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 2022

HIGHLIGHTS

	(Unaudited)	
	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
Revenue	**2,412,830**	1,845,383
Profit attributable to the owners of the Company	**355,123**	36,033
Earnings per share		
– Basic	**HK5.28 cents**	HK0.55 cents
– Diluted	**HK5.28 cents**	HK0.55 cents
Interim dividend per share	**Nil**	Nil

- Revenue of the Group for the Reporting Period was approximately HK$2,413 million, representing an increase of approximately 31% as compared with the corresponding period of 2021.

- Profit attributable to the owners of the Company for the Reporting Period was approximately HK$355 million, representing an increase of approximately 886% as compared with the corresponding period of 2021.

- Basic earnings per share for the Reporting Period amounted to approximately HK5.28 cents, representing an increase of approximately 860% as compared with the corresponding period of 2021.

- 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 2021 as follows:

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

		Six months ended 30 June	
		2022	2021
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**2,412,830**	1,845,383
Cost of sales		**(2,217,222)**	(1,771,751)
Gross profit		**195,608**	73,632
Other operating income		**11,640**	1,398
Selling and distribution expenses		**(6,366)**	(6,800)
Administrative expenses		**(17,998)**	(15,900)
Changes in fair value of investment properties		**(1,320)**	732
Share of result of a joint venture		**106,007**	31,467
Share of results of associates		**150,598**	(23,317)
Finance costs	*5*	**(24,002)**	(18,343)
Profit before taxation		**414,167**	42,869
Income tax expenses	*6*	**(59,044)**	(6,836)
Profit for the period attributable to owners of the Company	*7*	**355,123**	36,033
Earnings per share	*9*		
– Basic		**HK5.28 cents**	HK0.55 cents
– Diluted		**HK5.28 cents**	HK0.55 cents

CONDENSED INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	HK\$'000	*HK\$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**355,123**	36,033
Other comprehensive (expense)/income:		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries	**(5,180)**	2,306
Exchange differences on translation of financial statements of a joint venture	**(12,620)**	(4,439)
Exchange differences on translation of financial statements of associates	**(59,157)**	9,190
Other comprehensive (expense)/income for the period	**(76,957)**	7,057
Total comprehensive income for the period attributable to owners of the Company	**278,166**	43,090

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	**30 June 2022 HK$'000 (Unaudited)**	31 December 2021 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**1,270**	887
Right-of-use assets		**3,138**	3,970
Investment properties		**50,836**	53,082
Interest in a joint venture		**349,007**	358,011
Interest in associates		**3,787,917**	3,994,894
Rental deposits	*10*	**317**	367
Deferred tax assets		**5,211**	5,161
		4,197,696	4,416,372
Current assets			
Inventories		**1,138,900**	1,743,152
Trade and other receivables	*10*	**412,702**	99,390
Amount due from an intermediate holding company		**547**	2,392
Amount due from a fellow subsidiary		**20**	20
Income tax recoverable		**37,679**	6,956
Bank and cash balances	*11*	**1,272,135**	81,293
		2,861,983	1,933,203
Total assets		**7,059,679**	6,349,575

	Notes	30 June 2022 HK$'000 (Unaudited)	31 December 2021 HK$'000 (Audited)
Current liabilities			
Trade and other payables	*12*	**1,471,615**	1,103,368
Loans from a fellow subsidiary	*13*	**–**	236,530
Loan from immediate holding company		**1,876,729**	2,400,197
Lease liabilities		**1,610**	1,445
Amount due to an intermediate holding company		**22,638**	1,117
Amounts due to fellow subsidiaries		**1,226**	2,188
Income tax payable		**6,545**	9,270
		3,380,363	3,754,115
Net current liabilities		**(518,380)**	(1,820,912)
Total assets less current liabilities		**3,679,316**	2,595,460
Non-current liabilities			
Bank borrowings	*14*	**390,410**	387,754
Lease liabilities		**1,425**	2,417
Deferred tax liabilities		**51,093**	50,066
		442,928	440,237
Net assets		**3,236,388**	2,155,223
Capital and reserves			
Share capital	*15*	**76,007**	66,007
Reserves		**3,160,381**	2,089,216
Total equity		**3,236,388**	2,155,223

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

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

1.2 Basis of preparation

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 the 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 25 August 2022.

These condensed interim consolidated financial statements have been prepared with the same accounting policies adopted in the 2021 annual financial statements, except for those that relate to amended standards or interpretations effective for the first time for periods beginning on or after 1 January 2022. The adoption of the 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.

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 2021 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 2021 consolidated financial statements.

Notwithstanding that the Group had net current liabilities of approximately HK$518,380,000 as at 30 June 2022 (31 December 2021: HK$1,820,912,000), the directors of the Company are of view that the Group is able to maintain itself as a going concern, by taking into consideration of the following:

1) China Uranium Development, immediate holding company of the Company, continue to provide adequate funds for the Group to meet its liabilities if needed; and

2) The existing available facilities granted by CGNPC Huasheng, a fellow subsidiary of the Company in which approximately of USD350,000,000 (approximately HK$2,714,278,000) had not been utilised as at 30 June 2022.

Accordingly, these condensed consolidated financial statements have been prepared on a going concern basis and do not include any adjustments which would be required should the Group be unable to continue as a going concern.

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.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021.

(a) Application of 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 2022.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to HKAS 16);
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to HKAS 37);
- Reference to the Conceptual Framework (Amendments to HKFRS 3); and
- Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards, HKFRS 9 Financial Instruments and HKFRS 16 Leases (Annual Improvements to HKFRSs 2018–2020 Cycle).

