中广核礦業有限公司*
CGN Mining Company Limited

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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

HIGHLIGHTS

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue	**177,372**	55,310
Profit (loss) for the Reporting Period attributable to the owners of the Company	**26,020**	(4,166)
Earnings (loss) per share		
– Basic	**HK0.39 cents**	HK(0.06) cents
– Diluted	**HK0.39 cents**	HK(0.06) cents
Interim dividend per share	**Nil**	Nil

- Revenue of the Group was approximately HK$177.37 million, representing an increase of approximately 220.69% as compared with the corresponding period of 2017.
- Profit for the Reporting Period attributable to the owners of the Company was approximately HK$26.02 million as compared with a loss of approximately HK$4.17 million in the corresponding period of 2017.
- Basic earnings per share was approximately HK0.39 cents as compared with basic loss per share of approximately HK0.06 cents in the corresponding period of 2017.
- Directors do not recommend the payment of an interim dividend.

The Board announces the unaudited condensed consolidated results of the Group for the Reporting Period, together with the comparative figures for the corresponding period of 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2018

		Six months ended 30 June	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**177,372**	55,310
Cost of sales		**(132,216)**	(35,084)
Gross profit		**45,156**	20,226
Other operating income		**11,461**	13,195
Administrative expenses		**(15,960)**	(14,152)
Changes in fair value of investment properties		**110**	249
Share of result of a joint venture		**(10,409)**	9,390
Share of result of an associate		**2,876**	(29,289)
Profit (loss) before taxation		**33,234**	(381)
Income tax expenses	*4*	**(7,214)**	(3,785)
Profit (loss) for the period attributable to the owners of the Company	*5*	**26,020**	(4,166)
Earnings (loss) per share	*7*		
– Basic		**HK0.39 cents**	HK(0.06) cents
– Diluted		**HK0.39 cents**	HK(0.06) cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit (loss) for the period	**26,020**	(4,166)
Other comprehensive (expense) income:		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	**(451)**	2,646
Exchange differences on translation of financial statements of a joint venture	**(3,794)**	7,824
Exchange differences on translation of financial statements of an associate	**(26,420)**	23,571
Other comprehensive (expense) income for the period	**(30,665)**	34,041
Total comprehensive (expense) income for the period attributable to owners of the Company	**(4,645)**	29,875

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**15,566**	16,529
Investment properties		**31,266**	31,427
Interest in a joint venture		**147,077**	161,280
Interest in an associate		**527,092**	550,202
		721,001	759,438
Current assets			
Trade and other receivables	*8*	**122,463**	128,900
Amount due from an intermediate holding company		**2,939**	1,546
Bank balances and cash	*9*	**1,050,767**	1,017,111
Income tax recoverable		**–**	4,280
		1,176,169	1,151,837
Total assets		**1,897,170**	1,911,275
Current liabilities			
Trade and other payables	*10*	**81,993**	90,152
Amount due to an intermediate holding company		**3,179**	6,490
Amount due to a joint venture		**5,513**	5,513
Amounts due to fellow subsidiaries		**433**	1,212
Income tax payable		**7,052**	4,047
Dividend payable		**13,201**	–
		111,371	107,414
Net current assets		**1,064,798**	1,044,423
Total assets less current liabilities		**1,785,799**	1,803,861

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
Capital and reserves		
Share capital	**66,007**	66,007
Reserves	**1,707,336**	1,724,748
Total equity	**1,773,343**	1,790,755
Non-current liability		
Deferred tax liabilities	**12,456**	13,106
	1,785,799	1,803,861

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL AND BASIS OF PREPARATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liabilities. The shares of the Company are listed on the Stock Exchange.

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

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

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as the applicable disclosure requirements of Appendix 16 to the Listing Rules.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017.

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs ("new and revised HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2018.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and related Amendments
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies and/or disclosure as described below.

HKFRS 9 Financial Instruments

HKFRS 9 replaced HKAS 39 Financial Instruments: Recognition and Measurement, and introduces new requirements for the 1) classification and measurement of financial assets and financial liabilities; 2) impairment of financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 retrospectively to financial instruments that have not been derecognised at the date of initial application (i.e. 1 January 2018) in accordance with the transition provisions under HKFRS 9, and chosen not to restate comparative information. Differences in the carrying amounts of financial assets and financial liabilities on initial application, if any, are recognised in retained earnings and other components of equity as at 1 January 2018.

Classification and measurement

At the date of initial application of HKFRS 9, the Group's management has reviewed and assessed all financial assets held by the Group on the basis of the Group's business model for managing these financial assets and their contractual cash flow characteristics, and has classified its financial assets and financial liabilities into the appropriate categories of HKFRS 9, as explained below:

Trade and other receivables and amount due from an intermediate holding company carried at amortised cost:

They are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets continue to be subsequently measured at amortised cost upon application of HKFRS 9.

