中广核礦業有限公司*
CGN Mining Company Limited

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

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The Board announces the audited consolidated results of the Group for the year ended 31 December 2021, together with the comparative figures for the previous financial year ended 31 December 2020, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	**2021** **HK$'000**	2020 HK$'000
Revenue	*5*	**3,859,530**	2,862,226
Cost of sales		**(3,771,251)**	(2,659,460)
Gross profit		**88,279**	202,766
Other operating income	*6*	**9,479**	9,496
Selling and distribution expenses		**(13,793)**	(10,453)
Administrative expenses		**(41,711)**	(37,593)
Changes in fair value of investment properties		**(1,073)**	855
Share of results of a joint venture		**138,311**	70,844
Share of results of associates		**66,755**	(15,060)
Finance costs	*7*	**(49,683)**	(40,889)
Profit before taxation		**196,564**	179,966
Income tax expenses	*8*	**(18,066)**	(24,749)
Profit for the year attributable to owners of the Company	*9*	**178,498**	155,217
Earnings per share	*11*		
– Basic		**HK2.70 cents**	HK2.35 cents
– Diluted		**HK2.70 cents**	HK2.35 cents

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

For the year ended 31 December 2021

	2021	2020
	HK$'000	*HK$'000*
Profit for the year	**178,498**	155,217
Other comprehensive (expenses)/income:		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries	**3,872**	5,430
Exchange differences on translation of financial statements of a joint venture	**(9,205)**	(26,929)
Exchange differences on translation of financial statements of associates	**(17,030)**	10,197
	(22,363)	(11,302)
Total comprehensive income for the year	**156,135**	143,915

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment		**887**	622
Right-of-use assets		**3,970**	1,977
Investment properties		**53,082**	52,623
Interest in a joint venture		**358,011**	264,956
Interests in associates		**3,994,894**	553,570
Other receivables	*12*	**367**	–
Deferred tax assets		**5,161**	–
		4,416,372	873,748
Current assets			
Inventories		**1,743,152**	1,767,335
Trade and other receivables	*12*	**99,390**	363,176
Amount due from an intermediate holding company		**2,392**	2,323
Amount due from a fellow subsidiary		**20**	19
Income tax recoverable		**6,956**	6,678
Bank balances and cash	*13*	**81,293**	1,174,508
		1,933,203	3,314,039
Total assets		**6,349,575**	4,187,787
Current liabilities			
Trade and other payables	*14*	**1,103,368**	158,289
Loans from a fellow subsidiary		**236,530**	370,693
Loan from immediate holding company		**2,400,197**	–
Bank borrowings		**–**	666,704
Lease liabilities		**1,445**	704
Amount due to an intermediate holding company		**1,117**	874
Amounts due to fellow subsidiaries		**2,188**	1,135
Income tax payable		**9,270**	15,848
		3,754,115	1,214,247
Net current (liabilities)/assets		**(1,820,912)**	2,099,792
Total assets less current liabilities		**2,595,460**	2,973,540

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
As at 31 December 2021

	2021	2020
	HK$'000	*HK$'000*
Non-current liabilities		
Loans from a fellow subsidiary	**–**	533,596
Bank borrowings	**387,754**	387,754
Lease liabilities	**2,417**	1,162
Deferred tax liabilities	**50,066**	23,968
	440,237	946,480
Net assets	**2,155,223**	2,027,060
Capital and reserves		
Share capital	**66,007**	66,007
Reserves	**2,089,216**	1,961,053
Total equity	**2,155,223**	2,027,060

NOTES

1. GENERAL

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES

Except as described below, the accounting policies and methods of computation used in the consolidated financial statements for the year ended 31 December 2021 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020.

(a) Adoption of new or amended HKFRSs

The new standards impacting the Group that have been adopted in the annual financial statements for the year ended 31 December 2021:

- Interest Rate Benchmark Reform – IBOR "phase 2" (Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16); and

- *Covid-19-Related Rent Concessions beyond 30 June 2021* (Amendments to HKFRS 16).

Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16)

These amendments to various HKFRS standards are mandatorily effective for reporting periods beginning on or after 1 January 2021. The amendments provide relief to the Group in respect of certain loans whose contractual terms are affected by interest benchmark reform.

Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to HKFRS 16)

Effective 1 June 2020, HKFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

(a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) The reduction is lease payments affects only payments originally due on or before 30 June 2021; and

(c) There is no substantive change to other terms and conditions of the lease.

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

In the annual financial statements for the year ended 31 December 2020, the Group had elected to utilise the practical expedient for all rent concessions that meet the criteria.

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

On 9 April 2021, the HKICPA issued another amendment to HKFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021, which extended the above practical expedient to reductions in lease payments that were originally due on or before 30 June 2022. This amendment is effective for annual periods beginning on or after 1 April 2021 with earlier application permitted including the financial statements not authorised for issue at 9 April 2021. The amendment is to be applied mandatorily by those entities that have elected to apply the previous amendment Covid-19-Related Rent Concessions. The Group has early adopted the amendment Covid-19-Related Rent Concessions beyond 30 June 2021 in the current annual financial statements.

The Group had not negotiated several rent concessions with lessors that affected payments originally due after 30 June 2021 but before 30 June 2022.

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

The following new or amended HKFRSs, potentially relevant to the Group's 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 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to HKAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to HKAS 16);
- Annual Improvements to HKFRS Standards 2018-2020 (Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41); and
- References to Conceptual Framework (Amendments to HKFRS 3).

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

- 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 non-current. 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.

In response to feedback and enquiries from stakeholders, in December 2020, the IFRS Interpretations Committee (IFRIC) issued a Tentative Agenda Decision, analysing the applicability of the amendments to three scenarios. However, given the comments received and concerns raised on some aspects of the amendments, in April 2021, IFRIC decided not to finalise the agenda decision and referred the matter to the International Accounting Standards Board (IASB). In its June 2021 meeting, the IASB tentatively decided to amend the requirements of IAS 1 with respect to the classification of liabilities subject to conditions and disclosure of information about such conditions and to defer the effective date of the 2020 amendment by at least one year.

The Group is currently assessing the impact of these new accounting standards and amendments. Given that HKFRS is fully converged with International Financial Reporting Standards, the Group will assess the impact of the final amendments to IAS 1 on classification of its liabilities once the those are issued by the IASB. The Group does not believe that the amendments to IAS 1, in their present form, will have a significant impact on the classification of its liabilities, as the conversion feature in its convertible debt instruments is classified as an equity instrument and therefore, does not affect the classification of its convertible debt as a non-current liability.

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. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

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

Notwithstanding that the Group had net current liabilities of approximately HK$1,820,912,000 as at 31 December 2021, 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 facilities had been granted by CGNPC Huasheng in which approximately of USD350,000,000 had not been utilised as at 31 December 2021.

Accordingly, these 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.

(c) Functional and presentation currencies

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

4. SEGMENT INFORMATION

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

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

a) natural uranium trading segment engages in trading of natural uranium;

b) property investment segment engages in leasing; and

c) other investments segment engages in investment in a joint venture and two associates.