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) New or amended HKFRSs that have been issued but are not yet effective

The following new or 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 they become effective.

The following amendments are effective for the period beginning 1 January 2023:

- Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements (Amendments to HKAS 1);
- Disclosure of Accounting Policies (Amendments to HKAS 1 and HKFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to HKAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to HKAS 12).

In August 2020, the HKICPA issued amendments to HKAS 1, which clarify the criteria used to determine whether liabilities are classified as current or noncurrent. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

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

3. USE OF JUDGEMENTS AND ESTIMATES

The World Health Organisation declared coronavirus and COVID-19 a global health emergency on 30 January 2020. The directors of the Company considered the coronavirus disease outbreak has no significant negative impact on the Group's operation during the reporting period.

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 2021 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 are as follows:

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods	**2,411,264**	1,843,777
Rental income (net of direct outgoings: nil)	**1,566**	1,606
	2,412,830	1,845,383

The revenue from sales of goods were 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.

Geographical information

The Group's operations are located in the Hong Kong Special Administrative Region of the People's Republic of China ("HKSAR"), the People's Republic of China ("PRC"), 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
	2022	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Europe (other than UK)	**430,628**	433,963	**–**	–
US	**194,734**	523,107	**–**	–
PRC	**687,836**	170,562	**50,854**	53,104
Canada	**584,074**	42,653	**555,652**	551,209
Kazakhstan	**–**	–	**3,581,272**	3,801,696
UK	**515,558**	288,706	**1,992**	1,800
Czech Republic	**–**	386,392	**–**	–
HKSAR	**–**	–	**2,398**	3,035
	2,412,830	1,845,383	**4,192,168**	4,410,844

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	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Customer A[1]	**N/A[2]**	386,392
Customer B[1]	**515,558**	288,706
Customer C[1]	**686,270**	N/A[2]
Customer D[1]	**584,072**	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

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 2022

	Natural uranium trading *HK$'000* **(Unaudited)**	**Property investment** *HK$'000* **(Unaudited)**	**Other investments** *HK$'000* **(Unaudited)**	**Total** *HK$'000* **(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**

Six months ended 30 June 2021

	Natural uranium trading *HK$'000* (Unaudited)	Property investment *HK$'000* (Unaudited)	Other investments *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Revenue	1,843,777	1,606	–	1,845,383
Segment profit/(loss)	43,181	(36)	8,150	51,295
Other operating income				1,398
Finance costs				(34)
Central administrative costs				(9,790)
Profit before taxation				42,869

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 2021. 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 2022	31 December 2021
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Segment assets		
Natural uranium trading	**1,550,556**	1,845,309
Property investment	**52,974**	55,496
Other investments	**4,136,924**	4,352,906
	5,740,454	6,253,711
Unallocated corporate assets	**1,319,225**	95,864
Total assets	**7,059,679**	6,349,575

	30 June 2022	31 December 2021
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Segment liabilities		
Natural uranium trading	**3,741,714**	4,131,397
Property investment	**74**	314
	3,741,788	4,131,711
Unallocated corporate liabilities	**81,503**	62,641
Total liabilities	**3,823,291**	4,194,352

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

- all assets are allocated to operating segments other than bank and cash balances, 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).

5. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest expenses on loans from a fellow subsidiary	**1,950**	13,289
Interest expenses on loan from immediate holding company	**17,510**	–
Interest expenses on bank borrowings	**4,503**	5,020
Interest expenses on lease liabilities	**39**	34
	24,002	18,343

6. INCOME TAX EXPENSES

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong	**–**	290
UK	**47,066**	6,688
Kazakhstan	**10,423**	–
	57,489	6,978
Deferred tax	**1,555**	(142)
	59,044	6,836

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 2022 and 2021, the Hong Kong holding company was in loss-making position and accordingly did not have any assessable income.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both periods.

For the periods ended 30 June 2022 and 2021, 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 19% for both periods.

Pursuant to the Tax Code (Revised Edition) implemented since January 2021 in the Kazakhstan (the "New Tax Code of Kazakhstan"), dividends paid by subsurface users to foreign shareholders without permanent establishments in Kazakhstan (the "Foreign Shareholders") will be exempted from the Kazakhstani withholding tax if (i) as of the date when the dividends are paid, such Foreign Shareholder has owned shares (interest) in the company for more than three years, and (ii) within 12 months prior to the dividend payment date, subsurface users undertake further processing (after primary processing) of at least prescribed rate of the total extracted minerals, by its own production facilities in Kazakhstan or owned by its affiliated resident entity in Kazakhstan.

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

Mining Company "ORTALYK" LLP ("Ortalyk") has not satisfied the exemption conditions from the Kazakhstani withholding tax, the dividends received by the Group from Ortalyk are subject to the Kazakhstani withholding tax in accordance with the provisions of the New Tax Code of Kazakhstan and the tax rate of the withholding tax is 5%.

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

As at the end of the reporting period, the accumulated unrecognisable taxation for undistributable profits of the joint venture is HK$42,363,000 (31 December 2021: HK$40,478,000).

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

7. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold*	**2,217,222**	1,771,751
Depreciation of property, plant and equipment	**138**	49
Depreciation of right-of-use assets	**618**	874
Interest income from fellow subsidiaries	**(225)**	(1,346)
Bank interest income	**(205)**	(52)
Rental income from an intermediate holding company	**(1,566)**	(1,606)

* Cost of inventories sold for the six months ended 30 June 2022 includes impairment of inventories for the period amounted to approximately HK$17,712,000 (six months ended 30 June 2021: nil).

