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中广核矿业有限公司*
CGN Mining Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01164)

CONTINUING CONNECTED TRANSACTIONS:

NEW SALES FRAMEWORK AGREEMENT

AND

MAJOR AND CONTINUING CONNECTED TRANSACTIONS:

NEW FINANCIAL SERVICE FRAMEWORK AGREEMENT

THE NEW FRAMEWORK AGREEMENTS

The Company entered into (i) the Existing Sales Framework Agreement with CGNPC-URC on 15 October 2013; and (ii) the Existing Financial Service Framework Agreement with Huasheng on 22 January 2014. The Existing Framework Agreements will expire on 31 December 2016. As the Group intends to continue to carry out the non-exempt continuing connected transactions under the Existing Framework Agreements after 31 December 2016, on 6 December 2016 (after trading hours), the Company entered into the New Framework Agreements for a terms of three years commencing from 1 January 2017 and ending on 31 December 2019 (both days inclusive).

LISTING RULES IMPLICATIONS

The New Sales Framework Agreement

The transactions contemplated under the New Sales Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As the highest of the applicable percentage ratios on an annual basis is more than 5% and the annual consideration is more than HK\$10,000,000, the sale of natural uranium under the New Sales Framework Agreement is subject to the reporting, announcement, Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The New Financial Service Framework Agreement

The New Financial Service Framework Agreement and the transactions contemplated thereunder (including the intra-group financial services and the Proposed Deposit Annual Cap Amounts) constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Placement of deposits

As Huasheng is not a banking company as defined under the Listing Rules, the placement of deposits by the Group with Huasheng under the New Financial Service Framework Agreement will be deemed as financial assistance as defined under the Listing Rules.

As the highest of the applicable percentage ratios with respect to the Proposed Deposit Annual Cap Amounts is more than 5% and the annual consideration is more than HK\$10,000,000, the placement of deposits under the New Financial Service Framework Agreement are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios with respect to the Proposed Deposit Annual Cap Amounts exceeds 25%, the placement of deposits under the New Financial Service Framework Agreement shall also constitute a major transaction for the Company under Chapter 14 of the Listing Rules.

Settlement services

Since the fees and charges regarding the settlement and similar services to be paid by the Group to Huasheng on an annual basis are expected to be less than the de minimis threshold and the terms are on normal or better commercial terms, such transactions will be regarded as a de minimis continuing connected transaction and will be exempt from the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Loans and facilities

Since the loans and facilities to be granted by Huasheng to the Group will be for the benefit of the Group on normal commercial terms (or better to the Group) and no security over the assets of the Group will be granted in respect of such loans and facilities, such loans and facilities will be exempt from the reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.65(4) of the Listing Rules.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee consisting of Mr. Lee Kwok Tung Louis, Mr. Qiu Xianhong and Mr. Gao Pei Ji, being independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the New Framework Agreements and the transactions contemplated thereunder (including the Proposed Annual Cap Amounts).

INDEPENDENT FINANCIAL ADVISER

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the New Framework Agreements and the transactions contemplated thereunder (including the Proposed Annual Cap Amounts).

EGM

The Company will hold the EGM to approve the New Framework Agreements and the transactions contemplated thereunder (including the Proposed Annual Cap Amounts). A circular including, among other information, (i) a letter from the Board containing further details of the New Framework Agreements; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders within 15 business days from the date of this announcement.

BACKGROUND

The Company entered into (i) the Existing Sales Framework Agreement with CGNPC-URC on 15 October 2013; and (ii) the Existing Financial Service Framework Agreement with Huasheng on 22 January 2014. The Existing Framework Agreements will expire on 31 December 2016. As the Group intends to continue to carry out the non-exempt continuing connected transactions under the Existing Framework Agreements after 31 December 2016, on 6 December 2016 (after trading hours), the Company entered into the New Framework Agreements for a terms of three years commencing from 1 January 2017 and ending on 31 December 2019 (both days inclusive).

