years, with the end of post-World War II nuclear warhead dismantlement (i.e. dilution of highly enriched uranium in nuclear weapons to industrial-grade standards by the U.S., Russia and other countries to supplement nuclear fuel supplies), the supply side of the natural uranium market will gradually lose an important source of secondary supply. In addition, nuclear power owners have begun to actively build up their inventories, shifting from releasing secondary supply to generating secondary demand. Therefore, the gap between supply and demand is difficult to be resolved in the short term.

SUMMARY OF OPERATION IN THE FIRST HALF OF 2023

Overall operation

During the Reporting Period, the Group realized profit of HK$180 million and revenue of HK$2,934 million, representing a decrease of 49% and an increase of 22%, respectively, as compared with the corresponding period of 2022. The decrease in profit was mainly due to the decrease in the share of result of a joint venture and associates as well as the increase in finance costs.

During the Reporting Period, the total equity source of the Group was 37,000tU and equity production was 613tU.

Natural Uranium Trading

During the Reporting Period, the Group completed the sale of 672tU uranium products procured under the off-take arrangement with Semizbay-U and Ortalyk, which generated trading revenue of approximately HK$785 million, with the average sales price of USD57.89/lbU_3O_8 and an average sales cost of USD54.34/lbU_3O_8.[Note]

Operation of CGN Global

During the Reporting Period, CGN Global newly entered into sales contracts for a total of 1,519tU of natural uranium, among which, 77% of the sales were contracted with clients from Europe, 13% of the sales were contracted with clients from Asia and 10% of the sales were contracted with clients from North America. Meanwhile, CGN Global completed the delivery of 2,147tU of natural uranium and recorded revenue of USD277 million (approximately HK$2,148 million). As at 30 June 2023, CGN Global had contracted natural uranium sales of 2,029tU at a weighted average cost of USD48.18/lbU_3O_8.

Production and Operation of Semizbay-U

As at the end of the Reporting Period, the Group was interested in 49% of the equity interest of Semizbay-U, which mainly owns and operates the Semizbay Mine and the Irkol Mine in Kazakhstan. The remaining 51% equity interest of Semizbay-U is held by Kazatomprom.

During the Reporting Period, Semizbay-U had been producing and operating normally with no major safety incident. On the premise of safe production, the planned uranium extracted was 448tU with actual extraction of 461tU and the completion rate of planned production of 103% in the first half of the year; among which, actual uranium extracted from the Semizbay Mine and the Irkol Mine were 190tU and 271tU, respectively, in the first half of the year. The average production costs of the Semizbay Mine and the Irkol Mine were USD25.75/lbU_3O_8 and USD21.99/lbU_3O_8, respectively.

During the Reporting Period, Semizbay-U re-estimated the resources of Semizbay Mine and the re-estimation report indicated that the remaining geological reserves of the Semizbay Mine amounted to 6,242tU as at the end of 2022. Currently, Semizbay-U is in the process of re-estimating the reserves of the Irkol Mine.

The Company indirectly acquired 49% interest in Semizbay-U in 2014 at the consideration of USD133.0 million and such 49% interest in Semizbay-U is recognised as interest in a joint venture of the Group, amounting to HK$350 million as at 30 June 2023, representing 4.94% of the total assets of the Group.

Note: Under usual international practice, the usual measuring unit of natural uranium in international uranium product trade is pound (lb), and the usual units of uranium reserves/production are tonnes of uranium (tU) and million pounds of natural uranium. 1tU equals to approximately 2,599.78 lb of U_3O_8.

During the Reporting Period, the Group received a total of HK$166 million dividend from Semizbay-U and the Group's share of result of Semizbay-U amounted to HK$71 million, representing a decrease of 33% as compared with the corresponding period of 2022, which was mainly due to the decrease in the natural uranium sales as compared with the corresponding period of 2022 and the year-on-year increase in the costs of principal businesses, resulting in the decrease in the share of result of Semizbay-U.

Production and Operation of Ortalyk

As at the end of the Reporting Period, the Group was interested in 49% of the equity interest of Ortalyk, which mainly owns and operates the Central Mynkuduk Deposit and the Zhalpak Deposit in Kazakhstan. The remaining 51% interest of Ortalyk is held by Kazatomprom.