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

Segment revenue and results

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

For the year ended 31 December 2021

	Natural uranium trading *HK$'000*	**Property investment** *HK$'000*	**Other investments** *HK$'000*	**Total** *HK$'000*
Revenue	**3,856,085**	**3,445**	**–**	**3,859,530**
Segment profit/(loss)	**31,101**	**(1,012)**	**205,066**	**235,155**
Other operating income				**9,479**
Finance costs				**(18,869)**
Central administration costs				**(29,201)**
Profit before taxation				**196,564**

For the year ended 31 December 2020

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

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

Segment assets and liabilities

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

Segment assets

	2021 ***HK$'000***	2020 *HK$'000*
Natural uranium trading	**1,845,309**	2,121,722
Property investment	**55,496**	54,969
Other investments	**4,352,906**	818,526
	6,253,711	2,995,217
Unallocated corporate assets	**95,864**	1,192,570
Total assets	**6,349,575**	4,187,787

Segment liabilities

	2021	2020
	HK$'000	*HK$'000*
Natural uranium trading	**4,131,397**	2,112,380
Property investment	**314**	1,430
Other investments	**–**	–
	4,131,711	2,113,810
Unallocated corporate liabilities	**62,641**	46,917
Total liabilities	**4,194,352**	2,160,727

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

- all assets are allocated to operating segments other than bank balances and cash, income tax recoverable, deferred tax assets and other assets for corporate use (including certain property, plant and equipment, right-of-use assets and other receivables).

- all liabilities are allocated to operating segments other than amounts due to an intermediate holding company and fellow subsidiaries, income tax payable, deferred tax liabilities and other liabilities for corporate use (including certain other payables and lease liabilities).

Other segment information

2021

	Natural uranium trading *HK$'000*	Property investment *HK$'000*	Other investments *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets after charging/(crediting):					
Addition to non-current assets *(Note a)*	**4,101**	**–**	**–**	**–**	**4,101**
Depreciation of property, plant and equipment	**85**	**–**	**–**	**43**	**128**
Depreciation of right-of-use assets	**456**	**–**	**–**	**1,259**	**1,715**
Interest expenses on loans from a fellow subsidiary	**21,821**	**–**	**–**	**–**	**21,821**
Interest expenses on lease liabilities	**47**	**–**	**–**	**36**	**83**
Changes in fair value of investment properties	**–**	**1,073**	**–**	**–**	**1,073**
Share of results of a joint venture	**–**	**–**	**(138,311)**	**–**	**(138,311)**
Share of results of associates *(Note b)*	**–**	**–**	**(66,755)**	**–**	**(66,755)**
Amounts regularly provided to the CEO but not included in the measure of segment profit or loss or segment assets:					
Income tax expenses	**–**	**–**	**–**	**18,066**	**18,066**
Interest income	**–**	**–**	**–**	**(1,654)**	**(1,654)**

2020

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

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

Note b: A reversal of impairment loss of interests in associates of approximately HK$32,831,000 (2020: HK$59,423,000) is included in the share of results of associates.

Geographical information

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

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

	Revenue from external customers		Non-current assets	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Europe (other than UK)	**746,255**	989,836	**–**	–
US	**1,243,968**	678,732	**–**	–
PRC	**614,363**	427,925	**53,104**	52,645
Canada	**134,700**	265,495	**551,209**	553,570
Kazakhstan	**–**	221,020	**3,801,696**	264,956
UK	**550,781**	205,942	**1,800**	1,948
HKSAR	**57,473**	71,803	**3,035**	629
Mauritius	**–**	1,473	**–**	–
Czech Republic	**511,990**	–	**–**	–
	3,859,530	2,862,226	**4,410,844**	873,748

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:

	2021	2020
	HK$'000	*HK$'000*
Customer A[1]	**610,918**	424,913
Customer B[1]	**N/A[2]**	400,445
Customer C[1]	**N/A[2]**	291,715
Customer D[1]	**556,912**	N/A[2]
Customer E[1]	**550,781**	N/A[2]
Customer F[1]	**511,990**	N/A[2]
Customer G[1]	**386,392**	N/A[2]

1 Revenue from natural uranium trading segment

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

5. REVENUE

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

	2021	2020
	HK$'000	*HK$'000*
Sale of goods	**3,856,085**	2,859,214
Rental income (net of direct outgoings: nil)	**3,445**	3,012
	3,859,530	2,862,226

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

6. OTHER OPERATING INCOME

	2021	2020
	HK$'000	*HK$'000*
Interest income	**1,654**	9,106
Government grants	**–**	216
Inventory lease income	**7,683**	–
Others	**142**	174
	9,479	9,496

7. FINANCE COSTS

	2021	2020
	HK$'000	*HK$'000*
Interest expenses on loans from a fellow subsidiary	**21,821**	35,896
Interest expenses on bank borrowings	**9,100**	4,782
Interest expenses on loan from immediate holding company	**18,679**	107
Interest expenses on lease liabilities	**83**	104
	49,683	40,889

8. INCOME TAX EXPENSES

	2021	2020
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– current year	**–**	6,977
– under/(over) provision in prior years	**336**	(80)
	336	6,897
UK Corporation tax		
– current year	**9,961**	14,406
	10,297	21,303
Deferred tax	**7,769**	3,446
	18,066	24,749

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 year ended 31 December 2021, the Hong Kong holding company was in loss-making position and accordingly did not have any assessable income. For the year ended 31 December 2020, the profits of all Group entities in Hong Kong are not selected by the management for the two-tiered profits tax rates regime and continue to be taxed at the flat rate of 16.5%.

Under the 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 years.

For the years ended 31 December 2021 and 2020, the PRC subsidiary was in loss-making position and accordingly did not have any assessable income.

The subsidiaries operating in the UK are subject to Corporation Tax Act of UK and the tax rate of the UK subsidiary is 19% for both years.

Pursuant to the Tax Code (Revised Edition) implemented since January 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.

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.

Pursuant to the EIT Law, the earnings distributed from the joint venture to the PRC subsidiary is subject to a tax rate that is the 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 HK40,478,000 (2020: HK$34,327,000).

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 both years.

9. PROFIT FOR THE YEAR

	2021	2020
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging/(crediting):		
Auditors' remuneration	**1,801**	1,835
Carrying amount of inventories sold	**3,771,251**	2,666,741
Reversal of impairment in respect of inventories	**–**	(1,768)
Cost of inventories recognised as an expense and included in cost of sales	**3,771,251**	2,664,973
Depreciation of property, plant and equipment	**128**	63
Depreciation of right-of-use assets	**1,715**	1,859
Short-term lease expenses	**1,319**	981
Staff costs (including directors' emoluments)	**15,561**	13,918
Net exchange loss	**3,266**	2,823

10. DIVIDENDS

During the year ended 31 December 2021, a final dividend of HK0.5 cent (2020: HK1 cent) per share in respect of the year ended 31 December 2020 has been declared and paid.

Since the Group intends to retain sufficient capital for the business expansion, the Board did not recommend the payment of any final dividend for the year 2021 (2020: HK0.5 cent per share).