8. DIVIDEND

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
2020 final dividend declared – HK0.5 cent	**–**	33,003

No dividends were paid during the interim period. The Directors of the Company do not recommend the payment of an interim dividend (six months ended 30 June 2021: nil).

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
EARNINGS		
Earnings for the period attributable to owners of the Company	**355,123**	36,033
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**6,731,211,927**	6,600,682,645

A 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 2022 and 2021.

10. TRADE AND OTHER RECEIVABLES

	30 June	31 December
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables *(Note a)*	**403,494**	92,160
Prepayments, deposits and other receivables *(Note b)*	**9,525**	7,597
	413,019	99,757
Analysed into		
Current portion	**412,702**	99,390
Non-current portion	**317**	367
	413,019	99,757

The Group did not hold any collateral over these balances. At 30 June 2022 and 31 December 2021, there was no loss allowance provided.

Note a: As at 30 June 2022, trade receivables of HK$402,058,000 (31 December 2021: HK$91,940,000) represent amount due from the immediate holding company, China Uranium Development.

Note b: As at 30 June 2022, included in prepayments, deposits and other receivables, approximately HK$60,000 (31 December 2021: approximately HK$1,000) 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 for natural uranium segment credit periods ranging from 15 days to 120 days after delivery dates.

The following is an ageing analysis of the trade receivables presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	30 June 2022	31 December 2021
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**403,494**	92,160

11. BANK AND CASH BALANCES

	30 June 2022	31 December 2021
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Bank deposits:		
Cash at bank and on hand	**1,272,135**	81,293
Analysis of bank and cash balances:		
Cash at bank and on hand	**2,494**	925
Cash placed at CGNPC Huasheng and CGN Finance *(Note)*	**1,269,641**	80,368
	1,272,135	81,293

Note: The balance is unsecured, interest bearing at rates ranging from 1.12% to 1.38% (31 December 2021: 0.48%) per annum and recoverable on demand. On 14 June 2019, the Company entered into the new Financial Service Framework Agreement with CGNPC Huasheng and CGN Finance for a terms of three years commencing from 1 January 2020 and ending on 31 December 2022 (the "Agreement"). Under the Agreement, the directors of the Company consider that these deposits made to CGNPC Huasheng and CGN Finance are qualified as cash equivalent as the Group can withdraw the deposits without giving any notice and without suffering any penalty.

12. TRADE AND OTHER PAYABLES

	30 June 2022 HK$'000 (Unaudited)	31 December 2021 HK$'000 (Audited)
Trade payables *(Note a)*	**378,530**	91,815
Accrued expenses and other payables *(Note b)*	**1,093,085**	1,011,553
	1,471,615	1,103,368

Note a: Trade payables of approximately HK$378,530,000 (31 December 2021: approximately HK$78,110,000) represented amount due to a joint venture of the Company, namely Semizbay-U Limited Liability Partnership ("Semizbay-U") and an associate of the Company, namely Ortalyk.

Note b: Included in other payables, approximately HK$123,000 (31 December 2021: approximately HK$252,000) is interest payable due to CGNPC Huasheng, a fellow subsidiary of the Company and approximately HK$1,026,593,000 (31 December 2021: approximately HK$984,197,000) 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 2022 HK$'000 (Unaudited)	31 December 2021 HK$'000 (Audited)
Within 30 days	**378,530**	91,815

13. LOANS FROM A FELLOW SUBSIDIARY

	30 June 2022 HK$'000 (Unaudited)	31 December 2021 HK$'000 (Audited)
Loans repayable on maturity, unsecured and interest bearing at 3.2% per annum	**–**	236,530

The effective interest rate of the loans from a fellow subsidiary was 3.35% per annum.

14. BANK BORROWINGS

	30 June 2022	31 December 2021
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Bank loans – unsecured and guaranteed	**390,410**	387,754

The above balance was borrowed by CGN Global, a subsidiary of the Company, under credit facilities with amounts ranging from USD50,000,000 to USD100,000,000.

The loan is borrowed by a subsidiary of the Company and bears interest rates ranging from benchmark rate + 0.93% to 1.40% per annum (31 December 2021: LIBOR+1.2% 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 2022	31 December 2021
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**–**	–
More than one year, but not exceeding two years	**390,410**	387,754
	390,410	387,754

15. SHARE CAPITAL

	Number of Shares	Amount HK$'000
Ordinary share of HK$0.01 each		
Authorised:		
At 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2022	50,000,000,000	500,000
Issued and fully paid:		
At 1 January 2021, 31 December 2021 and 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 30 June 2022	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 26 November 2021, the Company entered into subscription agreements with third parties (the "Subscribers"), pursuant to which the Subscribers has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 240,700,000 shares (at par value of HK$0.01) at the subscription price of HK$0.80 per share. The subscription was completed on 28 March 2022. 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 26 November 2021, the Company entered into 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 shares (at par value of HK$0.01) at the subscription price of HK$0.80 per share. The subscription was completed on 30 June 2022. 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.

BUSINESS REVIEW AND ANALYSIS

Analysis of the Business Environment in the First Half of 2022

Macroeconomic Environment

In the first half of 2022, the global economy has become more volatile as a result of the Russia-Ukraine conflict and the contractionary monetary policy of the US Federal Reserve. Meanwhile, the continuous tension in supply-demand relationship in global energy has led to surging energy price, such as electricity, oil, gas and coal prices, with frequent occurrence of supply shortages. Energy supply is in critical situation. The conflict between the structural dilemma on the supply side and the global low-carbon development of energy resources is intensifying. It has become an important issue for every nation to ensure the security and sufficiency of national energy supply under the trend of carbon neutrality.