During the Reporting Period, Ortalyk had been producing and operating normally with no major safety incident. The production of its uranium deposits remained stable in the first half of the year, with planned production of 786tU, actual production of 807tU and the completion rate of planned production of 103% in the first half of the year; among which, actual uranium extracted from the Central Mynkuduk Deposit and Zhalpak Deposit were 750tU and 57tU, respectively. The average production costs of the Central Mynkuduk Deposit and the Zhalpak Deposit were USD14.44/lbU_3O_8 and USD26.64/lbU_3O_8, respectively, during the first half of the year.

The Group acquired 49% interest in Ortalyk in 2021 at the consideration of USD435.1 million and such 49% interest in Ortalyk is recognised as interest in an associate of the Group, amounting to HK$3,083 million as at 30 June 2023, representing 43.52% of the total assets of the Group.

During the Reporting Period, the Group received a total of HK$359 million dividends from Ortalyk and the share of result of Ortalyk to the Group amounted to HK$40 million, representing a decrease of 72% as compared with the corresponding period of 2022, which was mainly due to the intended request by the Ministry of Energy of Kazakhstan to demand Ortalyk to make a compensation to the Kazakhstan government in the first half of 2023 for exploration of the Zhalpak Deposit (the "**Exploration**") between 2018 and 2020 without renewing the mining rights contract (the "**Compensation**"). Kazatomprom and Ortalyk provided approximately 10,037 million Tenge (approximately HK$174.02 million) in May 2023 for the accrued liabilities in respect of the Compensation. Meanwhile, because the Exploration is an event before completion of the acquisition by the Company, and Kazatomprom, being the controlling shareholder of Ortalyk, accrued compensation amount of approximately 4,022 million Tenge (approximately HK$69.73 million) to the Company in May 2023. Ortalyk updated the accrued compensation amount to approximately 11,357 million Tenge (approximately HK$196.91 million) in accordance with the international price of natural uranium at the end of June 2023. This resulted in a decrease of approximately HK$96 million in the Company's share of result of Ortalyk in the first half of the year. To the best of the Company's knowledge, on 15 August 2023, the compensation in the amount of 11,404 million Tenge (approximately HK$197.72 million) was paid by Ortalyk to the Kazakhstan government. Currently, the Company is actively negotiating with Kazatomprom in relation to the Compensation.

Uranium Resource Exploration of Fission

As at the end of the Reporting Period, the Group was interested in 13.27% of the equity interest of Fission, which is a junior mine exploration company mainly engaged in the acquisition, evaluation and development of uranium projects, with its core asset being the PLS Project in the south west margin of Saskatchewan's Athabasca Basin in Canada.

During the Reporting Period, based on the information available to the Board and other publicly available information, Fission announced the results of the feasibility study of the PLS Project on 17 January 2023, which showed that the mine exploration of the PLS Project was intended to be carried out completely underground, with an on-site hydrometallurgical plant and tailings facility, a 3-year mine construction period and a 10-year mine life. The average grade of the mine is 1.41%, containing 42,514 tonnes of U_3O_8. The mine is designed to process 350,000 tonnes of ore per annum. The hydrometallurgical recovery rate is 97%. The total investment of the mine is CA$1.155 billion. Based on the selling price of USD65/lbU_3O_8 and a discount rate of 8%, the production costs of the project amounted to USD9.77/lbU_3O_8, with internal rate of return after tax of 27.2% and net present value of CA$1,204 million. The results of the feasibility study indicated that the PLS Project is a high quality project to be developed.

The Company acquired 19.99% interest in Fission in 2016 at the consideration of CA$82.2 million which has been subsequently diluted to 13.27% as a result of issue of new shares by Fission to investors as well as under the share option scheme of Fission. Such 13.27% interest in Fission is recognised as interest in an associate of the Group which amounted to HK$574 million as at 30 June 2023, representing 8.10% of the total assets of the Group. The Group had not received any dividend from Fission during the Reporting Period.