All other financial assets and financial liabilities continue to be measured on the same basis as are previously measured under HKAS 39.

Impairment of financial assets

The Group recognised a loss allowance for expected credit losses ("ECL") on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, amount due from an intermediate holding company and bank balances).

ECL is a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9 and records lifetime ECL that results from all possible default events over the expected life of these financial instruments.

For other financial instruments, the ECL is based on the 12-month ECL, unless when there has been a significant increase in credit since initial recognition of the financial instrument, the allowance will be based on the lifetime ECL. The 12-month ECL is the portion of lifetime ECL that results from possible default events within 12 months after the reporting date.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with that assessed at the date of initial recognition. In making the assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following is taken into the account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instruments' external (if available) or internal credit rating; and

- an actual or expected significant adverse change in the regulatory, economic or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

At the initial application of HKFRS 9 and the reporting date, the Group reviewed the ECLs and has recognised that it does not affect the financial statements.

HKFRS 15 Revenue from contracts with customers

HKFRS 15 superseded HKAS 11 Construction Contracts, HKAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard established a five-step model for determining whether, how much and when revenue is recognised.

The major sources of revenue are sales of goods, investment income and rental income.

The Group has elected to adopt the modified retrospective approach for contracts with customers that are not completed as at the date of initial application (i.e. 1 January 2018) with the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings or other components of equity, if any and comparative information is not restated. Details are described below.

HKFRS 15 introduces as 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met.

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the asset is created or enhanced; or

- the Group's performance does not create an asset with an alternative us to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

The Group concluded that revenue from sale of goods should be recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods and acceptance by customers, which is consistent with the previous accounting policy. Therefore, the adoption of HKFRS 15 does not have material impact on the timing and amount recognised for the initial application of HKFRS 15 and for the six months ended 30 June 2018.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents amount received and receivable from sales of natural uranium net of returns, discounts allowed and sales related taxes and gross rental income during the Reporting Period.

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Sales of goods	**176,273**	54,295
Rental income	**1,099**	1,015
	177,372	55,310

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

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

a) property investment segment engages in leasing;

b) natural uranium trading segment engages in trading of natural uranium; and

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

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

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

Six months ended 30 June 2018

	Property investment *HK$'000* **(Unaudited)**	**Other investments** *HK$'000* **(Unaudited)**	**Natural uranium trading** *HK$'000* **(Unaudited)**	**Total** *HK$'000* **(Unaudited)**
Revenue – external	**1,099**	**–**	**176,273**	**177,372**
Segment (loss) profit	**(1,733)**	**(7,533)**	**39,622**	**30,356**
Other income and gains				**11,461**
Central administrative costs				**(8,583)**
Profit before taxation				**33,234**

Six months ended 30 June 2017

	Property investment *HK$'000* (Unaudited)	Other investments *HK$'000* (Unaudited)	Natural uranium trading *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Revenue – external	1,015	–	54,295	55,310
Segment (loss) profit	(666)	(19,899)	14,763	(5,802)
Other income and gains				13,195
Central administrative costs				(7,774)
Loss before taxation				(381)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3 of the Group's annual consolidated financial statements for the year ended 31 December 2017. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of other income and gains and central administrative costs. This is the measure reported to the chief executive officer, being the chief operating decision marker for the purposes of resource allocation and performance assessment.

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

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Segment assets		
Property investment	**48,900**	48,265
Other investments	**674,169**	711,482
Natural uranium trading	**105,462**	119,856
	828,531	879,603
Unallocated corporate assets	**1,068,639**	1,031,672
Total assets	**1,897,170**	1,911,275

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Segment liabilities		
Property investment	**843**	1,371
Other investments	**–**	–
Natural uranium trading	**86,416**	93,266
	87,259	94,637
Unallocated corporate liabilities	**36,568**	25,883
Total liabilities	**123,827**	120,520

4. INCOME TAX EXPENSES

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax	**6,482**	2,908
Kazakhstan Withholding Tax	**–**	735
United Kingdom ("UK") Corporation Tax	**1,290**	80
	7,772	3,723
Deferred tax	**(558)**	62
	7,214	3,785

During the six months ended 30 June 2018 and 2017, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits.

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 subsidiaries is 25% for the current and previous periods.

The PRC subsidiary is in loss-making position for the current and previous periods and accordingly does not have any assessable income for the current and previous periods.

The subsidiary operating in the UK is subject to Corporation Tax Act of UK and the tax rate of the UK subsidiary is 20% for the current and previous periods.