11. EARNINGS PER SHARE

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

	2021	2020
	HK$'000	*HK$'000*
Earnings		
Earnings for the year attributable to the owners of the Company for the purpose of calculating basic earnings per share	**178,498**	155,217
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**6,600,682,645**	6,600,682,645

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

12. TRADE AND OTHER RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables *(Note a)*	**92,160**	351,810
Prepayments, deposits and other receivables *(Note b)*	**7,597**	11,366
	99,757	363,176
Analysed into		
Current portion	**99,390**	363,176
Non-current portion	**367**	–
	99,757	363,176

The Group did not hold any collateral over these balances. At 31 December 2021 and 2020, there was no loss allowance provided.

Note a: Trade receivables of HK$91,940,000 (2020: HK$64,821,000) represents amount due from immediate holding company, China Uranium Development.

Note b: Included in prepayments, deposits and other receivables, approximately HK$1,000 (2020: HK$805,000) and Nil (2020: HK$69,000) are interest receivables due from CGNPC Huasheng and CGN Finance respectively, fellow subsidiaries of the Company.

The Group normally grants to its trade customer credit periods for natural uranium segment ranging from 15 days to 120 days after delivery dates.

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

	2021	2020
	HK$'000	*HK$'000*
Within 30 days	**92,160**	344,430
31 to 60 days	**–**	–
61 to 90 days	**–**	–
91 to 120 days	**–**	7,380
	92,160	351,810

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

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

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

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

Presented in:	**2021**	2020	**2021**	2020
	HK$'000	*HK$'000*	***RMB'000***	*RMB'000*
Trade and other receivables	**100**	604	**2,983**	3,041

13. BANK BALANCES AND CASH

	2021	2020
	HK$'000	*HK$'000*
Bank deposits:		
Cash at bank and on hand	**81,293**	1,174,508
Analyse of bank balances and cash at the end of the year:		
Cash at bank and on hand *(Note a)*	**925**	50,928
Cash placed at CGNPC Huasheng and CGN Finance *(Note b)*	**80,368**	1,123,580
	81,293	1,174,508

Note a: Cash at bank carries interest at prevailing market rates for both years.

Note b: The balance is unsecured, interest bearing at 0.48% (2020: 0.21% to 2.76%) per annum and recoverable on demand. On 14 June 2019, the Company entered into the new Financial Service Framework Agreements with CGNPC Huasheng and CGN Finance for a terms of three years commencing from 1 January 2020 and ending on 31 December 2022 (the "Agreements"). Under the Agreements, the directors of the Company consider that these deposits made to CGNPC Huasheng and CGN Finance is qualified as cash equivalent as the Group can withdraw the deposits by giving any notice and without suffering any penalty.

14. TRADE AND OTHER PAYABLES

	2021	2020
	HK$'000	*HK$'000*
Trade payables *(Note a)*	**91,815**	147,340
Accrued expenses and other payables *(Note b)*	**1,011,553**	10,949
	1,103,368	158,289

Note a: Trade payables of HK$78,110,000 (2020: HK$54,189,000) and HK$13,414,000 (2020: Nil) represented amount due to a joint venture of the Company, namely, Semizbay-U and an associate of the Company, namely Ortalyk.

Note b: Included in other payables, approximately HK$252,000 (2020: HK$1,015,000) is interest payable due to CGNPC Huasheng, a fellow subsidiary of the Company and 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:

	2021	2020
	HK$'000	*HK$'000*
Within 30 days	**91,815**	141,078
31-60 days	**–**	126
61-90 days	**–**	–
91-120 days	**–**	6,136
	91,815	147,340

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

MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS REVIEW

BUSINESS REVIEW

The Group is principally engaged in natural uranium investment and trading. As of 31 December 2021, the Company (i) held 100% equity interest in Beijing Sino-Kazakh, through which it held 49% of the equity interest and off-take rights of products of Semizbay-U; (ii) held 100% equity interest in CGNM UK, through which it held 49% of the equity interest and off-take rights of products of Ortalyk. In addition, the Group had a wholly-owned subsidiary, CGN Global and held 14.34% equity interest in Fission.

In 2021, the Group achieved revenue of HK$3,860 million and profits attributable to owners of the Company of HK$178 million.

Analysis of business environment

The nuclear power market and its development

According to data released by International Atomic Energy Agency, as of the end of 2021, there were 439 nuclear power units in operation worldwide, with a total installed capacity of 390,624MWe, and 52 units under construction, with a total installed capacity of 55,087MWe, where the nuclear power units in operation and under construction scattered across 32 countries and regions. In 2021, there were six newly grid-connected units worldwide, with a total installed capacity of 5,250MWe; seven units with a total installed capacity of 6,902MWe commenced construction; and eight closed units with a total installed capacity of 7,743MWe. A broader consensus is reached among countries on the role of nuclear power in carbon neutrality process. The US, Ukraine, Finland, Japan and other countries are pushing for extension of the life of existing nuclear power stations; China, India, the United Arab Emirates and other countries continue to develop new nuclear units; the EU has included nuclear energy in the green energy category for sustainable investment. Meanwhile, major economies are also actively promoting the research and development of fourth-generation nuclear power technologies such as ultra-high temperature gas-cooled reactors and advanced small reactor units.

In China

According to the data released by the China Nuclear Energy Association, there were 53 nuclear power units in operation in China (excluding Taiwan Region of the PRC) with a rated installed capacity of 54,647 MWe as of 31 December 2021. In 2021, a total of four nuclear power units were loaded for the first time, and the total power generation from nuclear power units was 407.1 billion kWh, accounted for 5.02% of the total power generation of the country. Power generation by nuclear power units in 2021 represented a year-on-year increase of 11.17% as compared with 2020 and the cumulative on-grid power generation was 382.1 billion kWh, representing a year-on-year increase of 11.44% compared with 2020.

In March 2021, Li Keqiang, Premier of the State Council of China, proposed in the Government Work Report that nuclear power should be developed in a proactive and planned manner provided that safety has been ensured. Since then, the direction of "Developing Nuclear Power in a Proactive and Planned Manner" has been included in the *Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy*, the *Action Plan for Reaching Carbon Dioxide Peak Before 2030* and other documents of the State Council, and became the guideline for development of nuclear power in China in the future period. With the support of national policies, China's independently developed third-generation nuclear power technology "Hualong One" and "Guohe One" have becoming mature, marking China's official entry into the era of mass construction of third-generation nuclear power technology. In February 2021, the Shidao Bay high-temperature gas-cooled reactor nuclear power plant was connected to the grid for electricity generation, and in May, the Sino-Russian nuclear cooperation projects, Tianwan Unit 7 and 8 and Xudabao Unit 3 and 4, were officially started, which are great achievements of China's nuclear power industry. In addition, nuclear power heating, represented by the "Nuanhe One" in Shandong Haiyang, opens a new prospect for the comprehensive use of nuclear energy in China.