Investor Relations Management

During the Reporting Period, the Company has continued to enhance investor relations management and organised the 2022 annual results press conference as well as a number of regular investor meetings. In addition, the Company has also been able to share and disseminate information about the uranium industry and its investment value in a timely manner through active participation in offline roadshows and enhancing media publicity. The Company obtained 9 analyst reports, and has been widely recognized by investors and analysts.

Other Significant Investments Held

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

Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, the Company did not have any material acquisition or disposal of subsidiaries, associates or joint ventures.

Events After the Reporting Period

On 17 August 2023, Mr. Zhang Yuntao was appointed as an INED. According to article 112 of the Articles of Association, any Director appointed to fill a casual vacancy or as an additional Director shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting.

BUSINESS PROSPECT

In the second half of 2023, the Company will continue to promote procurement of natural uranium and sale of uranium products off-taken from Semizbay-U and Ortalyk in accordance with its annual plan.

The Company will continue to maintain its edge in international natural uranium trading, expand scale of trade, improve trading quality and increase profitability while maintaining close control over risks.

Meanwhile, the Company will continue to participate in the operation and management of Semizbay-U and Ortalyk through participation in the decision-making process of their respective board of directors and on-site works of its despatched teams. The Company will work together with their management to ensure completion of the production tasks in the second half of the year and that the annual production, profit and sales targets can be achieved. In addition, the Company will continue to promote the development of the technology and techniques of Semizbay-U and Ortalyk and enhance their level of mine automation management in the long term. To ensure a stable and sustainable development of Semizbay-U, the Company will continuously pursue the normal commencement of the re-estimation work of Irkol Mine. In addition, Ortalyk will officially commence the mine expansion plan for the Zhalpak Deposit in the second half of the year. The Company will provide support through strict supervision and in-depth participation in the mine expansion plan, ensuring that the mine construction can be completed on schedule with high quality.

In respect of Fission, the Company will continue to enhance communication and exchange with Fission, continue to negotiate over the technical solutions set out in the results of the feasibility study and make dynamic adjustments to the future investment strategy in accordance with the results of the feasibility study.

In the second half of 2023, the Company will continue to expand its corporate influence, actively participate in marketing activities, increase investor interaction channels and demonstrate good corporate image. At the same time, the Company will continue to integrate the concept of sustainable development from the top-down approach, improve the quality of our ESG efforts, strive to explore and develop uranium resources to build a sustainable pipeline of uranium resource projects. The Company will also continue to strengthen its operation and management capabilities, capitalize on industry recovery opportunities and combine its market advantages to continue to explore merger and acquisition opportunities for high-quality projects.

In order to improve the medium and long-term incentive and binding mechanism of the Company, to strengthen the benefit-sharing and risk-taking among Shareholders, the Company and employees, to enhance the sense of belonging and loyalty of the senior management and core staff, to fully mobilize the enthusiasm of the Company's senior and middle management and core staff in achieving strategic objectives, and to realize the joint development of the Company and employees, the Company will continue to explore medium and long-term incentive plans, such as share option scheme.

FINANCIAL REVIEW AND FINANCIAL CAPITAL

Financial Performance and Analysis

The Company's investments and operating strategies affect its business performance, which is reflected in the financial statements.

Major Financial Indicators

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Profitability indicators		
Gross profit margin (%)[1]	**6.36**	8.11
EBITDA (HK$ million)[2]	**295.66**	439.14
EBITDA/Revenue (%)[3]	**10.08**	18.20
Net profit margin (%)[4]	**6.12**	14.72
Operating ability indicators		
Days sales of inventory – Average (Days)[5]	**130**	117
Trade receivables cycle – Average (Days)[6]	**28**	18
Investment return indicators		
Return on equity (%)[7]	**5.21**	13.17
Profit attributable to the owners of the Company to revenue ratio (%)[8]	**6.12**	14.72
Return on total assets (%)[9]	**2.58**	5.30

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Repayment ability indicators		
Current ratio (%)[10]	**145.18**	118.56
Debt to asset ratio (%)[11]	**49.84**	51.23
Gearing ratio (%)[12]	**99.38**	105.06