NEW SALES FRAMEWORK AGREEMENT

Date

6 December 2016

Parties

1. The Company; and
2. CGNPC-URC.

Subject matter

Pursuant to the New Sales Framework Agreement:

1. the Group has agreed to sell to CGNPC-URC and/or its subsidiaries certain amount of natural uranium during the Effective Period; and
2. the Group shall have the right of first offer to supply natural uranium demanded by CGNPC-URC Group during the Effective Period.

CGNPC-URC is the sole natural uranium supplier of CGNPC. The Group is not restricted to sell natural uranium to CGNPC-URC Group exclusively.

Condition precedent

The New Sales Framework Agreement and the transactions contemplated thereunder (including the Proposed Sales Annual Cap Amounts) are conditional on the approval by the Independent Shareholders at the EGM.

Term

The New Sales Framework Agreement shall be for a term of three years commencing from 1 January 2017 and ending on 31 December 2019 (both days inclusive).

Pricing and payment terms

The price per pound of natural uranium shall be determined by arm's length negotiations on normal commercial terms with reference to the arithmetic average prices of the long-term price index published by UxC and TradeTech in the second month prior to the delivery month, subject to a floor price and a ceiling price. The floor price is equal to the sum of (i) 50% of the arithmetic average prices of long-term price index at the signing date of the off-take contract between the Group and CGNPC-URC Group published by UxC and TradeTech plus a markup of 3.8%; and (ii) 50% of the arithmetic average prices of the spot price index in the second month prior to the delivery month published by UxC and TradeTech. The ceiling price is to be negotiated and agreed by the parties based on the principle of good faith and fairness and taking into account (i) the then prevailing selling price of third party suppliers to major customers in the industry; (ii) afford-ability of nuclear power plant owners; (iii) different pricing mechanisms in the industry; and (iv) long-term and sustainable business relationship with CGNPC-URC Group, with an aim to achieve a fair sharing of profits and risks.

In the natural uranium trading industry, it is a market practice to use the price indexes published by UxC and TradeTech to determine the price per pound of natural uranium.

Save as otherwise mutually agreed by the parties in writing, the consideration of natural uranium being purchased shall be settled by CGNPC-URC Group via wire transfer within 30 calendar days or a date to be agreed by the Company and CGNPC-URC Group upon completion of each Delivery.

Taken into account of the time required for inspecting, testing and weighing natural uranium upon delivery, it is an industry practice of offering a 30 calendar-day credit period to the purchaser in trading of natural uranium. Furthermore, the Group also has a 30 calendar-day credit period when it sources natural uranium as a purchaser from independent suppliers. The payment terms offered to independent suppliers will take into account of, including without limitation, credit risk, client reputation, financial stability as well as the transaction costs and profit margin of the Group. In any event, the Group will closely comply with the payment terms prescribed under the New Sales Framework Agreement.

Information on UxC and TradeTech

UxC is one of the nuclear industry's leading consulting companies. They offer a wide range of services spanning the full fuel cycle with special focus on market-related issues. UxC was founded in March 1994 as an affiliate of The Uranium Exchange Company (Ux), in order to extend and provide greater focus to Ux's consulting and information services capabilities. UxC has taken over these functions and now publishes the Ux Weekly® and Market Outlook reports on the enrichment, conversion and fabrication of uranium as well as publishing the industry standard Ux Prices, which are used as references in many fuel contracts. While publications are an important part of UxC's services, UxC is foremost a traditional consulting firm providing a vast array of custom consulting services. In addition, UxC also prepares special reports on key topics of interest, as well as provides data services, such as nuclear fuel price indicator reporting, including support for the New York Mercantile Exchange (NYMEX) uranium futures contract. Given its industry experience, strong analytical skills, comprehensive data, and its team of external consultants, UxC is poised to provide the most complete consulting and information services in the nuclear fuel industry and related nuclear power sectors.