Global natural uranium market and industry development

Broadly speaking, the total global natural uranium production in 2021 did not show significant improvement. The main producer, Kazatomprom, produced 21,819 tU in 2021, representing an increase of 2,342 tU as compared with 2020; Cameco Corporation produced 2,346 tU in 2021, representing an increase of 423 tU as compared with 2020; the Olymic Dam mine of BHP Billiton Ltd. produced 2,266 tU in 2021, representing a decrease of 1,345 tU as compared with 2020; and the Akouta mine of Orano has been decommissioned. UxC estimates that the global production of natural uranium in 2021 was approximately 47,696 tU, representing a decrease of 15 tU as compared with 2020.

In 2021, the spot price of natural uranium showed short-term significant fluctuations, and the industry stepped into a rapid recovery. In February, the outbreak of low-temperature cold wave in Texas disrupted natural gas supply and froze wind turbine blades, which led to a widespread power outage, and nuclear power was favored by the capital market for its stability and low vulnerability to climate. The spot price of natural uranium rose rapidly from US$25/lb U_3O_8 at the beginning of the year to US$33/lb U_3O_8. In July, Sprott set up a physical uranium trust ("Sprott physical uranium trust") and launched "At-the-market" equity program, aiming at purchasing massive natural uranium in the spot market through financing and listing on the New York Stock Exchange. Stimulated by Sprott's bulk purchase of spot uranium, the price of natural uranium rose sharply from the end of August to US$51.12/lb U_3O_8 on 17 September, and closed at US$42.10/lb U_3O_8 at the end of year. As of the end of 2021, Sprott physical uranium trust have purchased a total of 41.3 million pounds of natural uranium in the spot market. At the same time, benefiting from the significant increase in the spot price of natural uranium, the long-term contract price increased from US$33/lb U_3O_8 to US$40.50/lb U_3O_8 in 2021.

In 2021, the trading volume of global spot natural uranium remained significantly higher than the long-term contract trading volume. Since the US and European nuclear power plant owners maintained an inventory level of two to three years of operation, the motivation for nuclear power owners to procure inventory in the short term is not high, but the secondary demand created by emerging financial investors, represented by Sprott physical uranium trust, has become the new driver for the recent uranium market recovery. In addition, Kazatomprom, Kazakhstan National Bank and other parties have jointly established a physical uranium fund of approximately US$50 million. In 2021, a number of natural uranium developers and explorers have also raised equity financing to prepare funds for the development of their uranium projects, as well as targeting to procure on the market in light of the long-term development opportunity of spot uranium.

BUSINESS PERFORMANCE AND ANALYSIS

Uranium mines under production – Semizbay Mine and Irkol mine

During the Reporting Period, Semizbay-U completed its annual production tasks as scheduled. The total volume of uranium extracted was 975tU, including 407tU from Semizbay Mine and 568tU from Irkol Mine. After deduction of processing loss, the total annual natural uranium production was 961tU. In addition, benefited from the rising uranium prices, stringent cost control measures and the continued depreciation of Tenge, Semizbay-U's sales revenue has recorded a significant increase during the Reporting Period as compared with 2020, which has laid a solid foundation for Semizbay-U to further improve its performance and resume the 1,200tU production capacity of the two mines.

During the Reporting Period, Semizbay Mine developed eight new blocks with 493 boreholes drilled; increasing approximately 585tU developed reserves; and Irkol Mine developed five new blocks with 280 boreholes drilled; increasing approximately 393tU developed reserves.

As of 31 December 2021, the uranium reserves of Semizbay Mine and Irkol Mine were as follows:

		Semizbay Mine	Irkol Mine
Reserves	Average Grade	0.055%	0.0422%
	tU	9,641	14,603

Uranium mine under production – Central Mynkuduk Deposit

During the Reporting Period, the Company completed the acquisition of 49% interest in Ortalyk and the off-take of 292 tU products from Ortalyk. In 2021, Central Mynkuduk Deposit completed the annual production plan and the volume of uranium extracted was 1,600 tU with total natural uranium of 1,579 tU product, net of processing losses.

As of 31 December 2021, the uranium reserves of Central Mynkuduk Deposit were as follows:

		Central Mynkuduk Deposit
Reserves	Average Grade	0.045%
	tU	26,222

Uranium mine project pending for development – Zhalpak Deposit

During the Reporting Period, through persistent efforts, Ortalyk officially acquired the development rights of Zhalpak Deposit on 28 December 2021.

As of 31 December 2021, the uranium reserves of Zhalpak Deposit were as follows:

		Zhalpak Deposit
Reserves	Average Grade	0.032%
	tU	14,300

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

During the Reporting Period, Fission focused on upgrading its existing resource and preparing feasibility study for its PLS project. During the winter exploration period in 2021, Fission conducted drilling and exploration of approximately 7,200 meters by drilling 20 boreholes and improved “inferred resource” to “indicated resource” in R780E section, and during the summer exploration period, Fission conducted drilling and exploration of approximately 5,830 meters by drilling 25 boreholes and improved most of the “inferred resource” in R840W section to “indicated resource”. Fission spent approximately CA$7 million over past two exploration seasons, increasing volume of “indicated resources” of the PLS Project by approximately 4,500 tU, and the deposit is expected to have a future production life of 10 years.

In 2021, Fission completed the first phase of the feasibility study while upgrading its resources. A total of 73 engineering geological, hydrological observation and pumping holes were drilled at the proposed mine site in the waste pits, tailings storage, ramp roads, hydrometallurgical pits, shafts, ventilation shafts and campsites, as well as sampling holes for geochemical and metallurgical studies, resulting in a total of approximately 9,945 meters of drilling and exploration, which provided the necessary preparation for the smooth commencement of the second phase of the feasibility study.

In addition, Fission has appointed a feasibility study team led by Tetra Tech Canada Inc in 2021 to support commencing various work streams in 2022 and to meet its goal of completing the feasibility study by the end of the year.

Natural uranium trading business

As of 31 December 2021, the Group achieved revenue of HK$3,856 million from natural uranium trading, increased by 35% as compared to 2020, among which, trading revenue from sales of off-take natural uranium products from mines of Semizbay-U and Ortalyk was HK$611 million, representing an increase of 44% as compared to 2020 (2020: HK$425 million).

During the Reporting Period, CGN Global sold a total 5,314.3tU and realised trading revenue of approximately HK$3,245 million. Natural uranium prices in the first half of 2021 were still at a low point in the historical cycle, but grew considerably from August onwards due to the influx of investment funds into the market. Although face to face communication with customers was impracticable due to the epidemic, CGN Global leveraged the trading channel network built up over the years and actively communicated with customers, capturing the market upswing in the fourth quarter and achieved greater growth in operating revenue as compared to the operating revenue in 2020.

As of 31 December 2021, the Group held 2,617tU of natural uranium, with a weighed average cost of US$33.04 per pound of U_3O_8, and had 5,365 tU of natural uranium sales contracted but not delivered, with a weighed average selling price of US$37.18 per pound of U_3O_8.

Acquisitions of New Uranium Projects

During the Reporting Period, the Company entered into a sale and purchase agreement with Kazatomprom in respect of the acquisition of 49% interest in Ortalyk at the consideration of approximately US$435 million, which has been completed on 30 July 2021. The acquisition contributed 20,700 tU (approximately 53.82 million pounds of U_3O_8) of equity resources to the Group.