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

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

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

4. Profit for the period divided by revenue multiplied by 100%.

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

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

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

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

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

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

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

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

FINANCIAL RESULTS ANALYSIS

Revenue

	Six months ended 30 June		Movements	
			Increase/	Increase/
	2023	2022	(Decrease)	(Decrease)
	HK$'000	*HK$'000*	*HK$'000*	*%*
	(Unaudited)	(Unaudited)		
Natural uranium trading	**2,932,207**	2,411,264	520,943	22
Property investment	**1,608**	1,566	42	3
Total revenue	**2,933,815**	2,412,830	520,985	22

During the Reporting Period, the Group recorded revenue of HK$2,934 million, representing an increase of approximately 22% as compared with the corresponding period of 2022, which was mainly due to the increase of natural uranium price.

Cost of sales

	Six months ended 30 June		Movements	
			Increase/	Increase/
	2023	2022	(Decrease)	(Decrease)
	HK$'000	*HK$'000*	*HK$'000*	*%*
	(Unaudited)	(Unaudited)		
Natural uranium trading	**2,747,158**	2,217,222	529,936	24
Total cost of sales	**2,747,158**	2,217,222	529,936	24

During the Reporting Period, the cost of sales of the Group amounted to HK$2,747 million, representing an increase of 24% as compared with the corresponding period of 2022 which was mainly due to the increase of natural uranium price.

Other Operating Income

During the Reporting Period, other operating income of the Group amounted to HK$19.65 million, representing a significant increase of 69% as compared with the corresponding period of 2022 which was mainly due to the increase in interest income.

Selling and Distribution Expenses

During the Reporting Period, the selling and distribution expenses of the Group amounted to HK$8.74 million, representing an increase of 37% as compared with the corresponding period of 2022, which was mainly due to increase in storage expenses of natural uranium inventories.

Administrative Expenses

During the Reporting Period, the administrative expenses of the Group amounted to HK$21.47 million, representing an increase of 19% as compared with the corresponding period of 2022, which was mainly due to the increase in consultancy fees and interest of the UK withholding tax.

Share of Result of a Joint Venture

During the Reporting Period, the share of result of a joint venture amounted to HK$70.61 million, representing a decrease of 33% as compared with the corresponding period of 2022, which was mainly due to the decrease in the natural uranium sales as compared with the corresponding period of 2022 and the year-on-year increase in the costs of principal businesses, resulting in the decrease in the share of result of Semizbay-U.

Share of Results of Associates

The Company's associates include Fission and Ortalyk. The Company's share of result of Fission was profit of HK$9.31 million (corresponding period of 2022: profit of HK$7.56 million), which included the attributable loss for the Reporting Period of HK$4.65 million (corresponding period of 2022: loss of HK$7.06 million), the loss on deemed disposal of HK$2.08 million (corresponding period of 2022: gain of HK$1.88 million) and the reversal of long-term investment impairment of HK$16.04 million (corresponding period of 2022: HK$12.74 million).

Fission entered into an equity distribution agreement providing for an at-the-market ("**ATM**") equity offering program in April 2022. The ATM program will allow Fission, through its agents, to, from time to time, offer and sell, in Canada through the facilities of the Toronto Stock Exchange. During the Reporting period, Fission issued a total of 22,683,500 ordinary shares (31 December 2022: 10,899,300 ordinary shares) of Fission in aggregate through the ATM program.

In addition, Fission issued approximately 133,479 (31 December 2022: 121,792) ordinary shares of Fission under a directors remuneration plan and 2,309,419 ordinary shares (2022: 1,239,463 ordinary shares) of Fission upon exercise of share options granted to the directors, employees, officers and consultants of Fission under the share option schemes of Fission.

As a result, the Group's interest in Fission reduced in aggregate by 0.48% from 13.75% as at 31 December 2022 to 13.27% as at 30 June 2023.

During the Reporting Period, the Company's share of result of Ortalyk amounted to HK$40.31 million, representing a decrease of 72% as compared with the corresponding period of 2022, which was mainly due to the intended request by the Ministry of Energy of Kazakhstan to demand Ortalyk to make a compensation to the Kazakhstan government in the first half of 2023 for the Exploration of the Zhalpak Deposit between 2018 and 2020 (prior to the completion of acquisition by the Company) without renewing the mining rights contract, causing a decrease in the share of result of Ortalyk.