Nuclear Power Market and Industry Development

As of 30 June 2022, the global nuclear power production capacity (439 units) was 394GWe, representing approximately 4% of the global power production capacity while supporting 10% of the global electricity consumption.

Since 2021, the global energy crisis has intensified. In the first half of this year, many countries have introduced a number of policies to promote the development of clean and low-carbon energy. Nuclear power, with the advantages of being carbon-free, high-energy, stable and unaffected by climate changes, has gained attention from countries around the world, and clean energy is presented with development opportunities under the goal of carbon neutrality. Many countries have started to explore the possibility of resuming development of nuclear power, and the recovery of global nuclear power industry is accelerating. Developments relating to nuclear power in major countries in the first half of 2022 are as follows:

- In February, the European Commission passed a bill to include nuclear power and natural gas which fulfill certain conditions as sustainable energy investment. In July, the EU Parliament approved such bill, which notably lowers the threshold for private investment in nuclear energy from a legal perspective, clearing the obstacles for attracting large amount of low-cost green capital into the European nuclear power sector and significantly accelerate the pace of nuclear power construction in Europe.

- In February, France announced that it will commence the construction of six nuclear reactors, while launching feasibility studies on building another eight nuclear reactors, which aims to help France to be free from fossil fuel dependency by 2050 and reduce energy consumption by 40%, advocating a "diversification" strategy that uses both renewable and nuclear energy.

- In February, the U.S. Department of Energy set up a USD6 billion Civil Nuclear Credit Program to prevent the premature retirement of nuclear power units in the US.

- In March, Belgium issued a policy to postpone its plan to abolish nuclear energy from 2025 to 2035.

- In April, the UK announced that a new organisation, Great British Nuclear, will be set up to promote nuclear energy development, and plans to approve the construction of one nuclear reactor each year from 2023 to 2030, for a total of eight nuclear reactors, aiming to have 24GWe of installed nuclear power capacity in operation by 2050, which is three times of the current capacity, in order to meet 25% of the electricity demand of UK.

- In April, the Chinese government approved the construction of six nuclear power units, namely Zhejiang Sanmen Phase II, Shandong Haiyang Phase II and Guangdong Lufeng, which is a record high in recent years following the relaunch of nuclear power in 2019, and the accumulated number of approved nuclear power units have reached 20 since the relaunch.

- In June, Korea released the "New Government Economic Policy Direction", stating that the share of new renewable energy, including nuclear energy, will be increased in order to achieve the Nationally Determined Contribution goals to cut greenhouse gas emissions by 2030. This includes, firstly, to actively develop nuclear power and restart the construction of the Shin-Hanul Nuclear Power Plant nuclear power units 3 and 4; secondly, to expand scope of the paid allocation system of greenhouse gas emission rights; thirdly, to explore extension of the carbon credit system to resource recycling and transportation segments; and fourthly, to increase financial and fiscal support for carbon neutral projects.

In summary, the development of nuclear power in emerging countries is on the rise and the attitude of developed countries towards nuclear power has becoming more positive. As a baseload energy source, nuclear power is currently the only clean, efficient and low-carbon energy source that can replace fossil fuels in a large scale, 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 2022, with the apparent grow 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 2022, the price of natural uranium experienced short-term large fluctuation, and the industry is on the road to rapid recovery.

In June 2022, the spot price of natural uranium published by UxC and TradeTech was both USD50.50/lb, representing an increase of 20.24% as compared to the beginning of 2022, and the highest spot price in the first half of the year was USD63.75/lb. The price surge was mainly due to the increase in demand from financial institutions and a gradual recovery of the long term trading market.

Natural uranium deposits in production are mainly located in Kazakhstan, Canada, Australia and Africa. In 2021, a total of approximately 48,000tU was produced globally. Since the beginning of 2022, following the increase in uranium prices, production of mines that have been shut down for maintenance due to economic reasons is expected to resume, and construction and drilling progress of mines which are under construction and advanced exploration are also expected to be accelerated. In March 2022, the McArthur River uranium mine in Canada has announced to resume production and plans to reach a production capacity of 5,770tU per year by 2024, while the production at the Cigar Lake uranium mine would be reduced to 5,200tU per year. Construction of the Honeymoon uranium mine in Australia has been accelerated, planned to be commissioned by the end of 2023 with its output reaching and maintaining at 940tU per year for the following three years. The Langer Heinrich uranium mine in Namibia plans to resume production in 2024. However, some countries and regions are 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 continue to operate at 80% capacity and is expected to return to 100% by 2024.

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 inventory. Although natural uranium supply is on the rise, the gap between supply and demand is difficult to be resolved in the short term.

SUMMARY OF OPERATION IN THE FIRST HALF OF 2022

Overall operation

During the Reporting Period, the Group realized profit of HK$355 million and revenue of HK$2,413 million, representing an increase of 886% and 31%, respectively, as compared with the corresponding period of 2021. The substantial increase in profit was mainly due to increase in gross profit from natural uranium trading, increase in share of result of a joint venture and addition of share of results of an associate from Ortalyk.