TradeTech, along with its predecessor companies – NUEXCO Information Services, CONCORD Information Services and CONCORD Trading Company – has supported the uranium and nuclear fuel cycle industry for more than 40 years, and is widely recognized for its expertise in trading activities and its comprehensive knowledge of the technical, economic, and political factors affecting this industry. TradeTech provides independent market consulting services, and maintains an extensive information database on the international nuclear fuel market.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of UxC and TradeTech and their respective subsidiaries are third parties independent of the Group, CGN Group and CGNPC-URC Group.

Referencing to prices published by UxC and TradeTech to determine prices of natural uranium are market practices commonly used by companies sourcing for natural uranium. The Board considers that UxC and TradeTech can provide reliable sources of information for price references and consider that the price references are fair and reasonable.

Historical annual cap amounts and historical transaction amounts

The historical annual cap amounts and the historical transaction amounts for the two years ended 31 December 2015 and the eight months ended 31 August 2016 under the Existing Sales Framework Agreement are as follows:

Historical annual cap amounts

For the year ending 31 December 2014	For the year ending 31 December 2015	For the year ending 31 December 2016
HK\$3,463,200,000	HK\$3,463,200,000	HK\$3,463,200,000

Historical transaction amounts

For the year ending 31 December 2014	For the year ending 31 December 2015	For the eight months ending 31 August 2016
HK\$1,147,920,000	HK\$700,391,000	HK\$512,410,678

Proposed Sales Annual Cap Amounts

The following table sets out the Proposed Sales Annual Cap Amounts for the three years ending 31 December 2019:

For the year ending 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019
HK\$752,000,000	HK\$2,520,000,000	HK\$2,620,000,000

Basis of the Proposed Sales Annual Cap Amounts

The Proposed Sales Annual Cap Amounts for the three years ending 31 December 2019 are determined by taking into account of the following factors:

(i) *Growing demand from uranium market*

As demonstrated in the Thirteenth Five-Year Plan for the National Economic and Social Development of the PRC, in recent years, the PRC government has placed strong emphasis on the development of nuclear power. The demand for natural uranium from the PRC is expected to grow steadily. In middle and long run, nuclear power will remain one of the indispensable sources of energy supply throughout the globe. Therefore, it is anticipated that natural uranium sourced by the Group could be consumed.

(ii) *The Group's position as sole overseas uranium exploration and trading capital operation platform of CGN Group,*

The Company positions itself as the sole overseas uranium exploration and trading capital operation platform for CGN Group, responsible for the acquisition and consolidation of overseas uranium resources. Yet, the Group's supply of natural uranium could only satisfy a small portion of the demand by CGN Group. The Group will further strengthen its edges in the production of low-cost natural uranium and natural uranium trading capability. In the future, the Company will continue to acquire high quality uranium mine.

(iii) *TradeTech's and UxC's long term price predictions and average prices per pound*

	2017	2018	2019
TradeTech	US\$45.90	US\$51.20	US\$54.10
UxC	US\$38.21	US\$39.06	US\$38.51
Average	US\$42.06	US\$45.13	US\$46.31

(iv) *Expected increase in sales volume*

Reference is made to the announcement of the Company dated 14 December 2015 relating to the Group's participation in the development of a uranium producing mine project in Kazakhstan. Under such project, the Group shall have the right to acquire part of natural uranium output. It is expected that in the year ending 31 December 2018 and 2019, natural uranium available for sale by the Group will substantially increase.

INTERNAL CONTROL MEASURES FOR THE NEW SALES FRAMEWORK AGREEMENT

To safeguard the interest of the Group, the Group will adhere to the following internal control measures in respect of the transactions contemplated under the New Sales Framework Agreement:

- (1) each transaction under the New Sales Framework Agreement shall be initialed and reviewed by the trading department, finance department, legal department and safety and quality control department of the Group and recommended for approval by the chief executive officer;
- (2) in the event that the contract price is lower than the floor price, the Group will re-negotiate with CGNPC-URC Group to make sure the contract price is no less than the floor price;
- (3) the designated staff from the trading department of the Group will observe the transaction price to ensure the selling price is comparable to the reference price from UxC and Tradetech;
- (4) the designated staff from the finance department of the Group will closely monitor the total transaction amount to ensure that the Proposed Sales Annual Cap Amounts will not be exceeded; and
- (5) the independent non-executive Directors and the auditors of the Company will conduct annual review of the transactions.