Finance Costs

During the Reporting Period, the finance cost of the Group amounted to HK$59 million, representing an increase of 147% as compared with the corresponding period of 2022, which was mainly due to the year-on-year increase in the finance costs due to the rate hikes by the US Federal Reserve.

Income Tax Expenses

During the Reporting Period, income tax expenses of the Group amounted to HK$56 million, representing a decrease of 6% as compared with the corresponding period of 2022, mainly due to the decrease in the amount of tax payable as a result of the decrease in the share of results of a joint venture and associates.

Half-year Profit

During the Reporting Period, the profit of the Group amounted to HK$179.69 million, representing a significant decrease of approximately 49% from the corresponding period of 2022, which was mainly due to the decrease in the share of results of a joint venture and associates and the increase in finance costs.

FINANCIAL POSITION

As at 30 June 2023, the total assets of the Group amounted to HK$7,085 million, representing an increase of 3% as compared with that of HK$6,866 million as at 31 December 2022; the total liabilities of the Group amounted to HK$3,532 million, basically unchanged from HK$3,518 million as at 31 December 2022; and the total equity of the Group and the equity attributable to the owners of the Company amounted to HK$3,554 million, representing an increase of 6% as compared with that of HK$3,348 million as at 31 December 2022.

Net Current Assets

As at 30 June 2023, the net current assets of the Group amounted to HK$944 million, representing an increase of 146% as compared with that of HK$383 million as at 31 December 2022.

Current assets

	As at 30 June 2023	As at 31 December 2022	Movements Increase/ (Decrease)	Increase/ (Decrease)
	HK$'000	*HK$'000*	*HK$'000*	*%*
	(Unaudited)	(Audited)		
Inventories	**1,923,127**	2,048,471	(125,344)	(6)
Trade and other receivables	**589,759**	343,396	246,363	72
Amount due from an intermediate holding company	**3,176**	1,679	1,497	89
Amount due from a fellow subsidiary	**18**	18	–	–
Income tax recoverable	**765**	760	5	1
Bank balances and cash	**516,100**	52,390	463,710	885
Total current assets	**3,032,945**	2,446,714	586,231	24

As at 30 June 2023, the current assets of the Group amounted to HK$3,033 million, representing an increase of 24% as compared with that of HK$2,447 million as at 31 December 2022, mainly due to the increase in bank balances and cash as a result of receiving dividends from Semizbay-U and Ortalyk as well as collection of trade receivables during the Reporting Period.

As at 30 June 2023, the aggregate amount of bank balances and cash of the Group was approximately HK$516 million (31 December 2022: HK$52 million), among which 3% (31 December 2022: 43%) was denominated in HKD, 88% (31 December 2022: 31%) was denominated in USD, and 9% (31 December 2022: 15%) was denominated in RMB. The Group did not have any bank deposit pledged to any bank (31 December 2022: nil).

Current liabilities

	As at 30 June 2023 *HK$'000* **(Unaudited)**	As at 31 December 2022 *HK$'000* (Audited)	Movements Increase/ (Decrease) *HK$'000*	Increase/ (Decrease) *%*
Trade and other payables	**970,639**	1,043,828	(73,189)	(7)
Loan from immediate holding company	**–**	47,694	(47,694)	(100)
Loan from an intermediate holding company	**41,215**	–	41,215	100
Bank borrowings	**1,031,426**	957,752	73,674	8
Lease liabilities	**1,384**	1,560	(176)	(11)
Amount due to an intermediate holding company	**7,202**	1,120	6,082	543
Amount due to fellow subsidiaries	**952**	1,060	(108)	(10)
Income tax payable	**36,297**	10,697	25,600	239
Total current liabilities	**2,089,115**	2,063,711	25,404	1

As at 30 June 2023, the current liabilities of the Group amounted to HK$2,089 million, basically unchanged from HK$2,064 million as at 31 December 2022.