Pursuant to the tax law of Kazakhstan, withholding tax is levied on 10% of profit before distributed to overseas investors. The above Kazakhstan withholding tax is withheld by the joint venture when 49% of total dividends were distributed to the Group by the joint venture.

Pursuant to the laws and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI for the current and previous periods.

5. PROFIT (LOSS) FOR THE PERIOD

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

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories recognised as an expense and included in cost of sales	**132,216**	35,084
Depreciation of property, plant and equipment	**855**	728
Interest income from fellow subsidiaries	**(9,898)**	(8,321)
Bank interest income	**(4)**	(1)
Rental income from an intermediate holding company	**(1,099)**	(1,015)

6. DIVIDEND

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Final dividend in respect of the financial year ended 31 December 2017, approved during the following interim period, of HK0.2 cents per share (year ended 31 December 2016: HK2 cents)	**13,201**	132,014

No dividends were paid during the interim period. The Directors do not recommend the payment of an interim dividend (six months ended 30 June 2017: nil).

7. EARNINGS (LOSS) PER SHARE

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

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings (loss)		
Earnings (loss) for the purpose of basic and diluted earnings (loss) per share for the period attributable to the owners of the Company	**26,020**	(4,166)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**6,600,682,645**	6,600,682,645

The diluted earnings (loss) per share is equal to the basic earnings (loss) per share as there were no dilutive potential ordinary shares during the six months ended 30 June 2018 and 2017.

8. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables of approximately HK$105,462,000 (31 December 2017: HK$119,856,000) which is due from the immediate holding company, China Uranium.

Included in other receivables, approximately HK$12,940,000 (31 December 2017: HK$4,179,000) and nil (31 December 2017: HK$30,000) are interest receivables due from CGNPC Huasheng and CGN Finance respectively, fellow subsidiaries of the Company.

The Group normally grants to its trade customer credit periods for natural uranium segment ranging from 28 days to 120 days after delivery dates.

The following is an ageing analysis of the trade receivables, based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates, and net of impairment loss recognised:

	30 June	31 December
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**101,735**	109,514
31 to 60 days	**3,727**	3,367
61 to 120 days	**–**	6,975
	105,462	119,856

9. BANK BALANCES AND CASH

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
Unpledged bank deposits:		
Cash at bank and on hand	**1,050,767**	1,017,111
Analyse of bank balances and cash:		
Cash at bank and on hand	**16,784**	16,593
Cash placed at CGNPC Huasheng and CGN Finance (Note)	**1,033,983**	1,000,518
	1,050,767	1,017,111

Note: CGNPC Huasheng and CGN Finance, fellow subsidiaries of the Company, performed certain treasury activities for the Group and CGN Group. Pursuant to the arrangement, the fellow subsidiaries receive funds from the Group, pool the funds together with funds from CGN Group and provides intra-group financial services for the Group and CGN Group. The fellow subsidiaries reimburse interest to the Group with reference to the prevailing market interest rate. The balance is unsecured, interest bearing ranging from 0.01% to 3.30% per annum and recoverable on demand. As the Group can withdraw the deposits without giving any notice and without suffering any penalty, the Directors consider that the deposits made to CGNPC Huasheng and CGN Finance is qualified as cash.

10. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK$80,597,000 (31 December 2017: HK$87,676,000) which is due to a joint venture of the Group.

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

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
Within 30 days	**77,880**	80,826
31 to 60 days	**2,717**	2,635
61 to 120 days	**–**	4,215
	80,597	87,676

BUSINESS REVIEW AND ANALYSIS

Analysis of the Business Environment in the First Half of 2018

Macroeconomic Environment

In general, the global economy showed a satisfactory development trend in the first half of 2018, and is expected to continue to recover in the second half of the year. In terms of major economies, the US economy maintained a good momentum of growth. Under a series of stimulus measures such as tax cuts, the US showed strong confidence in commerce and consumer, and its unemployment rate continued to decline. Despite the recent slow-down growth rate of the European economy, its various indicators performed well.

In the first half of 2018, China's economy maintained an overall stable development trend but faced new problems and new challenges as a result of the significant change of the external environment. Affected by the trade war between the US and China and a slowdown in residents' income growth, the growth of China's GDP may slightly slow down at the second half of 2018.