Natural Uranium Trading

During the Reporting Period, the Group completed the sale of 684.0tU uranium products procured under the off-take arrangement with Semizbay-U and Ortalyk and 5.729 million pounds of U_3O_8 (equals to approximately 2,204tU) procured in the international market, which generated trading revenue of approximately HK$2,411 million. [*Note*]

In addition, the Company has entered into a new sales framework agreement with CGNPC-URC on 16 June 2022 in relation to the sale of natural uranium by the Group to CGNPC-URC and its subsidiaries (other than members of the Group) between 1 January 2023 and 31 December 2025, with a minimum purchase quantity of 1,200 tU per calendar year. The new sales framework agreement and the transactions contemplated thereunder are subject to independent shareholders' approval. For details, please refer to the circular of the Company dated 19 August 2022.

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. 1 tU equals to approximates 2,599.78 lb of U_3O_8.

Operation of CGN Global

During the Reporting Period, CGN Global newly entered into sales contracts for a total of 3.128 million pounds of natural uranium, among which, 70% of the sales were contracted with clients from Europe, and 30% of the sales were contracted with clients from North America. Meanwhile, CGN Global completed the delivery of 5.729 million pounds of natural uranium and recorded revenue of USD222.4 million (approximately HK$1,725.0 million). As at 30 June 2022, CGN Global had contracted but not delivered natural uranium sales of 11.35 million pounds.

Production and Operation of Semizbay-U

During the Reporting Period, Semizbay-U had been producing and operating normally with no major safety incident. On the premise of safe production, its mines had exceeded the production plan of 421tU in the first half of the year, with 429tU extracted, representing 102% of the production plan; among which, uranium extracted from the Semizbay Mine and the Irkol Mine were 174tU and 255tU, respectively, in the first half of the year.

In addition, the Ore Reserve Re-estimation Report of Semizbay Mine was approved by the State Minerals Reserve Committee of North Kazakhstan and the independent assessment experts on 24 February 2022 and is currently submitted to the Committee of State Material Reserves of Kazakhstan for consideration and approval.

During the Reporting Period, the Group's share of result of Semizbay-U amounted to HK$106 million, representing an increase of 237% as compared with the corresponding period of 2021 which was mainly due to increase in natural uranium spot price.

Production and Operation of Ortalyk

The Group completed the acquisition of 49% equity interest in Ortalyk on 30 July 2021.

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 702tU and actual production of 734tU, representing 105% of the production plan; among which, actual uranium extracted from the Central Mynkuduk Deposit and Zhalpak Deposit were 726tU and 8tU, respectively. Zhalpak Deposit is currently in the onsite ground leach test phase.

In addition, Ortalyk has completed modification of the construction plan of Zhalpak Deposit in accordance with the comments of the relevant departments and investment committee of Kazatomprom, which will be submitted to the board of directors of Kazatomprom for approval after passing the investment committee.

During the Reporting Period, the addition of share of result of Ortalyk to the Group amounted to HK$143 million.

Uranium Resource Exploration of Fission

During the Reporting Period, based on information available to the Board and other publicly available information, Fission has completed an infill drilling program and all field sampling work in hydrometallurgy on the western orebody of the mine area, and also completed most of the indoors examinations and currently undergoing analysis and evaluation of the test data. These tasks will provide important input to the feasibility study and lay the foundation for completing the feasibility study report by the end of this year.

Investor Relations Management

During the Reporting Period, benefiting from the increase in uranium prices, the capital market has shown a lot more attention to the uranium industry. The Company has continued to enhance investor relations management and organised the 2021 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, which has been widely recognized by investors and analysts.

In the first half of 2022, the Company has completed the issuance of 1.0 billion new ordinary shares in aggregate to 11 investors at the price of HK$0.80 per share, with total proceeds of HK$800 million and net proceeds of HK$776 million after deducting the relevant expenses. The Company has introduced investors which are national funds, internationally renowned funds or renowned local investment institutions in Hong Kong, increasing the portion of shareholding held by institutional investors.

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 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.

Subsequent Event

On 19 July 2022, Mr. Liu Guanhua was appointed as a non-executive Director of the Company. According to article 112 of the articles of association of the Company, any Director appointed to fill a casual vacancy or as an additional Director shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at the meeting.

BUSINESS PROSPECT

In the second half of 2022, 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 automation in management in the long term. To ensure a stable and sustainable development of Semizbay-U, the Company will continuously pursue the approval of the Ore Reserve Re-estimation Report of Semizbay Mine as well as the normal commencement of the re-estimation work of Irkol Mine. In addition, by rigorously reviewing the mine construction plan of the Zhalpak Deposit of Ortalyk, ensuring that the mine construction can be completed on schedule with high quality.

For its associated company Fission, the Company will continue to monitor the progress of the feasibility study of the PLS Project and make dynamic adjustments to the future investment strategy in accordance with the results of the feasibility study.

In the second half of 2022, the Company will continue to expand its market information dissemination and investor communications to present a good corporate image. The Company will also continue its principle business while exploring cost-competitive uranium projects around the world to further enhance its competitiveness and reward shareholders with excellent results.