Non-current assets

	As at 30 June 2023 *HK$'000* **(Unaudited)**	As at 31 December 2022 *HK$'000* (Audited)	Movements Increase/ (Decrease) *HK$'000*	Increase/ (Decrease) *%*
Property, plant and equipment	**1,169**	1,262	(93)	(7)
Right-of-use assets	**1,501**	2,327	(826)	(35)
Investment properties	**42,820**	45,785	(2,965)	(6)
Interest in a joint venture	**349,890**	433,995	(84,105)	(19)
Interest in associates	**3,656,796**	3,935,248	(278,452)	(7)
Other receivables	**50**	367	(317)	(86)
Deferred tax assets	**9**	9	–	–
Total non-current assets	**4,052,235**	4,418,993	(366,758)	(8)

As at 30 June 2023, the non-current assets of the Group amounted to HK$4,052 million, representing a decrease of 8% as compared with that of HK$4,419 million as at 31 December 2022, which was mainly due to dividends received from Semizbay-U and Ortalyk during the Reporting Period, leading to the decrease in interests in a joint venture and an associate.

Non-current liabilities

	As at 30 June 2023 *HK$'000* **(Unaudited)**	As at 31 December 2022 *HK$'000* (Audited)	Movements Increase/ (Decrease) *HK$'000*	Increase/ (Decrease) *%*
Loans from a fellow subsidiary	**1,395,914**	1,395,914	–	–
Lease liabilities	**–**	662	(662)	(100)
Deferred tax liabilities	**46,483**	57,281	(10,798)	(19)
Total non-current liabilities	**1,442,397**	1,453,857	(11,460)	(1)

As at 30 June 2023, the non-current liabilities of the Group amounted to HK$1,442 million, basically unchanged from HK$1,454 million as at 31 December 2022.

Total Equity

As at 30 June 2023, total equity of the Group amounted to HK$3,554 million, representing an increase of 6% as compared with that of HK$3,348 million as at 31 December 2022, which was mainly due to accumulation of profit.

At the end of the Reporting Period, the Company's gearing ratio (total liabilities/ total equity) was approximately 99% (31 December 2022: 105%).

FINANCIAL CAPITAL

Capital Structure

As at 30 June 2023, the Company had 7,600,682,645 ordinary shares in issue in total (31 December 2022: 7,600,682,645 ordinary shares), and the market capitalisation of the Company was approximately HK$6,157 million (31 December 2022: HK$6,157 million).

Liquidity Risk and Financial Resources

As at 30 June 2023, bank borrowings of the Group were HK$1,031 million, denominated in USD with floating interest rate, unsecured with interest rate of 5.07% to 5.92% per annum and remaining term of within one year. Borrowings from an immediate holding company were HK$41 million, denominated in RMB with fixed interest rate, unsecured with interest rate of 3.67% per annum and remaining term of one year.

In order to manage liquidity risk, the Company monitors its cash and cash equivalents and unutilized credit facility in real time. As at 30 June 2023, the Group had unutilised borrowing facilities of USD1,137 million and RMB12 million, which can be utilised to provide sufficient cash for the operation of the Group and reduce the impact of cashflow volatility.

The Group has sufficient financial resources for its 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.

Financing model

Given the complex and ever-changing financial market, the Company has been exploring diverse financing methods and strives to establish a financing model combining short-, medium- and long-term capital, merging direct and indirect financing and multiplying financing channels to secure stable funds for the Company. When conducting debt financing, the Company has taken a balanced approach between cost and safety. The Company aims to obtain competitive financing cost but the lowest financing cost is not its only objective to avoid compromising financial safety and the quality of services received. For projects with large capital expenditures and sound expected returns, the Company will prudently consider using equity financing to balance risks and enhance Shareholder value.

Exposure to Foreign Exchange Risk and Currency Policy

During the Reporting Period, the Group's sales and procurement were mainly settled in USD and RMB (corresponding period of 2022: USD and RMB). Daily expenses of the Group, including administrative expenses, selling and distribution expenses, were mainly settled in USD, HKD and RMB (corresponding period of 2022: 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

As at 30 June 2023, the Group did not have any material contingent liabilities (31 December 2022: nil).