Nuclear Power Market and Industry Development

In the first half of 2018, the development of international nuclear power has improved. The nuclear power has been recognized by various countries as a basic energy source, but different policies were adopted in different countries. Among them, the Indian government was actively developing the nuclear power. According to the second quarterly report of Ux Consulting Company, LLC ("UxC", one of the leading consulting companies in the nuclear industry) in 2018, it is estimated that India will have nuclear power generating units with the installed capacity of 22.48 GWe (currently about 7 GWe) by 2031. Electricite de France (EDF) and Nuclear Power Corporation of India Limited (NPCIL) entered into an Industrial Way Forward Agreement in this March to implement six European pressurised reactors (EPRs) at Jaitapur, a western city of India. A budget act on extending the tax credits for nuclear power plants was passed by the US Congress in February this year, which will enable the US to continue to maintain its leading position in the field of nuclear energy. As early as the end of 2017, the French government announced to postpone its plan for reducing the share of nuclear power to 50% of the total energy supply. The implementation of the plan is expected to be delayed from 2025 to between 2030 and 2035. The Japanese government released a draft of the updated basic energy plan in May 2018. According to the plan, nuclear energy is called "an important basic energy" and the percentage of nuclear power over the the country's power supply is expected to restore to 20-22% by 2030. Although the percentage is lower than the 28% of the nuclear power before the Fukushima nuclear accident, the release of the draft shows that the status of nuclear power in Japan's energy structure remains unchanged.

In addition, the development of China's nuclear power also showed signs of significant recovery. According to the "Energy Work Guideline Opinion for 2018" (the "Guideline Opinion") published by the National Energy Administration of the PRC in March 2018, China's installed nuclear generating capacity will be boosted by a total of approximately 6 GWe in 2018 with the construction of the Sanmen Unit 1, Haiyang Unit 1, Taishan Unit 1, Tianwan Unit 3 and Yangjiang Unit 5. The construction of six to eight new units is also scheduled. According to the Guideline Opinion, the nuclear power generation reached 58.87 billion kWh in China in the first quarter of this year, representing an increase of 12.7% year-on-year. The power generation and year-on-year growth rate were both at a higher level in recent years. The representative event in the first half of 2018 was that unit 1 of the Taishan nuclear power plant was successfully connected to the grid and generated power on 29 June 2018, becoming the first third-generation EPR with grid connection and power generation in the world. In addition, Unit 1 of the Sanmen nuclear power plant was connected to the grid and generated power on 30 June 2018, becoming the first AP1000 reactor with grid connection and power generation in the world, which will facilitate the approval of subsequent new nuclear power projects.

With reference to previous data, the economical efficiency of nuclear power is positively correlated with oil prices, while international crude oil prices have continued to rise since 2016, which will play a positive role in the recovery of global nuclear power.

Natural Uranium Market Conditions

In the first half of 2018, despite the slight increase in the spot price of natural uranium, its supply generally exceeded the demand on the market. In the first quarter, due to reasons such as the uncertainty of Kazatomprom's production cut plan and US-based natural uranium producers appealed to increase the natural uranium purchase share of domestic nuclear power enterprises, which jointly caused some nuclear power companies slowing down the purchase schedule, the spot price of natural uranium went all the way down, recording a low price of USD21.10 per pound at the end of March. However, with the implementation of Kazatomprom's production cut plan for 2018, the dissemination of the news of the closure of the Namibian Langer Heinrich mine and the release of favorable news from the Energy Department of US to suspend the barter trade of natural uranium in 2018 and 2019, investment fund companies including Yellow Cake began to purchase natural uranium on the market. The spot price of natural uranium began to rise in early April and reached USD22.55 per pound at the end of June, during which it peaked at USD23.68 per pound. In terms of trading volume, the monthly average trading volume of natural uranium on the spot market in the first half of 2018 exceeded 2,000tU, which was higher than the average of the past two years. It is expected that with the gradual easing of the imbalance between supply and demand in the market, the price of natural uranium will show a slow upward trend in the future.

Note: the natural uranium price data in the paragraph are derived from the UxC.

Summary of the Operation in the First Half of 2018

Reference is made to the Company's announcement dated 17 August 2018 relating to positive profit alert. During the Reporting Period, the Group realized a net profit of HK$26.02 million, representing a significant improvement over the loss of HK$4.17 million as compared with the corresponding period of 2017; revenue of HK$177.37 million, representing a significant increase from HK$55.31 million as compared with the corresponding period of 2017. The significant increase in the Company's profit and revenue was mainly attributed to that (i) the planned trade volume was achieved during the Reporting Period, which represents a substantial increase as compared to the corresponding period in 2017; and (ii) no provision was made for impairment of the long-term investment of Fission, while the provision of HK$24.03 million was made in the corresponding period in 2017.

Natural Uranium Trading

According to the natural uranium purchase and sale plan for 2018, half of the natural uranium was delivered during the Reporting Period, and the remaining natural uranium will be purchased and sold on schedule.