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	
	2022	2021
	(Unaudited)	(Unaudited)
Profitability indicators		
Gross profit margin (%)[1]	**8.11**	3.99
EBITDA (HK$ million)[2]	**439.14**	62.14
EBITDA/Revenue (%)[3]	**18.20**	3.37
Net profit margin (%)[4]	**14.72**	1.95
Operating ability indicators		
Days sales of inventory – Average (Days)[5]	**117**	157
Trade receivables cycle – Average (Days)[6]	**18**	25
Investment return indicators		
Return on equity (%)[7]	**13.17**	1.77
Profit attributable to the owners of the Company to revenue ratio (%)[8]	**14.72**	1.95
Return on total assets (%)[9]	**5.30**	0.92

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Repayment ability indicators		
Current ratio (%)[10]	**84.66**	51.50
Debt to asset ratio (%)[11]	**54.16**	66.06
Gearing ratio (%)[12]	**118.13**	194.61

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/
	2022	2021	(Decrease)	(Decrease)
	HK$'000	*HK$'000*	*HK$'000*	*%*
	(Unaudited)	(Unaudited)		
Natural uranium trading	**2,411,264**	1,843,777	567,487	31
Property investment	**1,566**	1,606	(40)	(2)
Total revenue	**2,412,830**	1,845,383	567,447	31

During the Reporting Period, the Group recorded revenue of HK$2,413 million, representing an increase of 31% as compared with the corresponding period of 2021, which was mainly due to the increase of natural uranium price and the addition of the off-take trading with Ortalyk.

Cost of sales

	Six months ended 30 June		Movements	
			Increase/	Increase/
	2022	2021	(Decrease)	(Decrease)
	HK$'000	*HK$'000*	*HK$'000*	*%*
	(Unaudited)	(Unaudited)		
Natural uranium trading	**2,217,222**	1,771,751	445,471	25
Total cost of sales	**2,217,222**	1,771,751	445,471	25

During the Reporting Period, the cost of sales of the Group amounted to HK$2,217 million, representing an increase of 25% as compared with the corresponding period of 2021, which was mainly due to the increase of natural uranium price and the addition of off-take trading with Ortalyk, and Higher natural uranium trading spreads resulted in higher gross margins.

Other Operating Income

During the Reporting Period, other operating income of the Group amounted to HK$11.64 million, representing a significant increase of 733% as compared to the corresponding period of 2021, which was mainly due to the exchange gains arising from the receipt of dividends from Semizbay-U and the inventory leasing income generated by CGN Global.

Selling and Distribution Expenses

During the Reporting Period, the selling and distribution expenses of the Group amounted to HK$6.37 million, representing a decrease of 6% as compared with the corresponding period of 2021, which was mainly due to decrease in storage expenses of natural uranium inventories.

Administrative Expenses

During the Reporting Period, the administrative expenses of the Group amounted to HK$18.00 million, representing an increase of 13% as compared to the corresponding period of 2021, which was mainly due to the increase in the withholding tax of UK interest.

Share of Result of a Joint Venture

During the Reporting Period, the share of result of a joint venture amounted to HK$106.01 million, representing an increase of 237% as compared to the corresponding period of 2021, which was mainly due to the revenue of Semizbay-U signifiantly increased following the increase in the price of natural uranium.

Share of Results of Associates

The Company's associates include Fission and Ortalyk. The Company's share of results of Fission was profit of HK$7.56 million (corresponding period of 2021: loss of HK$23.32 million), which included the attributable loss for the Reporting Period of HK$7.06 million (corresponding period of 2021: loss of HK$4.72 million), the gain on deemed disposal of partial interest of HK$1.88 million (corresponding period of 2021: loss of HK$22.26 million) and the reversal of long-term investment impairment of HK$12.74 million (corresponding period of 2021: HK$3.66 million).

During the Reporting Period, part of the share options granted by Fission to its directors and employees were exercised with 6,796,879 ordinary shares issued. As a result, the equity interests in Fission held by the Company as at 30 June 2022 decreased to 14.19% (31 December 2021: 14.34%).

The Group completed the acquisition of 49% equity interest in Ortalyk on 30 July 2021. During the report period, the addition of share of result of Ortalyk to the Group was profit of HK$143.04 million.

Finance Costs

During the Reporting Period, the finance cost of the Group amounted to HK$24.00 million, representing an increase of 31% as compared with the corresponding period of 2021, which was mainly due to the increase in the Group's average interest-bearing liability balance in the first half of 2022 as compared to the same period in 2021.

Income Tax Expenses

During the Reporting Period, income tax expenses of the Group amounted to HK$59.04 million, representing an increase of 764% as compared to the corresponding period of 2021, mainly due to the significant increase in gross profit of natural uranium trading, resulting in an increase in the amount of tax payable.

Half-year Profit

During the Reporting Period, the profit of the Group amounted to HK$355.12 million, representing a significant increase of 886% from the corresponding period of 2021, which was mainly due to the significant increase in gross profit of natural uranium trading, the share of result of a joint venture and the share of result of associates aforementioned.

FINANCIAL POSITION

As at 30 June 2022, the total assets of the Group amounted to HK$7,060 million, representing an increase of 11% as compared with that of HK$6,350 million as at 31 December 2021; the total liabilities of the Group amounted to HK$3,823 million, representing a decrease of 9% as compared with that of HK$4,194 million as at 31 December 2021; and the total equity and the equity attributable to the owners of the Company of the Group amounted to HK$3,236 million, representing an increase of 50% as compared with that of HK$2,155 million as at 31 December 2021.

Net Current Liabilities

As at 30 June 2022, the net current liabilities of the Group amounted to HK$518 million, representing a decrease of 72% as compared with the HK$1,821 million as at 31 December 2021.