External Guarantee and Charge of Assets

As at 30 June 2023, the Group did not provide any guarantee for any third party outside the Group nor was there any charge on any of the assets of the Group (31 December 2022: nil).

SHARE OPTION SCHEME

During the Reporting Period, the Company did not have any share option scheme nor any outstanding share option.

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

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

SHARE CAPITAL

As at 30 June 2023, the total share capital of the Company was 7,600,682,645 shares.

EMPLOYEE INFORMATION

As at 30 June 2023, the Group had 24 employees (30 June 2022: 22 employees), of which six were located in Hong Kong, eight were located in Kazakhstan, seven were located in the UK and three were located in Beijing (to be expatriated to Kazakhstan).

The Company's employee remunerations are commensurate with their performance and comparable to the prevailing market rates. The Group values internal training of employees and also encourages staff to pursue continuous development through external professional training programs, so as to improve their abilities to meet challenges and increase the market competitiveness of the Group. Total staff costs during the Reporting Period amounted to approximately HK$10.52 million (six months ended 30 June 2022: approximately HK$8.93 million).

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (2022 interim dividend: nil).

REVIEW OF INTERIM RESULTS

The unaudited interim financial statements of the Group for the six months ended 30 June 2023 have been reviewed by the audit committee of the Board and the external auditors of the Company, BDO.

AUDIT COMMITTEE

The Company has established the audit committee of the Board in compliance with the requirements of Rule 3.21 of the Listing Rules and the Corporate Governance Code of the Stock Exchange with written terms of reference. The Audit Committee comprised two INEDs and one NED, which is an important link between the Board and the auditors. The main responsibility of the Audit Committee is to assist the Board by provision of independent opinions on the effectiveness of the financial reporting procedures, internal control and risk management systems of the Group. During the Reporting Period, the Audit Committee has held one meeting.

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 2023 and discussed the auditing, internal control and financial reporting matters with the management. The Audit Committee also reviewed and adopted the Group's unaudited financial statements for the six months ended 30 June 2023, and is of the opinion that such statements had complied with the applicable accounting standards, the Listing Rules and the relevant legal requirements, and that adequate disclosures have been made.

MODEL CODE

The Company has adopted the Model Code as the standard of securities transactions for Directors. All Directors have confirmed, upon specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the Reporting Period.

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code as its corporate governance policy.

Under code provision C.2.1 of part 2 of the Corporate Governance Code, the responsibilities between the chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. An Junjing has been both the chairman of the Board and the chief executive officer of the Company. The Board believes that Mr. An Junjing has served as both the chairman of the Board and the chief executive officer of the Company to ensure consistent leadership and operation. The Nomination Committee will identify suitable candidate(s) for making recommendations to the Board to be appointed as the chief executive officer of the Company.

Save as disclosed above, the Company has complied with all the applicable code provisions set out in part 2 of the Corporate Governance Code during the Reporting Period.

ADOPTION OF THE AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION

At the annual general meeting of the Company held on 15 June, 2023, a special resolution was passed to approve the proposed adoption of the new Memorandum and Articles of Association incorporating amendments made for the purposes of, among others, reflecting the latest updates in relation to the applicable laws of the Cayman Islands and the Listing Rules, as well as introducing certain house-keeping amendments to allow general meetings of the Company to be held as hybrid or electronic meetings in addition to physical meetings, to set out related powers of the Board and the chairman of the general meetings and to allow for the use of electronic means in areas such as voting methods and appointment of proxies for general meetings, and the serving of notices and documents to Shareholders.

The full text of the amended and restated Memorandum and Articles of Association is available on the websites of the Stock Exchange and the Company.