REASONS FOR AND BENEFITS OF THE NEW SALES FRAMEWORK AGREEMENT

The Existing Sales Framework Agreement will expire on 31 December 2016. The Group intends to continue with the trading of natural uranium as it is able to provide a stable source of income to the Group.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, CGNPC-URC is one of the few enterprises in the PRC which is authorised by the PRC government to manage nuclear fuels and import and export natural uranium. Coupled with the facts that the Group, by entering into the New Sales Framework Agreement, will become the natural uranium supplier of CGNPC-URC Group, the Board believes that the sale of natural uranium to CGNPC-URC Group will provide the Group's with stable income sources as well as to assist in developing the Group's expertise and experience in the uranium industry and enhance the Group's competitiveness in the future.

The terms and conditions of the New Sales Framework Agreement were determined after arm's length negotiations between the parties thereto. The Directors (excluding all independent non-executive Directors whose views will be based on the opinion of the Independent Financial Adviser) consider that the entering into of the New Sales Framework Agreement is on normal commercial terms and in the ordinary and usual course of business of the Group and the Proposed Sales Annual Cap Amounts are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

NEW FINANCIAL SERVICE FRAMEWORK AGREEMENT

Date

6 December 2016

Parties

1. The Company; and
2. Huasheng.

Subject matter

1. Placement of deposits

The Group shall authorise its third party commercial bank to link its account as a participate account to a cash pooling master settlement account maintained by Huasheng in the same third party commercial bank, which allows auto-transfer of cash balance in the participant account to the cash pooling master account. The sums transferred to Huasheng constitute money deposited by the Group with Huasheng. The terms and conditions of such deposits shall be subject to arm's length negotiations between the Group and Huasheng. Huasheng shall pay interest on such deposits.

2. Pricing mechanism

The interest payable by Huasheng to the Group shall be equal to or higher than (i) the relevant interest rate offered by Huasheng to other members of the CGN Group (other than members of the Group); and (ii) the deposits interest rate as quoted by other independent commercial banks in Hong Kong (such as Industrial and Commercial Bank of China (Asia) Limited and Bank of China (Hong Kong) Limited, being the principal bankers of the Group) from time to time. The payment terms of the interest shall be determined by the Group and Huasheng upon making deposits.

When the Group intends to place a deposit, it will first identify the nature of deposits (fixed or current or any other type), designated currency, period of maturity and other principal terms and conditions based on the needs of the Group. The Group will then obtain quotations from independent commercial banks in Hong Kong (including Industrial and Commercial Bank of China (Asia) Limited and Bank of China (Hong Kong) Limited) regarding the interest rate and payment terms on deposits. Under the terms of the New Financial Service Framework Agreement, Huasheng shall offer equivalent or better terms in comparison with those terms offered by independent commercial banks to the Group. After providing with the offer of Huasheng, the Group is entitled to opt for placing the deposit with Huasheng or independent commercial banks or not placing the deposit at all. In any event, the Group shall not be obliged to place any deposits with Huasheng.

The maturity date will be determined by the Group but in any event will not exceed the term of the New Financial Service Framework Agreement. The interest payment terms by Huasheng will be the same as the general banking practices adopted by independent commercial banks in Hong Kong from time to time.

Huasheng shall provide monthly statements regarding the deposits and any interest accrued thereon to the Group. The Group shall also be entitled to request Huasheng to provide its financial and other relevant information from time to time.

Huasheng has not received third parties' deposits apart from CGN Group currently. The pricing mechanism regarding the placement of deposits by the Group with Huasheng is generally same as the deposits placed by other members of the CGN Group with Huasheng.