Current assets

	As at 30 June 2022	As at 31 December 2021	Movements Increase/ (Decrease)	Increase/ (Decrease)
	HK$'000	*HK$'000*	*HK$'000*	*%*
	(Unaudited)	(Audited)		
Inventories	**1,138,900**	1,743,152	(604,252)	(35)
Trade and other receivables	**412,702**	99,390	313,312	315
Amount due from an intermediate holding company	**547**	2,392	(1,845)	(77)
Amount due from a fellow subsidiary	**20**	20	–	–
Income tax recoverable	**37,679**	6,956	30,723	442
Bank and cash balances	**1,272,135**	81,293	1,190,842	1,465
Total current assets	**2,861,983**	1,933,203	928,780	48

As at 30 June 2022, the current assets of the Group amounted to HK$2,862 million, representing an increase of 48% as compared with HK$1,933 million as at 31 December 2021, mainly due to the increase in bank and cash balances as a result of the proceeds of issuance of new shares and collection of trade receivables etc.

As at 30 June 2022, the aggregate amount of bank and cash balances of the Group was approximately HK$1,272 million (31 December 2021: HK$81 million), among which 51% (31 December 2021: 28%) was denominated in HKD, 49% (31 December 2021: 47%) was denominated in USD, and 0.2% (31 December 2021: 19%) was denominated in RMB. The Group did not have any bank deposit pledged to any bank (31 December 2021: nil).

Current liabilities

	As at 30 June 2022 HK$'000 (Unaudited)	As at 31 December 2021 HK$'000 (Audited)	Movements Increase/ (Decrease) HK$'000	Increase/ (Decrease) %
Trade and other payables	**1,471,615**	1,103,368	368,247	33
Loans from a fellow subsidiary	**–**	236,530	(236,530)	(100)
Loan from immediate holding company	**1,876,729**	2,400,197	(523,468)	(22)
Lease liabilities	**1,610**	1,445	165	11
Amount due to an intermediate holding company	**22,638**	1,117	21,521	1,927
Amount due to a fellow subsidiary	**1,226**	2,188	(962)	(44)
Income tax payable	**6,545**	9,270	(2,725)	(29)
Total current liabilities	**3,380,363**	3,754,115	(373,752)	(10)

As at 30 June 2022, the current liabilities of the Group amounted to HK$3,380 million, representing a decrease of 10% as compared with HK$3,754 million as at 31 December 2021, mainly due to the partial repayments of loan from immediate holding company by the Company.

Non-current assets

	As at 30 June 2022 HK$'000 (Unaudited)	As at 31 December 2021 HK$'000 (Audited)	Movements Increase/ (Decrease) HK$'000	Increase/ (Decrease) %
Property, plant and equipment	**1,270**	887	383	43
Right-of-use assets	**3,138**	3,970	(832)	(21)
Investment properties	**50,836**	53,082	(2,246)	(4)
Interest in a joint venture	**349,007**	358,011	(9,004)	(3)
Interest in associates	**3,787,917**	3,994,894	(206,977)	(5)
Deferred tax assets	**5,211**	5,161	50	1
Rental deposits	**317**	367	(50)	(14)
Total non-current assets	**4,197,696**	4,416,372	(218,676)	(5)

As at 30 June 2022, the non-current assets of the Group amounted to HK$4,198 million, representing a decrease of HK$219 million as compared with HK$4,416 million as at 31 December 2021, which was mainly due to dividend received from Semizbay-U and Ortalyk during the Reporting Period, leading to the decrease in interests in a joint venture and associates.

Non-current liabilities

	As at 30 June 2022 *HK$'000* **(Unaudited)**	As at 31 December 2021 *HK$'000* (Audited)	Movements Increase/ (Decrease) *HK$'000*	Increase/ (Decrease) *%*
Bank borrowings	**390,410**	387,754	2,656	1
Lease liabilities	**1,425**	2,417	(992)	(41)
Deferred tax liabilities	**51,093**	50,066	1,027	2
Total non-current liabilities	**442,928**	440,237	2,691	1

As at 30 June 2022, the non-current liabilities of the Group amounted to HK$443 million, representing an increase of 1% from HK$440 million as at 31 December 2021.

Total Equity

As at 30 June 2022, total equity of the Group amounted to HK$3,236 million, representing an increase of HK$1,081 million as compared with that of HK$2,155 million as at 31 December 2021, which was mainly due to completion of issuance of new shares and accumulation of profit.

At the end of the Reporting Period, the Company's gearing ratio (total liabilities/total equity) was approximately 118% (31 December 2021: 195%).

FINANCIAL CAPITAL

Capital Structure

As at 30 June 2022, the Company had 7,600,682,645 ordinary shares in issue in total (31 December 2021: 6,600,682,645 ordinary shares), and the market capitalisation of the Company was approximately HK$5,548 million (31 December 2021: HK$5,149 million).

Liquidity Risk and Financial Resources

As at 30 June 2022, bank borrowings of the Group were USD50 million, denominated in USD with floating interest rate and were unsecured with interest rate of 2.6511% per annum. Borrowings from immediate holding Company were USD242 million, denominated in USD with floating interest rate and were unsecured with interest rate at the range of 1.395% to 1.418% per annum.

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 2022, the Group had unutilised borrowing facilities of US$763million, which can be utilised to provide sufficient cash for the operation of the Group and reduce the impact of cash flow 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. When conducting debt financing, the Company has taken a balanced approach between cost and safety. The Company aims to obtain competitive financing cost but does not consider lowest financing cost as the 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 2021: 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 2021: 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 2022, the Group did not have any material contingent liabilities (31 December 2021: nil).