DEFINITIONS

"Articles of Association"	means	the articles of association of the Company as amended from time to time.
"Audit Committee"	means	the audit committee of the Board.
"BDO"	means	BDO Limited.
"Board"	means	the board of Directors of the Company.
"CA$"	means	Canadian dollars, the lawful currency of Canada.
"Canada"	means	Canada, a country in the northern part of North America.
"Central Mynkuduk Deposit"	means	the central plot of Mynkuduk deposit in South-Kazakhstan region in Kazakhstan, which is owned and managed by Ortalyk.
"CGN Global"	means	CGN Global Uranium Ltd, a company incorporated in England and Wales with limited liability and a subsidiary of the Company.
"Company"	means	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"	means	has the meaning ascribed to it under the Listing Rules.
"Corporate Governance Code"	means	Corporate Governance Code set out in Appendix 14 to the Listing Rules.
"Czech Republic"	means	the Czech Republic, an inland country in Central Europe.
"Director(s)"	means	the director(s) of the Company.
"ED(s)"	means	the executive Director(s) of the Company.
"EU"	means	European Union, a political and economic union of 27 member states that are located primarily in Europe.

"Fission"	means	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.
"Group"	means	the Company and its subsidiaries.
"HK$" or "HKD"	means	Hong Kong dollars, the lawful currency of Hong Kong.
"Hong Kong"	means	the Hong Kong Special Administrative Region of the PRC.
"INED(s)"	means	the independent non-executive Director(s) of the Company.
"Irkol Mine"	means	the Irkol mine located in the Kyzylorzhinsk area, 20 kilometres from the town of Chiili in Kazakhstan, which is owned and operated by Semizbay-U.
"Kazakhstan"	means	the Republic of Kazakhstan.
"Kazatomprom"	means	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 and Ortalyk.
"lb"	means	pound.
"Listing Rules"	means	the Rules Governing the Listing of Securities on the Stock Exchange.
"Memorandum"	means	the memorandum of association of the Company, as amended from time to time.
"Model Code"	means	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.
"NED(s)"	means	the non-executive Director(s) of the Company.
"Nomination Committee"	means	the nomination committee of the Board.

“Ortalyk”	means	Mining Company “ORTALYK” LLP, a limited liability partnership established in Kazakhstan, with the Company holding 49% of its equity interest through its wholly-owned subsidiary and recognised as an associate of the Company.
“PLS Project”	means	Patterson Lake South project, Fission’s primary and wholly-owned asset.
“PRC” or “China”	means	The People’s Republic of China.
“Reporting Period”	means	the period from 1 January 2023 to 30 June 2023.
“RMB”	means	Renminbi, the lawful currency of the PRC.
“Semizbay Mine”	means	the Semizbay mine located in the Valihanov District of Akmoltnsk Oblast in Kazakhstan, which is owned and operated by Semizbay-U.
“Semizbay-U”	means	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)”	means	ordinary share(s) in the Company with a nominal value of HK$0.01 each.
“Shareholder(s)”	means	holder(s) of the share(s).
“Stock Exchange”	means	The Stock Exchange of Hong Kong Limited.
“subsidiary(ies)”	means	has the meaning ascribed to it under the Listing Rules.
“Tenge”	means	Tenge, the lawful currency of Kazakhstan.
“TradeTech”	means	TradeTech of Denver Tech Centre, located at 7887E. Belleview Avenue, Suite 888, Englewood, CO 80111, USA, one of the leading providers of uranium prices and an independent third party.
“tU”	means	tonnes of elemental Uranium.

"U_3O_8"	means	Triuranium octoxide, a compound of uranium present as an olive green to black, odorless solid, which is one of the more popular forms of yellowcake and is transported between mills and refineries in such form.
"UK"	means	the United Kingdom of Great Britain and Northern Ireland.
"US"	means	the United States of America.
"USD"	means	United States dollars, the lawful currency of the US.
"UxC"	means	UxC, LLC, one of the leading providers of uranium prices and an independent third party.
"Zhalpak Deposit"	means	the uranium deposit located in Sozak district, Kazakhstan, which is owned and managed by Ortalyk.

By Order of the Board
CGN Mining Company Limited
An Junjing
Chairman

Hong Kong, 24 August 2023

As at the date of this announcement, the Board comprises two executive Directors: Mr. An Junjing (chairman and chief executive officer) and Ms. Xu Junmei, three non-executive Directors: Mr. Sun Xu, Mr. Yin Xiong and Mr. Liu Guanhua, and three independent non-executive Directors: Mr. Qiu Xianhong, Mr. Gao Pei Ji and Mr. Zhang Yuntao.

* *For identification purpose only*