Equity financing

During the Reporting Period, the Company entered into share subscription agreements with eleven investors, with The China State-owned Enterprises Mixed Ownership Reform Fund Co., Ltd. subscribing the largest share, and conditionally agreed to allot and issue 1 billion new Shares at the subscription price of HK$0.80 per Share. Upon completion, the net proceeds of approximately HK$776 million will be used as general working capital and for the acquisition of uranium resources projects.

BUSINESS PROSPECTS

BUSINESS ENVIRONMENT OUTLOOK

Nuclear power market analysis

According to a study by Rystad Energy, a Norwegian energy research firm, the total global investment in the nuclear power sector was US$44 billion in 2021 and is expected to exceed US$45 billion in 2022, and further increase to US$46 billion by 2023.

In the beginning of 2022, China's Unit 6 of Fuqing Nuclear Power Station has been connected to the grid for power generation, China's independently developed third-generation nuclear power technology "Hualong One" passed the Generic Design Assessment (GDA) in UK, and China National Nuclear Corporation won the main contract of Unit 3 nuclear power station in Atucha, Argentina. Under the background of firmly promoting "Carbon Dioxide Peaking and Carbon Neutrality" and the full maturity of "Hualong One", it is believed that China's nuclear power development will have unprecedented development opportunities.

On 2 February 2022, the European Commission passed the Complementary Delegated Act ("CDA") with overwhelming support to include nuclear power in the green taxonomy, indicating that the EU recognizes the important contribution of nuclear power to decarbonization and that nuclear power projects are consistent with the EU's sustainability goals. The adoption of the CDA means that in Europe as a whole, the support for nuclear power has increased significantly. In addition, in the face of the widespread risk of decommissioning conventional nuclear power units, governments and companies in North America and Europe are investing, in varying degrees, in small modular advanced reactors, research and development of nuclear energy for heating, hydrogen production and other applications, and reforming the financing model for nuclear power in order to realize the comprehensive application of nuclear power in energy applications on one hand; and transforming and upgrading conventional nuclear power reactor system to extend the life of nuclear power units to 60 years or even 80 years, resulting nuclear power having a stronger competitive cost advantage than thermal power, wind power, solar power and other energy sources on the other hand.

Nuclear energy has the advantages of being unaffected by global climate change, high capacity factor, efficient and stable power generation, and low carbon, which can effectively complement the shortcomings of current new energy sources such as wind and solar power. According to the forecast of UxC, global nuclear power capacity in operation will reach 512 GWe by 2035, representing an increase of 15% as compared to the end of 2021.

Natural uranium market analysis

In January 2022, Kazakhstan declared a state of emergency following a short-term unrest caused by an increase in the price of liquefied natural gas. Although this incident did not affect the production and product delivery of the uranium mining enterprises of Kazatomprom, the market is more strongly aware of the concentration on the supply side of the natural uranium industry, and this feature will not change significantly in the short and medium term.

Following the Fukushima Daiichi accident, uranium prices were chronically low and no new long-term contracts were signed for a long time, with power plant owners procuring in the spot market to meet demand not covered by long-term contracts, while most natural uranium producers supported their sales with long-term contracts signed prior to the Fukushima Daiichi accident. In February 2022, Cameco Corporation stated in its quarterly results release that it had added 27,000 tU of new long term contracts and decided to restart the production of the McArthur River uranium mine to meet future contract deliveries. In addition, Kazatomprom announced, in its quarterly operating report in January 2021, that it would develop Mines 6 and 7 of the Budenovskoye uranium mine to meet contractual requirements with Russia. The signing of new long-term contracts represents that long-term demand from nuclear power plant owners, stimulated by the increase in spot uranium prices, gradually surfaces and the fundamental of the natural uranium market is improving, which brings real recovery momentum to the natural uranium market.

Meanwhile, procurement of Sprott in 2021 proved that secondary demand formed by financial investors will play an important role in the current round of rebound of spot natural uranium prices, and it is worth noting that the current strategy of financial investors is to hold for a long term with no plan to reduce their holdings in the short term. Both Sprott's continuance raising of capital by listing on the NYSE and Yellow Cake Plc's vote at its shareholder meeting express their intentions or plans to continue to increase their holdings in spot natural uranium, which will put further pressure on the secondary supply of spot commercial inventories in 2022.

In summary, the natural uranium market is expected to continue its recovery in 2022.

BUSINESS DEVELOPMENT OUTLOOK

Operation of Semizbay-U

In accordance with the production plan of Kazatomprom, Semizbay-U plans to reduce production in 2022. The Company will actively participate in the governance of Semizbay-U through its board of directors to ensure that Semizbay-U completes its annual production plan and product sales tasks and achieves its annual profit target. The despatched team will strengthen the supervision on the implementation of annual production and operation plan and annual budget to ensure the enterprise accomplishing its operational goals with safe production. In 2022, Semizbay-U will continue to promote evaluation of available resources in No.4 ore body and re-estimation of the geological reserves of Semizbay Mine, to explore increasing the reserve of Semizbay-U to prepare for enhancing its sustainability.

Operation of Ortalyk

In 2022, the Company will participate in the governance of Ortalyk through its board of directors to ensure Central Mynkuduk Deposit completes its annual production plan and product sales tasks and achieves its annual profit target on one hand; and the mine construction plan and pre-construction preparatory work of Zhalpak Deposit are completed in a high quality manner on the other hand. The despatched team will actively participate in the production and operation management of the mine, inspect and supervise the implementation of the annual production and operation plan and annual budget, to ensure the enterprise completing the annual operation targets with safe production and efficient operation.

Management and Control on Fission

In respect of Fission, the Company mainly relies on participation in its board of directors to involve in its major decision-making and exert influence, while continuously deepening the technical support to the PLS project and enhancing regular technical exchange. In 2022, the Company will support Fission in completing the winter and summer explorations as scheduled and finishing the upgrade of part of the R780E and R840W sections of the PLS project from inferred level to indicated level so as to extend the designed life of the mine. The Company also plans to hire a local technical personnel to participate in the field work of Fission in Canada to increase technical management on PLS project and enhance collaboration efficiency.

Active Expansion of Trading Business

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

Acquisition of New Uranium Resources Projects

The Company is optimistic about the continuous growing trend of natural uranium demand brought by the long-term stable development of global nuclear power. The Company will seize this historical opportunity and continue to seek for potential uranium resource investment opportunities to build a sustainable pipeline of low-cost, high-quality uranium resources to achieve continuity of production capacity and provide nuclear power owners with a sustainable and stable uranium resource. At the same time, the Company will seek to establish strategic cooperative relationships with internationally renowned uranium producers and traders and to explore the feasibility of joint development of uranium projects in various modes.

Implementing equity incentive policy

In order to improve the medium and long-term incentive and restraint mechanism of the Company, to form a benefit-sharing and risk-sharing mechanism among Shareholders, the Company and employees, to fully mobilize the enthusiasm of the Company's senior and middle management staff and core staff, and to realize the joint development of the Company and employees, the Company will actively explore medium and long-term incentive plans such as share options continuously.