Production and Operation of Semizbay-U

During the Reporting Period, Semizbay-U's mining production of natural uranium was a total of 462 tons, representing a decrease of 87 tons as compared with the corresponding period of 2017, of which the natural uranium produced from the Semizbay Mine and the Irkol Mine were 184 tons and 278 tons respectively, representing a half year production planned completion rate of 101.4% and 100.6% respectively. During the Reporting Period, the expenditure incurred on the production activities by Semizbay-U amounted to approximately USD23.58 million, including but not limited to procurement of raw materials, electricity consumption, depreciation on mining, remuneration for employees and taxation. Semizbay-U did not carry out any exploration activity during the Reporting Period.

During the Reporting Period, Semizbay-U realized a loss of USD2.38 million and our share of result of Semizbay-U amounted to a loss of HK$10.41 million, representing a decrease of 210.85% as compared with profit of HK$9.39 million recorded in the corresponding period of 2017.

Note: the abovementioned figures of Semizbay-U adopting the average exchange rate from January to June of 2018 for calculation, USD: KZT =1:326.40.

Uranium Resource Exploration of Fission

During the Reporting Period, Fission continued the winter exploration that commenced in January. 36 drills had been finished during the programme with a workload at 6,947 meters. The exploration cost was expected to be approximately CAD9.64 million. Achievements in this exploration include: (a) converted part of inferred resources in R780 area to indicated category and made preparation for pre-feasibility study report of the project; (b) expanded the scale of the ore body in 1515W section; (c) collected samples of engineering geological conditions at the mine.

Other Substantial Investment and Sale of Properties

During the Reporting Period, the Group did not have substantial investment or sell any of its properties.

BUSINESS PROSPECTS

From the view of the relationship between supply and demand in the overall natural uranium market, the imbalance between supply and demand has gradually eased, and the price of natural uranium is likely to rise slowly in the second half of the year, which may contribute to the improvement of the results of the Company. In this regard, we will ensure achieving the annual trade target to realize the revenue.

We will strengthen the management and control of existing assets, ensure that the invested companies will achieve the operating target and avoid the negative impact of risk events on the operations of the Company through taking the role in the board of those companies. As for Semizbay-U, we will focus on the achievement of its annual production target and the control of production costs to ensure the sales volume of natural uranium and guarantee the investment income of the Company; as for Fission, we will pay close attention to the control of exploration cost, exploration progress, confirmation of exploration results and the subsequent preparation of preliminary feasibility study report.

With regard to ongoing projects, we will spare no efforts to put projects into implementation while maximizing the Company's interests. During the year, we will strive to complete the acquisition of CGN Global to substantially expand the natural uranium international sales business. As for the new uranium mine project in Kazakhstan, we intend to organize mining experts and geological experts to conduct technical inspection in Kazakhstan in the second half of the year, so as to fully understand the production and resources of those two targeted uranium mine. In addition, the Company will continue to track high-quality uranium projects and strive for new merger and acquisition opportunities.

Events after the Reporting Period

Potential Acquisition

Based on the development strategy of pursuing stable operation of existing assets while acquiring other projects with growth potentials, the Company entered into a non-legally binding Memorandum of Understanding with China Uranium on 20 July 2018, pursuant to which the Company intends to acquire CGN Global. Upon the completion, the transaction is expected to provide the Company with more alternative buy-in channels, thus allowing more flexibility for the future sales of natural uranium and exploring third party market.

Slow rise in price of natural uranium

Since 30 June 2018 until the date of this announcement, the spot price of natural uranium has maintained a slow upward trend, with the highest of around USD26 per pound.

FINANCIAL REVIEW AND FINANCIAL CAPITAL

Financial Performance and Analysis

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

Major Financial Indicatiors

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
Profitability indicators		
Gross profit margin (%)[1]	**25.46**	36.57
EBITDA (HK$'million)[2]	**34.09**	0.35
EBITDA/Revenue (%)[3]	**19.22**	0.63
Investment return indicators		
Return on equity attributable to the owners of the Company(%)[4]	**1.46**	(0.24)
Profit (loss) attributable to the owners of the Company to revenue ratio (%)[5]	**14.67**	(7.53)
Return on total assets (%)[6]	**1.37**	(0.22)

	30 June	31 December
	2018	2017
	(Unaudited)	(Audited)
Repayment ability indicators		
Current ratio (%)[7]	**1,056.08**	1,072.33
Debt to asset ratio (%)[8]	**6.53**	6.31
Gearing ratio (%)[9]	**6.98**	6.73

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

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

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

4. Profit (loss) 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%.

5. Profit (loss) attributable to the owners of the Company divided by the revenue multiplied by 100%.

6. Profit (loss) 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%.

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

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

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

FINANCIAL RESULTS ANALYSIS

Revenue

	Six months ended 30 June		Movements	Percentage Change
	2018	2017	Increase/ (Decrease)	Increase/ (Decrease)
	HK$'000	*HK$'000*	*HK$'000*	*%*
	(Unaudited)	(Unaudited)		
Natural uranium trading	**176,273**	54,295	121,978	224.66
Property investment	**1,099**	1,015	84	8.28
Total revenue	**177,372**	55,310	122,062	220.69

During the Reporting Period, the Group recorded revenue of HK$177.37 million, representing a substantial increase of 220.69% as compared with the revenue of HK$55.31 million for the corresponding period of 2017. It was mainly due to the significant increase in sales volume of natural uranium.