3. Settlement services

Huasheng may subject to compliance with the relevant laws and regulations offer settlement and similar services to the Group and the Group will pay settlement and similar charges as announced by independent commercial banks in Hong Kong (such as Industrial and Commercial Bank of China (Asia) Limited and Bank of China (Hong Kong) Limited) from time to time. Such settlement and similar services fees shall be (i) equal to or lower than the settlement and similar services fees charged by Huasheng to other members of the CGN Group (other than members of the Group) in settlement services arrangements; and (ii) equal to or lower than the settlement and similar services fees as announced by other independent commercial banks in Hong Kong (such as Industrial and Commercial Bank of China (Asia) Limited and Bank of China (Hong Kong) Limited) from time to time for settlement and similar services provided by Huasheng.

4. Loans and facilities

Huasheng may grant loans and facilities to the Group subject to further arms' length negotiations between Huasheng and the Group. Such loans and facilities shall be for the benefit of the Group on normal commercial terms (or better to the Group) and no security over the assets of the Group will be granted in respect of such loans and facilities.

The New Financial Service Framework Agreement is on a non-exclusive basis. The entering into of the New Financial Service Framework Agreement shall not restrict the Group from using the services provided by independent commercial banks and financial institutions and shall not restrict Huasheng from providing services to other CGN Group members.

Conditions precedent

The New Financial Service Framework Agreement and the transactions contemplated thereunder are conditional on the following:

1. all necessary consents and approvals on the part of the Company in relation to the New Financial Service Framework Agreement and the transactions contemplated thereunder having been obtained, including the passing of necessary resolution(s) by the Independent Shareholders at the EGM to approve the New Financial Service Framework Agreement and the transactions contemplated thereunder; and
2. all necessary consents and approvals on the part of Huasheng in relation to the New Financial Service Framework Agreement and the transactions contemplated thereunder having been obtained.

Other than approval by the Independent Shareholders at the EGM and internal approvals of the Group and Huasheng respectively, no consents and approvals are required to be obtained.

None of the above conditions precedent can be waived. As at the date of this announcement, other than the respective board of directors of the Company and Huasheng have approved the New Financial Service Framework Agreement, none of the above conditions precedent has been satisfied. In the event that the above conditions precedent cannot be fulfilled on or before 31 December 2016 (or such other date as the parties to the New Financial Service Framework Agreement may agree), the New Financial Service Framework Agreement shall be ceased and terminated.

Term

The New Financial Service Framework Agreement shall be for a term of three years commencing from 1 January 2017 and ending on 31 December 2019 (both days inclusive).

Termination

Notwithstanding any provisions contained in the New Financial Service Framework Agreement, each of the Company and Huasheng is entitled to terminate the New Financial Service Framework Agreement at any time during the term of the New Financial Service Framework Agreement by giving at least one month written notice to the other party.

In the event of termination of the New Financial Service Framework Agreement, Huasheng shall return all the deposits (no matter whether due or not) together with interest accrued thereon to the Group.

Huasheng shall be required to return all the deposits to the Group immediate upon termination of the New Financial Service Framework Agreement and the interest accrued thereon will be calculated up to the date of such termination.

Historical deposit annual cap amounts

The historical deposit annual cap amounts, being the maximum daily balance of the deposits placed by the Group with Huasheng (including any outstanding interest accrued thereon) from time to time for the three years ending 31 December 2016 are as follows:

For the year ending

31 December 2014

US\$178 million

For the year ending

31 December 2015

US\$178 million

For the year ending

31 December 2016

US\$178 million

Proposed Deposit Annual Cap Amounts

The following table sets out the Proposed Deposit Annual Cap Amounts, being the maximum daily balance of the deposits placed by the Group with Huasheng (including any interest accrued thereon):

For the year ending

31 December 2017

US\$220 million

(equivalent to approximately
RMB1,447.6 million and
approximately HK\$1,711.5
million)

For the year ending

31 December 2018

US\$480 million

(equivalent to approximately
RMB3,158.4 million and
approximately HK\$3,734.2
million)

For the year ending

31 December 2019

US\$480 million

(equivalent to approximately
RMB3,158.4 million and
approximately HK\$3,734.2
million)

Basis of the Proposed Deposit Annual Cap Amounts

The Proposed Deposit Annual Cap Amounts are determined with reference to, among others, (i) the Group's cashflow movements and level of deposits with other independent commercial banks in Hong Kong; (ii) the cash balance of the Group; and (iii) the requirements to settle sums among members of CGN Group and/or any other third parties. The substantial increase in the Proposed Deposit Annual Cap Amounts for the years ending 31 December 2018 and 2019 represent the expected increase in trading volume of natural uranium as a result of the Group's participation in the development of a uranium producing mine project in Kazakhstan.