External Guarantee and Charge of Assets

As at 30 June 2022, the Group did not provide any guarantee for any third party outside the Group nor there were any charge on any of the assets of the Group (31 December 2021: 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

The Company entered into share subscription agreements with eleven investors on 26 November 2021 for the subscription of an aggregate of 1 billion new shares of the Company (nominal value: HK$10,000,000) at the subscription price of HK$0.80 per share. The subscription of the first batch of 240,700,000 shares has completed on 28 March 2022 and the subscription of the remaining 759,300,000 shares has completed on 30 June 2022.

Save as disclosed above, 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 2022, the total share capital of the Company was 7,600,682,645 shares.

EMPLOYEE INFORMATION

As at 30 June 2022, the Group had 22 employees (30 June 2021: 16 employees), of which six were located in Hong Kong, eight were located in Kazakhstan, seven were located in the UK and one was located in Beijing(to be expatriated).

The Company's employee remunerations are commensurate with their performance and comparable to the prevailing market rates. The Group treasures 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$8.93 million (six months ended 30 June 2021: approximately HK$6.20 million).

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (2021 interim dividend: nil).

REVIEW OF INTERIM RESULTS

The unaudited interim financial statements of the Group for the six months ended 30 June 2022 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 2022 and discussed the auditing, internal control and financial reporting matters with the management. The audit committee has also reviewed and adopted the Group's unaudited financial statements for the six months ended 30 June 2022, and is of the opinion that such statements comply 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. The Company has complied with all the applicable code provisions set out in part 2 of the Corporate Governance Code during the Reporting Period.

DEFINITIONS

"BDO"	BDO Limited.
"Board"	the board of Directors.
"Central Mynkuduk Deposit"	the central plot of Mynkuduk deposit in South-Kazakhstan region Kazakhstan, which was owned and operated by Ortalyk.
"CGN Finance"	CGN Finance Co., Ltd* (中廣核財務有限責任公司), a company incorporated in the PRC with limited liability and a subsidiary of CGNPC.
"CGN Global"	CGN Global Uranium Ltd, a company incorporated and registered in England and Wales with limited and a subsidiary of the Company.
"CGNPC Huasheng"	CGNPC Huasheng Investment Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of CGNPC.
"CGNPC"	China General Nuclear Power Corporation* (中國廣核集團有限公司), a company incorporated in the PRC with limited liability and the sole shareholder of CGNPC-URC.
"CGNM UK"	CGNM UK Limited, a company incorporated in UK, with limited liability and a wholly-owned subsidiary of the Company.
"CGNPC-URC"	CGNPC Uranium Resources Co., Ltd.* (中廣核鈾業發展有限公司), a company established in the PRC with limited liability and the sole shareholder of the China Uranium Development.
"China Uranium Development"	China Uranium Development Company Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company.
"Company"	CGN Mining Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange.
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules.
"Corporate Governance Code"	Corporate Governance Code set out in Appendix 14 to the Listing Rules.

"Director(s)"	the director(s) of the Company.
"ED(s)"	executive Director(s) of the Company.
"EU"	European Union, a political and economic union of 27 member states that are located primarily in Europe.
"EUR"	euro, the lawful currency of certain state members of the EU.
"Fission"	Fission Uranium Corp., a Canadian-based resource company, the common shares of which are listed on the Toronto Stock Exchange under the symbol "FCU", on the OTCQX marketplace in the US under the symbol "FCUUF" and on the Frankfurt Stock Exchange under the symbol "2FU". Fission is an associate of the Company.
"Group"	the Company and its subsidiaries.
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong.
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China.
"INED(s)"	independent non-executive Director(s) of the Company.
"Irkol Mine"	the Irkol mine located in the Kyzylorzhinsk area, 20 kilometres from the town of Chiili, Kazakhstan, which was owned and operated by Semizbay-U.
"Kazakhstan"	the Republic of Kazakhstan.
"Kazatomprom"	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"	pound.
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.
"NED(s)"	non-executive Director(s) of the Company.

"Ortalyk"	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"	Patterson Lake South project, Fission's primary and wholly-owned asset.
"PRC" or "China"	The People's Republic of China.
"Reporting Period"	the period from 1 January 2022 to 30 June 2022.
"RMB"	Renminbi, the lawful currency of the PRC.
"Semizbay Mine"	the Semizbay mine located in the Valihanov District of Akmoltnsk Oblast, Kazakhstan, which was owned and operated by Semizbay-U.
"Semizbay-U"	Semizbay-U Limited Liability Partnership, a limited liability partnership established in Kazakhstan with the Company holding 49% of its equity interest through its wholly-owned subsidiary, and is a joint venture of the Company.
"share(s)"	ordinary share(s) in the Company with a nominal value of HK$0.01 each.
"shareholder(s)"	holder(s) of the share(s).
"Stock Exchange"	The Stock Exchange of Hong Kong Limited.
"subsidiary"	has the meaning ascribed to it under the Listing Rules.
"TradeTech"	TradeTech of Denver Tech Centre, 7887E. Belleview Avenue, Suite 888, Englewood, CO 80111, USA, one of the leading providers of uranium prices and an independent third party.
"tU"	tonnes of elemental Uranium.
"U_3O_8"	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"	the United Kingdom of Great Britain and Northern Ireland.

"US"	the United States of America.
"USD"	United States dollars, the lawful currency of the US.
"UxC"	UxC, LLC, one of the leading providers of uranium prices and an independent third party.
"Zhalpak Deposit"	the uranium deposit located in Sozak district, Kazakhstan, which was owned and operated by Ortalyk.

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

Hong Kong, 25 August 2022

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. Lee Kwok Tung Louis.

* *For identification purpose only*