Cost of sales

	Six months ended 30 June		Movements	Percentage Change
	2018	2017	Increase/ (Decrease)	Increase/ (Decrease)
	HK$'000	*HK$'000*	*HK$'000*	*%*
	(Unaudited)	(Unaudited)		
Natural uranium trading	**132,216**	35,084	97,132	276.86
Total cost of sales	**132,216**	35,084	97,132	276.86

The cost of sales of the Group increased from HK$35.08 million for the corresponding period of 2017 by 276.86% to HK$132.22 million in the Reporting Period. It was mainly due to the significant increase in sales volume of natural uranium.

Other Operating Income

During the Reporting Period, other operating income of the Company amounted to HK$11.46 million, representing a decrease of 13.14% from HK$13.20 million as compared with the corresponding period of 2017, mainly due to the decline of foreign exchange gains. However, the interest income was increased during the Reporting Period.

Administrative Expenses

During the Reporting Period, the Company's administrative expenses amounted to HK$15.96 million, representing an increase of 12.78% from HK$14.15 million as compared with the corresponding period of 2017.

Share of Result of a Joint Venture

The joint venture of the Company is Semizbay-U. During the Reporting Period, our share of result of the joint venture decreased from the profit of HK$9.39 million in the corresponding period of 2017 to the loss of HK$10.41 million. It was mainly due to the fact that a deposit of Semizbay-U in Qazaq Banki could not be withdrawn and thus impaired as the bank narrowed its business scale, both parties reached a compensation agreement on deposit loss in July.

Share of Result of an Associate

Fission is an associate of the Company, and our share of result of the associate in the Reporting Period increased from the loss of HK$29.29 million for the corresponding period of 2017 to a profit of HK$2.88 million, which included a reversal of long-term investment impairment of HK$7.00 million (the corresponding period of 2017: provision of impairment HK$24.03 million).

During the Reporting Period, part of the share options granted by Fission to its directors and employees were exercised and 172,669 ordinary shares were issued, as a result, the equity interests in Fission held by the Company decreased to 19.91% (31 December 2017: 19.92%).

Income Tax Expenses

During the Reporting Period, income tax expenses of the Company increased by 90.59% from HK$3.79 million for the corresponding period of 2017 to HK$7.21 million, mainly due to the significant increase in sales volume of natural uranium, which resulted in a substantial improvement in profit before taxation.

Profit for the Reporting Period

During the Reporting Period, the Company's profit of HK$26.02 million as compared with a loss of HK$4.17 million for the corresponding period of 2017, mainly due to the significant increase in sales volume of natural uranium, which resulted in a substantial improvement in profit.

Financial Position

As at 30 June 2018, the Group's total assets amounted to HK$1,897.17 million, representing a decrease of 0.74% from HK$1,911.28 million as at 31 December 2017; the Group's total liabilities amounted to HK$123.83 million, representing an increase of 2.74% from HK$120.52 million as at 31 December 2017; and the Group's total equity and the equity attributable to the owners of the Company amounted to HK$1,773.34 million, representing a decrease of 0.97% from HK$1,790.76 million as at 31 December 2017.

Net Current Assets

As at 30 June 2018, the Group's net current assets amounted to HK$1,064.80 million, representing an increase of 1.95% from HK$1,044.42 million as at 31 December 2017.

Current assets

	As at 30 June 2018 HK$'000 (Unaudited)	As at 31 December 2017 HK$'000 (Audited)	Movements Increase/ (Decrease) HK$'000	Percentage Change Increase/ (Decrease) %
Trade and other receivables	**122,463**	128,900	(6,437)	(4.99)
Amount due from an intermediate holding company	**2,939**	1,546	1,393	90.10
Bank balances and cash	**1,050,767**	1,017,111	33,656	3.31
Income tax recoverable	**–**	4,280	(4,280)	(100.00)
Total current assets	**1,176,169**	1,151,837	24,332	2.11

As at 30 June 2018, the current assets of the Group were HK$1,176.17 million, representing an increase of 2.11% as compared with HK$1,151.84 million as at 31 December 2017.