INTERNAL CONTROL MEASURES FOR THE PLACEMENT OF DEPOSITS

To safeguard the interest of the Group, the Group will adhere to the following internal control measures in respect of the placement of deposits under the New Financial Service Framework Agreement:

- (1) fund manager of the Group is responsible for obtaining quotations on interest rates and payment terms from independent commercial banks and offer from Huasheng and making recommendations for approval by the finance department and the chief financial officer of the Group. The application for placement of deposits shall be signed by two authorised signatories of the Group;
- (2) the designated staff from the finance department of the Group will closely monitor the balance of the deposits placed with Huasheng on a daily basis to ensure that the Proposed Deposit Annual Cap Amounts will not be exceeded;
- (3) in the event that the fund manager of the Group notes that (a) the interest rate provided by Huasheng is less favourable than that provided by independent commercial banks in Hong Kong for the same period; or (b) the maximum daily balance of the deposits placed at Huasheng is anticipated to exceed the Proposed Deposit Annual Cap Amounts, the Company will not place deposits with Huasheng and/or transfer cash balance in the auto-transfer account to a non-auto-transfer account at independent commercial bank(s) before proceeding of the auto-transfer; and
- (4) the independent non-executive Directors and the auditors of the Company will conduct annual review of the transactions.

REASONS FOR AND BENEFITS OF THE NEW FINANCIAL SERVICE FRAMEWORK AGREEMENT

The Existing Financial Service Framework Agreement will expire on 31 December 2016. The Group intends to continue with the transactions under the Existing Financial Service Agreement.

The purpose of setting up Huasheng is to provide loan, financial facilities arrangement and deposits and settlement services to CGN Group. Through years of cooperation, Huasheng has become familiar with the Group's capital structure, business operations, funding needs, cash flow pattern, cash management and the overall financial administrative system, which enables it to render more expedient, efficient and flexible services to the Group than the independent commercial banks and financial institutions in Hong Kong. The Group is expected to benefit from Huasheng's familiarity of the Group's industry and operations.

The transaction system and platform of Huasheng are not open to the general public and as such, the Group believes that it is more secure than the transaction systems and platforms offered by independent commercial banks.

Given the Group has continuing connected transactions with other CGN Group members including the New Sales Framework Agreement, there will be needs for the Group to settle sums amongst members of the CGN Group. As Huasheng would at the same time provide similar intra-group financial services to other CGN Group members, it will provide a more expedite and efficient way for the Group to settle the balances (if any) between the Group and other CGN Group members through Huasheng instead of through independent commercial banks.

Although Huasheng is not a bank and there is default risk in the repayment of the deposits placed with it, the Group is satisfied that such risk is not significant having considered (i) there has not been any default by Huasheng in the past three years; (ii) the Group has closely monitored and will continue to closely monitor the deposits placed with Huasheng; (iii) CGNPC has undertaken in writing to support the funding and liquidity requirements of Huasheng; and (iv) the Group will request Huasheng to provide its financial statements to the Group from time to time.