RISK IDENTIFICATION AND MANAGEMENT

Upon systematic assessment analysis, the Company is subject to the following two main risks in 2022:

Production and operational risks of the projects in Kazakhstan. The continuation of the COVID-19 pandemic and the increase in raw material prices will have a significant impact on the achievement of profit targets for Semizbay-U and Ortalyk. The Company will insist on both prevention and control of the pandemic and production and operation, assist the Kazakhstan side in taking preventive and control measures against the pandemic and strengthening mining management continuously, closely monitor the progress of pipeline connection and development, ensure continuous and stable mining and strive to achieve the annual production target and operation target of the mines; urge Semizbay-U and Ortalyk to lock the purchase price of raw materials, launch special actions for cost control, implement lean cost management and strictly control mine production costs.

The risk of fluctuation of uranium price on the Company's operation. Natural uranium is the main profit source of the Company and there is a relatively higher correlation between the operating results of the Company and natural uranium price fluctuations. The Company will give full play to the advantage of low-cost resources and industry operation to seize the market opportunity and improve the Company's performance. In addition, the Company will strengthen market research, closely track changes in uranium prices, establish a monitoring mechanism for uranium price fluctuations, make timely analysis and judgment, improve risk identification and forecasting capabilities, and cope with and prevent the risk of price fluctuations.

FINANCIAL PERFORMANCE AND ANALYSIS

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

OVERVIEW OF FINANCIAL RESULTS AND POSITION

Major Financial Indicators

	2021	2020
Profitability indicators		
Gross profit margin *(%)*[1]	**2.29**	7.08
EBITDA *(HK$ million)*[2]	**248.09**	222.78
EBITDA/Revenue ratio *(%)*[3]	**6.43**	7.78
Net profit margin *(%)*[4]	**4.62**	5.42
Operation ability indicators		
Trade receivables cycle – average *(Days)*[5]	**21**	30
Inventory cycle – average *(Days)*[6]	**168**	218
Investment return indicators		
Return on equity *(%)*[7]	**8.54**	7.82
Profit attributable to owners of the Company to revenue ratio *(%)*[8]	**4.62**	5.42
Return on assets *(%)*[9]	**3.39**	4.26
Repayment ability indicators		
Bank balances and cash *(HK$ million)*	**81.29**	1,174.51
Net tangible assets *(HK$ million)*[10]	**2,151.25**	2,025.08
Gearing ratio *(%)*[11]	**194.61**	106.59

Note:

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

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

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

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

5. Average receivables (i.e the arithmetic average of the beginning and the end of the Reporting Period) divided by average daily sales (i.e revenue divided by 360 days).

6. Average inventories (i.e the arithmetic average of the beginning and the end of the Reporting Period) divided by average daily costs of sales (i.e costs of sales divided by 360 days).

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

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

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

10. Total equity less intangible assets, net.

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

FINANCIAL RESULTS

The profit of the Group was HK$178 million in 2021, representing a year-on-year increase of 15% as compared to that of HK$155 million in 2020.

REVENUE

	For the year ended 31 December		Movements	
	2021	2020	**Increase/ (Decrease)**	**Increase/ (Decrease)**
	HK$'000	*HK$'000*	***HK$'000***	**%**
Natural uranium trading	**3,856,085**	2,859,214	**996,871**	**35**
Property investment	**3,445**	3,012	**433**	**14**
Total revenue	**3,859,530**	2,862,226	**997,304**	**35**

The revenue of the Group was HK$3,860 million in 2021, representing an increase of 35% as compared to that of HK$2,862 million in 2020, primarily due to CGN Global actively expanded sales with increased annual trade volume.

Cost of sales

	For the year ended 31 December		Movements	
	2021	2020	**Increase/ (Decrease)**	**Increase/ (Decrease)**
	HK$'000	*HK$'000*	***HK$'000***	**%**
Natural uranium trading cost	**3,771,251**	2,659,460	**1,111,791**	**42**
Property investment	**–**	–	**–**	**N/A**
Total cost of sales	**3,771,251**	2,659,460	**1,111,791**	**42**

The cost of sales of the Group was HK$3,771 million in 2021, representing an increase of 42% as compared to that of HK$2,659 million in 2020, due to CGN Global actively expanded sales with increased annual trade volume, resulting in a corresponding increase in cost of sales.

Gross profit and gross profit margin of natural uranium trading

Affected by the narrowing of the long-trade and spot prices in the off-take business and the narrowing of trade spreads of CGN Global, the Group recorded a gross profit from natural uranium trading of HK$85 million in 2021, representing a decrease of 58% as compared to that of HK$200 million in 2020, and the gross profit margin of natural uranium trading decreased to 2.20%.

Other operating income

The other operating income of the Group was HK$9 million in 2021, substantially the same as compared to that of HK$9 million in 2020.

Selling and distribution expenses

Selling and distribution expenses of the Group was HK$14 million in 2021, representing an increase of 32% as compared to that of HK$10 million in 2020, mainly due to the increase of storage expenses of natural uranium inventories.

Administrative expenses

Administrative expenses of the Group was HK$42 million in 2021, representing an increase of 11% as compared to that of HK$38 million in 2020, mainly due to the Group's acquisition of 49% equity interest in Ortalyk during the Reporting Period, leading to an increase in professional services fees, such as legal fees.

Share of results of a joint venture

The joint venture of the Company is Semizbay-U. The share of results of a joint venture was HK$138 million in 2021, representing an increase of 95% as compared to that of HK$71 million in 2020, mainly due to a 17% year-on-year increase in sales volume of Semizbay-U and a continued increase in natural uranium spot prices in the second half of 2021, leading to a significant increase in revenue of Semizbay-U.

Share of results of associates

The Company's associates include Fission and Ortalyk. The Company's share of results of Fission was a loss of HK$6 million, which includes share of loss for the Reporting Period of HK$7 million, loss on deemed disposal of HK$32 million and the reversal of long-term investment impairment of HK$33 million.

During the Reporting Period, Fission issued 57,500,000 ordinary shares under subscription of new shares by investors, 510,529 ordinary shares in lieu of payment of interest, 5,477,904 ordinary shares upon exercise of warrants, 33,381,117 ordinary shares upon exercise of share options and 118,434 ordinary shares as part of director remuneration, resulting the percentage of equity interests in Fission held by the Company as at 31 December 2021 decreased to 14.34% (31 December 2020: 16.74%).

The Company's shares of results of Ortalyk was a profit of HK$73 million, which represents the results after completion of the acquisition of 49% equity interest in Ortalyk on 30 July 2021.

Finance costs

The finance costs of the Group was HK$50 million in 2021, representing an increase of 22% as compared to that of HK$41 million in 2020, mainly due to interest expenses arising from additional loans for the acquisition of 49% equity interest in Ortalyk.

Income tax expenses

Income tax expense of the Group was HK$18 million in 2021, representing a decrease of 27% as compared to that of HK$25 million in 2020, mainly due to a decrease in taxable income during the Reporting Period.

Profit for the year

The profit of the Group was HK$178 million in 2021, representing an increase of 15% as compared to that of HK$155 million in 2020.