As at 30 June 2018, the aggregate amount of bank balances and cash of the Group was approximately HK$1,050.77 million (31 December 2017: HK$1,017.11 million), among which approximately 28% (31 December 2017: 30%) was denominated in HKD, approximately 71% (31 December 2017: 68%) was denominated in USD, and approximately 1% (31 December 2017: 2%) was denominated in RMB. The Group did not have any bank deposits and cash pledged to any banks (31 December 2017: nil).

Current liabilities

	As at 30 June 2018 HK$'000 (Unaudited)	As at 31 December 2017 HK$'000 (Audited)	Movements Increase/ (Decrease) HK$'000	Percentage Change Increase/ (Decrease) %
Trade and other payables	**81,993**	90,152	(8,159)	(9.05)
Amount due to an intermediate holding company	**3,179**	6,490	(3,311)	(51.02)
Amount due to a joint venture	**5,513**	5,513	–	–
Amounts due to fellow subsidiaries	**433**	1,212	(779)	(64.27)
Income tax payable	**7,052**	4,047	3,005	74.25
Dividend payable	**13,201**	–	13,201	N/A
Total current liabilities	**111,371**	107,414	3,957	3.68

As at 30 June 2018, the current liabilities of the Group were HK$111.37 million, representing an increase of 3.68% from HK$107.41 million as at 31 December 2017, primarily due to the final dividend declared during the year of 2017, causing the provision of dividend payable.

As at 30 June 2018, the Group had no bank borrowings (31 December 2017: nil). However, pursuant to the loan agreement entered into the Company and CGNPC Huasheng on 18 December 2015, the Company may, from time to time within 3 years from the first withdrawal, borrow loans from CGNPC Huasheng for short-term capital within the total credit limit.

Non-current assets

	As at 30 June 2018	As at 31 December 2017	Movements Increase/ (Decrease)	Percentage Change Increase/ (Decrease)
	HK$'000	*HK$'000*	*HK$'000*	*%*
	(Unaudited)	(Audited)		
Property, plant and equipment	**15,566**	16,529	(963)	(5.83)
Investment properties	**31,266**	31,427	(161)	(0.51)
Interest in a joint venture	**147,077**	161,280	(14,203)	(8.81)
Interest in an associate	**527,092**	550,202	(23,110)	(4.20)
Total non-current assets	**721,001**	759,438	(38,437)	(5.06)

As at 30 June 2018, the non-current assets of the Group were HK$721.00 million, representing a decrease of 5.06% from HK$759.44 million as at 31 December 2017.

Non-current liability

	As at 30 June 2018	As at 31 December 2017	Movements Increase/ (Decrease)	Percentage Change Increase/ (Decrease)
	HK$'000	*HK$'000*	*HK$'000*	*%*
	(Unaudited)	(Audited)		
Deferred tax liabilities	**12,456**	13,106	(650)	(4.96)
Total non-current liability	**12,456**	13,106	(650)	(4.96)

As at 30 June 2018, the non-current liability of the Group were HK$12.46 million, representing a decrease of 4.96% from HK$13.11 million as at 31 December 2017.

Total Equity

As at 30 June 2018, total equity of the Group amounted to HK$1,773.34 million, representing a decrease of 0.97% from HK$1,790.76 million as at 31 December 2017.

During the Reporting Period, the Company's capital structure remained relatively stable and the gearing ratio (total debts/total equity) was 6.98% (30 June 2017: 11.45%).

FINANCIAL CAPITAL

Capital Structure

As at 30 June 2018, the Company had 6,600,682,645 ordinary shares in issue in total (31 December 2017: 6,600,682,645 ordinary shares), the market value of the Company was approximately HK$2,871.30 million (31 December 2017: HK$4,158.43 million).

Liquidity and Financial Resources

As at 30 June 2018, the Group did not have any bank borrowing (31 December 2017: nil) nor any convertible bonds available for conversion (31 December 2017: nil).

In order to manage liquidity risk, the Company monitors the cash and cash equivalents and the unutilized credit facility in real time. As at 30 June 2018, the Company has unutilised borrowing facility of USD300,000,000, which can be utilised to provide sufficient cash for the operation of the Company and lower the impact of cash flow volatility.

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

Exposure to Foreign Exchange Risk and Currency Policy

During the Reporting Period, the Group's sale and purchase of products were mainly settled in USD and RMB (corresponding period of 2017: USD and RMB). Daily expenses of the Company were mainly settled in HKD and RMB (corresponding period of 2017: HKD and RMB). The Group did not enter into any forward contracts, interest or currency swaps, or other financial derivatives for hedging purpose, nor did it experience any material difficulty or negative effect on its operations or liquidity as a result of fluctuations on currency exchange rates.