In light of the foregoing reasons and that (i) the interest rates on loans and deposits to be offered by Huasheng to the Group will be equal to or no less favourable than those offered by independent commercial banks in Hong Kong; and (ii) Huasheng provides diversified financial services for the Group and allows the Group to have additional flexibilities, the Directors (excluding all independent non-executive Directors whose views will be based on the opinion of the Independent Financial Adviser) are of the view that the terms and conditions of the New Financial Service Framework Agreement and the transactions contemplated thereunder (including the Proposed Deposit Annual Cap Amounts) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Group

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

CGNPC-URC

CGNPC-URC is the sole shareholder of China Uranium Development, the controlling shareholder of the Company, which holds approximately 72.02% of the issued share capital of the Company as at the date of this announcement. CGNPC-URC is therefore a connected person of the Company under the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, CGNPC-URC is one of the few enterprises in the PRC which is authorised to manage nuclear fuels and deal with the import and export of natural uranium. The core businesses of CGNPC-URC are to: (i) manage the supply of nuclear fuels for CGNPC; (ii) establish an interest in and support development of commercial resources and reserves of natural uranium; and (iii) deal with the import and export trade of the PRC and overseas natural uranium and related products.

Huasheng

Huasheng is a company incorporated in Hong Kong with limited liability. Huasheng is a wholly-owned subsidiary of CGNPC and therefore a connected person of the Company under the Listing Rules. Huasheng is a licensed money lender under the Money Lender Ordinance in Hong Kong and the principal activities of Huasheng include providing settlement and similar services and taking deposits from members of the CGN Group and providing intra-group loan transactions among members of the CGN Group.

LISTING RULES IMPLICATIONS

The New Sales Framework Agreement

The transactions contemplated under the New Sales Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As the highest of the applicable percentage ratios on an annual basis is more than 5% and the annual consideration is more than HK\$10,000,000, the sale of natural uranium under the New Sales Framework Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The New Financial Service Framework Agreement

The New Financial Service Framework Agreement and the transactions contemplated thereunder (including the intra-group financial services and the Proposed Deposit Annual Cap Amounts) constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Placement of deposits

As Huasheng is not a banking company as defined under the Listing Rules, the placement of deposits by the Group with Huasheng under the New Financial Service Framework Agreement will be deemed as financial assistance as defined under the Listing Rules.

As the highest of the applicable percentage ratios with respect to the Proposed Deposit Annual Cap Amounts is more than 5% and the annual consideration is more than HK\$10,000,000, the placement of deposits under the New Financial Service Framework Agreement are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios with respect to the Proposed Deposit Annual Cap Amounts exceeds 25%, the placement of deposits under the New Financial Service Framework Agreement shall also constitute a major transaction for the Company under Chapter 14 of the Listing Rules.

Settlement services

Since the fees and charges regarding the settlement and similar services to be paid by the Group to Huasheng on an annual basis are expected to be less than the de minimis threshold and the terms are on normal or better commercial terms, such transactions will be regarded as a de minimis continuing connected transaction and will be exempt from the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Loans and facilities

Since the loans and facilities to be granted by Huasheng to the Group will be for the benefit of the Group on normal commercial terms (or better to the Group) and no security over the assets of the Group will be granted in respect of such loans and facilities, such loans and facilities will be exempt from the reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.65(4) of the Listing Rules.

ABSTAIN FROM VOTING IN BOARD MEETING

Mr. Yu Zhiping, Mr. Zhou Zhenxing, Mr. Fang Chunfa and Mr. Wu Junfeng have abstained from voting to approve the New Framework Agreements in the Board meeting due to the fact that they are also directors of CGNPC-URC and/or management of CGNPC.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee consisting of Mr. Lee Kwok Tung Louis, Mr. Qiu Xianhong and Mr. Gao Pei Ji, being independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the New Framework Agreements and the transactions contemplated thereunder (including the Proposed Annual Cap Amounts).

INDEPENDENT FINANCIAL ADVISER

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the New Framework Agreements and the transactions contemplated thereunder (including the Proposed Annual Cap Amounts).