FINANCIAL POSITION AND ANALYSIS

Total assets

As at 31 December 2021, the Group's total assets were HK$6,350 million, representing an increase of 52% as compared to HK$4,188 million as at 31 December 2020, mainly due to the Group's completion of acquisition of 49% equity interest in Ortalyk during the Reporting Period.

Total liabilities

As at 31 December 2021, the Group's total liabilities were HK$4,194 million, representing an increase of 94% as compared to HK$2,161 million on 31 December 2020, mainly due to the drawdown of a shareholder loan from immediate holding company during the Reporting Period for the acquisition of 49% equity interest in Ortalyk.

Net current assets

As at 31 December 2021, the Group's net current assets were HK$-1,821 million, representing a decrease of 187% as compared to HK$2,100 million as at 31 December 2020, mainly due to financing the acquisition of 49% equity interest in Ortalyk, resulting a significant decrease in bank balances and cash and the drawdown of a shareholder loan from immediate holding company during the Reporting Period.

Current assets

	As at 31 December		Movements	
	2021	2020	**Increase/ (Decrease)**	**Increase/ (Decrease)**
	HK$'000	*HK$'000*	***HK$'000***	**%**
Inventories	**1,743,152**	1,767,335	**(24,183)**	**(1)**
Trade and other receivables	**99,390**	363,176	**(263,786)**	**(73)**
Amount due from an intermediate holding company	**2,392**	2,323	**69**	**3**
Amount due from a fellow subsidiary	**20**	19	**1**	**5**
Income tax recoverable	**6,956**	6,678	**278**	**4**
Bank balances and cash	**81,293**	1,174,508	**(1,093,215)**	**(93)**
Total current assets	**1,933,203**	3,314,039	**(1,380,836)**	**(42)**

As at 31 December 2021, the Group's total current assets were HK$1,933 million, representing a decrease of 42% as compared to HK$3,314 million as at 31 December 2020, mainly due to financing the acquisition of 49% equity interest in Ortalyk resulting a significant decrease in bank balances and cash during the Reporting Period.

As at 31 December 2021, the aggregate amount of bank balances and cash of the Group was HK$81 million (31 December 2020: HK$1,175 million), among which, approximately 28% (31 December 2020: 9%) was denominated in HKD, approximately 47% (31 December 2020: 90%) was denominated in USD, approximately 19% (31 December 2020: 1%) was denominated in RMB.

As at 31 December 2021, the Group did not have any bank deposits and cash pledged to any banks (31 December 2020: Nil). The ratio of current assets of the Group over total assets was 30% (31 December 2020: 79%), and the ratio of bank balances and cash over total assets was 1% (31 December 2020: 28%).

Non-current assets

	As at 31 December		Movements	
			Increase/	Increase/
	2021	2020	**(Decrease)**	**(Decrease)**
	HK$'000	*HK$'000*	***HK$'000***	**%**
Property, plant and equipment	**887**	622	**265**	**43**
Right-of-use assets	**3,970**	1,977	**1,993**	**101**
Investment properties	**53,082**	52,623	**459**	**1**
Interest in a joint venture	**358,011**	264,956	**93,055**	**35**
Interests in associates	**3,994,894**	553,570	**3,441,324**	**622**
Other receivable	**367**	–	**367**	**N/A**
Deferred tax assets	**5,161**	–	**5,161**	**N/A**
Total non-current assets	**4,416,372**	873,748	**3,542,624**	**405**

As at 31 December 2021, the total non-current assets of the Group were HK$4,416 million, representing an increase of 405% as compared to HK$874 million as at 31 December 2020, mainly due to completion of the acquisition of 49% equity interest in Ortalyk during the Reporting Period, leading to a significant increase in equity interests in associates.

Current liabilities

	As at 31 December		Movements	
			Increase/	Increase/
	2021	2020	**(Decrease)**	**(Decrease)**
	HK$'000	*HK$'000*	***HK$'000***	**%**
Trade and other payables	**1,103,368**	158,289	**945,079**	**597**
Loans from a fellow subsidiary	**236,530**	370,693	**(134,163)**	**(36)**
Loan from immediate holding company	**2,400,197**	–	**2,400,197**	**N/A**
Bank borrowings	**–**	666,704	**(666,704)**	**(100)**
Lease liabilities	**1,445**	704	**741**	**105**
Amount due to an intermediate holding company	**1,117**	874	**243**	**28**
Amount due to fellow subsidiaries	**2,188**	1,135	**1,053**	**93**
Income tax payable	**9,270**	15,848	**(6,578)**	**(42)**
Total current liabilities	**3,754,115**	1,214,247	**2,539,868**	**209**

As at 31 December 2021, the Group's total current liabilities were HK$3,754 million, representing an increase of 209% as compared to HK$1,214 million as at 31 December 2020, mainly due to the drawdown of a shareholder loan from immediate holding company by the Group during the Reporting Period to finance the acquisition of 49% equity interest in Ortalyk.

Non-current liabilities

	As at 31 December		**Movements**	
			Increase/	**Increase/**
	2021	2020	**(Decrease)**	**(Decrease)**
	HK$'000	*HK$'000*	***HK$'000***	**%**
Deferred tax liabilities	**50,066**	23,968	**26,098**	**109**
Loans from a fellow subsidiary	**–**	533,596	**(533,596)**	**(100)**
Bank borrowings	**387,754**	387,754	**–**	**–**
Lease liabilities	**2,417**	1,162	**1,255**	**108**
Total non-current liabilities	**440,237**	946,480	**(506,243)**	**(53)**

As at 31 December 2021, the Group's total non-current liabilities were HK$440 million, representing a decrease of 53% as compared to HK$946 million as at 31 December 2020, mainly due to the repayment of part of the CGNPC Huasheng loan by CGN Global during the Reporting Period.

Total equity

	As at 31 December		**Movements**	
			Increase/	**Increase/**
	2021	2020	**(Decrease)**	**(Decrease)**
	HK$'000	*HK$'000*	***HK$'000***	**%**
Share capital	**66,007**	66,007	**–**	**–**
Reserves	**2,089,216**	1,961,053	**128,163**	**7**
Total equity	**2,155,223**	2,027,060	**128,163**	**6**

As at 31 December 2021, total equity of the Group amounted to HK$2,155 million, representing an increase of 6% as compared to HK$2,027 million as at 31 December 2020, mainly due to an increase in profit during the Reporting Period.

The Group's gearing ratio (total debt divided by total equity multiplied by 100%) was 195% (2020: 107%).

Assets and investments

During the Reporting Period, the Group acquired 49% equity interest in Ortalyk at the consideration of US$435,071,181 from Kazatomprom. The acquisition has been completed on 30 July 2021 and Ortalyk became an associate of the Group. For details, please refer to the circular of the Company dated 25 May 2021.

Investment direction

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

CORPORATE GOVERNANCE

Under code provision A.2.1 of the Corporate Governance Code, the responsibilities between the chairman and chief executive officer should be separate and should not be performed by the same individual. Since Mr. Yu Zhiping's ("Mr. Yu") resignation as the chairman of the Board on 27 September 2021, Mr. An Junjing ("Mr. An") has been both the chairman of the Board and the chief executive officer of the Company. The Board believes that during the transition period following the resignation of Mr. Yu, Mr. An should be appointed as the chairman of the Board to ensure consistent leadership and operation. The Nomination Committee will identify suitable candidate(s) for making recommendations to the Board to be appointed as the chief executive officer of the Company.