Contingent Liabilities

During the Reporting Period, the Group had no material contingent liabilities (31 December 2017: nil).

External Guarantee and Pledge of Assets

During the Reporting Period, the Group did not have external guarantee nor pledge any assets (31 December 2017: nil).

SHARE OPTION SCHEME

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

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

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

SHARE CAPITAL

As at 30 June 2018, the total share capital of the Company was 6,600,682,645 shares.

APPOINTMENT OF DIRECTORS

On 25 January 2018, Mr. Yu Zhiping was appointed as the Chairman of the Board and a NED of the Company, and Mr. An Junjing and Mr. Chen Deshao were appointed as EDs.

EMPLOYEE INFORMATION

As at 30 June 2018, the Group had 25 employees (30 June 2017: 22 employees), of which 15 were located in the PRC, 7 were located in Hong Kong and 3 were located in Kazakhstan.

The Company's employee remunerations commensurate with performance and are comparable to the prevailing market rates. The Group treasures internal training of employees and also encourages staff to develop themselves on a continuous basis through external training programs, so as to improve their abilities to meet challenges and increase the market competitive edge of the Group. Total staff costs for the Reporting Period amounted to approximately HK$7.31 million (30 June 2017: approximately HK$7.19 million).

DIVIDEND

The Board do not recommend the payment of an interim dividend for the six months ended 30 June 2018 (corresponding period of 2017: no payment of interim dividend).

Final dividend in respect of the financial year ended 31 December 2017, which was approved during the following interim period was HK0.2 cents per share (year ended 31 December 2016: HK2 cents)

REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2018 have been reviewed by the Company's audit committee and external auditors of the Company, SHINEWING (HK) CPA Limited.

AUDIT COMMITTEE

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

The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed the auditing, risk management, internal control and financial reporting matters with the management. Also, the Group's unaudited financial statements for the six months ended 30 June 2018 have been reviewed and adopted by the audit committee, which is of the opinion that such statements comply with the applicable accounting standards, and the Listing Rules and legal requirements, and that adequate disclosures have been made.

MODEL CODE

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

CORPORATE GOVERNANCE

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

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

DEFINITIONS

"associate(s)"	has the meaning ascribed to it under the Listing Rules.
"Board"	the board of Directors.
"CAD"	Canadian dollars, the lawful currency of Canada.
"CGN Group"	CGNPC and its subsidiaries
"Company", "we" or "our"	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.
"CGN Global"	CGN Global Uranium Ltd, a company incorporated and registered in England and Wales and a wholly owned subsidiary of China Uranium, is primarily engaged in the trading of natural uranium in the international market and is one of the top five uranium trading entities in the world.
"CGN Finance"	CGN Finance Co., Ltd* (中廣核財務有限責任公司), a Company incorporated in PRC with limited liability on a subsidiary of China General Nuclear Power Corporation.
"CGNPC"	China General Nuclear River Corporation, a company incorporated in PRC with limited liability, the ultimate controlling shareholder of the Company.
"CGNPC Huasheng"	CGNPC Huasheng Investment Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of CGNPC.
"CGNPC-URC"	CGNPC Uranium Resources Development Company Limited*, a company established in the PRC with limited liability and the sole shareholder of the China Uranium.

"China Uranium"	China Uranium Development Company Limited, the controlling shareholder of the Company.
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules.
"Corporate Governance Code"	Corporate Governance Code and Corporate Governance Report set out in Appendix 14 of the Listing Rules.
"Director(s)"	the director(s) of the Company.
"ED(s)"	executive Director(s) of the Company.
"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 market place in the U.S 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.
"GWe"	a unit of power, equal to 1,000,000 kW.
"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.
"kW"	a unit of power, equal to 1,000 watts.
"kWh"	a unit of power, abbreviation for kilowatt hour.
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules.

"NED(s)"	non-executive Director(s) of the Company.
"Reporting Period"	the period from 1 January 2018 to 30 June 2018.
"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.
"Semizbay Mine"	the Semizbay mine located in the Valihanov District of Akmoltnsk Oblast, Kazakhstanm which was owned and operated by Semizbay-U.
"Semizbay-U"	Semizbay-U Limited Liability Partnership, a limited liability partnership established in Kazakhstan, in which the Company has a 49% equity interest and is a joint venture of the Company.
"share(s)"	ordinary share(s) in the Company with a nominal value of HK$0.01 each.
"shareholder(s)"	holder(s) of the share(s).
"Stock Exchange"	The Stock Exchange of Hong Kong Limited.
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules.
"US"	the United States of America.
"USD"	United States dollars, the lawful currency of the United States of America.

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

Hong Kong, 28 August 2018

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

* *For identification purpose only*