EGM

The Company will hold the EGM to approve the New Framework Agreements and the transactions contemplated thereunder (including the Proposed Annual Cap Amounts). A circular including, among other information, (i) a letter from the Board containing further details of the New Framework Agreements; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders within 15 business days from the date of this announcement.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CGN Group”	CGNPC and its subsidiaries
“CGNPC”	中國廣核集團有限公司 (China General Nuclear Power Corporation*), the sole shareholder of CGNPC-URC and the ultimate controller of the Company
“CGNPC-URC”	中廣核鈾業發展有限公司 (CGNPC Uranium Resources Co., Ltd*), a company established in the PRC with limited liability and the sole shareholder of China Uranium Development
“CGNPC-URC Group”	CGNPC-URC and its subsidiaries
“China Uranium Development”	China Uranium Development Company Limited, the controlling shareholder of the Company, holding approximately 72.02% issued share capital of the Company as at the date of this announcement
“Company”	CGN Mining Company Limited (中廣核礦業有限公司*), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Delivery”	the delivery of the ordered quantity of natural uranium in the form of U ₃ O ₈
“Director(s)”	the director(s) of the Company
“Effective Period”	a period of three years commencing from 1 January 2017 and ending on 31 December 2019 (both days inclusive)
“EGM”	the extraordinary general meeting to be convened for, among other matters, approving the New Framework Agreements and the transactions contemplated thereunder including the Proposed Annual Cap Amounts
“Existing Financial Service Framework Agreement”	the framework agreement dated 22 January 2014 and entered into between the Company and Huasheng in relation to the provision of certain financial services by Huasheng to the Company

* For identification purpose only

“Existing Framework Agreements”	collectively, the Existing Sales Framework Agreement and the Existing Financial Service Framework Agreement
“Existing Sales Framework Agreement”	the framework agreement dated 15 October 2013 and entered into between the Company and CGNPC-URC in relation to the sale of natural uranium by the Group to CGNPC-URC
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a corporation licensed to carry on type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the New Framework Agreements and the transactions contemplated thereunder (including the Proposed Annual Cap Amounts)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Huasheng”	CGNPC Huasheng Investment Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of CGNPC
“Independent Board Committee”	the independent committee of the Board consisting of all the independent non-executive Directors, established to advise the Independent Shareholders on the New Framework Agreements and the transactions contemplated thereunder (including the Proposed Annual Cap Amounts)
“Independent Shareholders”	Shareholders other than China Uranium Development and its associates
“Independent Third Party”	a third party which is independent of and not connected with the Company and its connected persons and not otherwise a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“natural uranium”	uranium ore concentrates in the form of U ₃ O ₈ with isotopic assay as it occurs in nature and has not been altered (i.e. which had neither been enriched, depleted nor irradiated)

“New Financial Service Framework Agreement”	the framework agreement dated 6 December 2016 and entered into between the Company and Huasheng in relation to the provision of certain financial services by Huasheng to the Company
“New Framework Agreements”	collectively, the New Sales Framework Agreement and the New Financial Service Framework Agreement
“New Sales Framework Agreement”	the framework agreement dated 6 December 2016 and entered into between the Company and CGNPC-URC in relation to the sale of natural uranium by the Group to CGNPC-URC and/or its subsidiaries
“percentage ratios”	has the same meaning as ascribed to it under the Listing Rules, as applicable to a transaction
“Proposed Annual Cap Amounts”	collectively, the Proposed Deposit Annual Cap Amounts and the Proposed Sales Annual Cap Amounts
“Proposed Deposit Annual Cap Amounts”	the maximum daily balance for the deposits placed by the Group with Huasheng (including any outstanding interest accrued thereon) from time to time for the three years ending 31 December 2019
“Proposed Sales Annual Cap Amounts”	the maximum aggregate annual transaction amount for the transaction contemplated under the New Sales Framework Agreement for each of the three years ending 31 December 2019
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“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
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“TradeTech”	TradeTech of Denver Tech Centre, 7887 E. Belleview Avenue, Suite 888, Englewood, CO 80111, USA

“U ₃ O ₈ ”	natural uranium (not previously irradiated and containing not less than the nominal 0.711 weight percent 235U). The U ₃ O ₈ shall conform to the latest version of the ASTM International’s “Standard Specification for Uranium Ore Concentrate” (ASTM C967) at the time of Delivery (i.e. currently ASTM C967-08)
“US\$”	United States dollars, the lawful currency of the United States of America
“UxC”	The Ux Consulting Company, LLC
“%”	per cent

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

Hong Kong, 6 December 2016

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