Save as disclosed above, the Company's corporate governance policy adopted and the Company complied with all the applicable code provisions of the Corporate Governance Code during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

The Company entered into share subscription agreements with eleven investors on 26 November 2021 and conditionally agreed to allot and issue an aggregate of 1 billion new Shares at the subscription price of HK$0.80 per Share. Upon completion, the expected net proceeds of approximately HK$776 million will be used as general working capital and for the acquisition of uranium resources projects. As at the date of this announcement, the subscription has not been completed.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

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

DIVIDEND

Since the Group intends to retain sufficient capital for business expansion, the Board did not recommend the payment of any final dividend for the year 2021 (2020: HK0.5 cent per share).

AUDIT COMMITTEE AND REVIEW OF RESULTS

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

The annual results of the Group for the year ended 31 December 2021 have also been reviewed by the Audit Committee.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Company's website (www.cgnmc.com) and the Stock Exchange's website (www.hkexnews.hk). The 2021 annual report containing all information required by the Listing Rules will be dispatched to the Shareholders and available on the websites of the Company and the Stock Exchange in due course.

ANNUAL GENERAL MEETING

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

EVENTS AFTER THE REPORTING PERIOD

On 14 March 2022, Mr. Chen Deshao resigned as an executive Director and the chief financial officer of the Company and ceased to be the authorised representative of the Company under both the Listing Rules and Part 16 of the Companies Ordinance of Hong Kong. Ms. Xu Junmei has been appointed as an executive Director, the chief financial officer and the authorised representative of the Company under the Listing Rules, while Mr. Zhou Jun has been appointed as the authorised representative of the Company under Part 16 of the Companies Ordinance of Hong Kong on the same day.

Save as disclosed above, there is no material event affecting the Group need to be reported to the Shareholders that has occured after the end of the Reporting Period.

DEFINITION

"Audit Committee"	the audit committee of the Board.
"Beijing Sino-Kazakh"	Beijing Sino-Kazakh Uranium Resources Investment Company Limited* (北京中哈鈾資源投資有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company.
"Board"	the board of Directors of the Company.
"CAD" or "CA$"	Canadian dollars, the lawful currency of Canada.
"Canada"	Canada, a country in the northern part of North America.
"Central Mynkuduk Deposit"	the central plot of Mynkuduk deposit in South-Kazakhstan region Kazakhstan, which is owned and operated by Ortalyk.
"CGN" or "CGNPC"	China General Nuclear Power Corporation* (中國廣核集團有限公司), a company incorporated in the PRC with limited liability and the sole shareholder of CGNPC-URC.
"CGN Finance"	CGN Finance Co., Ltd* (中廣核財務有限責任公司), a company incorporated in the PRC with limited liability and a subsidiary of CGNPC.
"CGN Global"	CGN Global Uranium Ltd, a company incorporated and registered in England and Wales with limited liability and a subsidiary of the Company.
"CGNM UK"	CGNM UK Limited, a company incorporated in the United Kingdom, with limited liability and a wholly-owned subsidiary of the Company.
"CGNPC Huasheng"	CGNPC Huasheng Investment Limited (中廣核華盛投資有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of CGNPC.
"CGNPC-URC"	CGNPC Uranium Resources Co., Ltd.* (中廣核鈾業發展有限公司), a company incorporated in the PRC with limited liability and the sole shareholder of the China Uranium Development.
"China Uranium Development"	China Uranium Development Company Limited (中國鈾業發展有限公司), a company incorporated in Hong Kong and the Controlling Shareholder of the Company.

"Company"	CGN Mining Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange.
"Controlling Shareholder"	has the meaning ascribed to it under the Listing Rules.
"Corporate Governance Code"	Corporate Governance Code set out in Appendix 14 of the Listing Rules, as current in force, but, for the purpose of this announcement, excluding such amendment that only applies to financial year commencing on or after 1 January 2022.
"Czech Republic"	the Czech Republic, an inland country in Central Europe.
"Director(s)"	the director(s) of the Company.
"EU"	European Union, a political and economic union of 27 member states that are located primarily in Europe.
"Fission"	Fission Uranium Corp., a Canadian-based resource company of which ordinary shares are listed on the Toronto Stock Exchange under the symbol "FCU", the OTCQX market place in the US under the symbol "FCUUF" and on the Frankfurt Stock Exchange under the symbol "2FU" a company owned as to 14.34% by the Company as at 31 December 2021.
"Group"	the Company and its subsidiaries.
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong.
"HKASs"	the Hong Kong Accounting Standards issued by HKICPA.
"HKFRSs"	the Hong Kong Financial Reporting Standards issued by HKICPA.
"HKICPA"	the Hong Kong Institute of Certified Public Accountants.
"Hong Kong" and "HKSAR"	the Hong Kong Special Administrative Region of the People's Republic of China.
"Irkol Mine"	the Irkol mine located in the Kyzylorzhinsk area, 20 kilometres from the town of Chiili, Kazakhstan with limited liability, which is 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.
"kWh"	kilowatt hour.
"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 of the Listing Rules.
"MWe"	megawalts of electricity.
"Mauritius"	the Republic of Mauritius, is an island nation in the Indian Ocean.
"Ortalyk"	Mining Company "ORTALYK" LLP, a legal entity established in the form of a limited liability partnership 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"	From 1 January 2021 to 31 December 2021.
"RMB"	Renminbi, the lawful currency of the PRC.
"Semizbay Mine"	the Semizbay mine located in the Valihanov District of Akmoltnsk Oblast in Kazakhstan, which is owned and operated by Semizbay-U.
"Semizbay-U"	Semizbay-U Limited Liability Partnership, a limited liability partnership established in Kazakhstan, with the Company holding 49% of its equity interest through its wholly-owned subsidiary and recognised as a joint venture of the Company.
"share(s)"	ordinary share(s) in the Company with a nominal value of HK$0.01 each.

"Shareholder(s)"	holder(s) of the share(s).
"Sprott"	The Sprott Asset Management LP, a global leader in precious metals and real assets investments.
"Stock Exchange"	The Stock Exchange of Hong Kong Limited.
"subsidiary(s)"	has the meaning ascribed to it under the Listing Rules.
"Tenge"	Tenge, the lawful currency of Kazakhstan.
"tU"	tons of elemental Uranium.
"U_3O_8"	Triuranium octoxide, a compound of uranium present as an olive green to black, odorless solid. It is one of the more popular forms of yellowcake and is shipped between mills and refineries in this form.
"UK"	the United Kingdom of Great Britain and Northern Ireland.
"US"	the United States of America.
"USD" or "US$"	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 March 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; two non-executive Directors: Mr. Sun Xu and Mr. Yin Xiong; and three independent non-executive Directors: Mr. Qiu Xianhong, Mr. Gao Pei Ji and Mr. Lee Kowk Tung Louis.

* *For identification purpose only*