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**VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION
AND
POSSIBLE CONTINUING CONNECTED TRANSACTION**

THE ACQUISITION

Reference is made to the announcement of the Company dated 20 July 2018. The Board is pleased to announce that on 16 November 2018, the Company (as purchaser) and China Uranium Development Company Limited (中國鈾業發展有限公司) (as vendor) entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell, the Sale Shares for the Consideration of USD8,553,800.

LISTING RULE IMPLICATIONS

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition of the Company under Rule 14.06(5) of the Listing Rules and is subject to the reporting, announcement, accounting report and Shareholders' approval in general meeting requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Vendor owns 64.82% of the issued shares in the Company and thus is a connected person of the Company under the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Therefore, the Acquisition and the transactions contemplated thereunder are subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. An Junjing, Mr. Chen Deshao, Mr. Yu Zhiping, Mr. Fang Chunfa and Mr. Zhang Chengbai, each a Director, are considered to have material interests in the Sale and Purchase Agreement and the transactions contemplated thereunder by virtue of their directorial and/or managerial positions in CGNPC, CGNPC Uranium Resources and/or the Vendor. As a result, Mr. An Junjing, Mr. Chen Deshao, Mr. Yu Zhiping, Mr. Fang Chunfa and Mr. Zhang Chengbai have abstained from voting on the Board resolutions for approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

GENERAL

An EGM will be convened and held to consider and, if thought fit, approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder.

The Vendor and its associates will be required to abstain from voting on the resolution(s) approving the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder has a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder and is required to abstain from voting on the resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

A circular containing, among other things, (i) further details about the Sale and Purchase Agreement and the transactions contemplated; (ii) the recommendations from the IBC; (iii) a letter of advice from the Independent Financial Adviser to the IBC and the Independent Shareholders; (iv) the financial information on the Group; (v) the accountants' report of the Target Company; (vi) the management discussion and analysis on the Target Company; (vii) the unaudited pro forma financial information of the Enlarged Group; (viii) general information; and (ix) the notice of the EGM as required under the Listing Rules is expected to be despatched to the Shareholders within 15 business days from the date of this announcement, which has been determined after taking into account of the estimated time required for the Company to prepare relevant information for inclusion in the circular.

As the completion of the Acquisition is subject to the fulfilment of a number of conditions precedent and therefore may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

POSSIBLE CONTINUING CONNECTED TRANSACTION

Before the date of the Sale and Purchase Agreement, Swakop, as supplier, and the Target Company, as distributor, entered into a master agreement. Swakop is a connected person of the Company by virtue of it being a subsidiary of CGNPC, the ultimate controlling shareholder of the Company indirectly holding approximately 64.82% of the equity interest in the Company.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the transactions under the aforesaid master agreement will constitute continuing connected transaction of the Company as defined under Chapter 14A of the Listing Rules. The Company currently has not determined the scale of transaction to be conducted with Swakop under the master agreement after the completion of the Acquisition. Should such scale exceeds the relevant thresholds under Rule 14A.76, the Company will comply in full with all applicable requirements under Chapter 14A of the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

Date

16 November 2018

Parties involved

Purchaser: The Company

Vendor: China Uranium Development Company Limited (中國鈾業發展有限公司)

Given that the Vendor owns 64.82% of the issued shares of the Company, it is a connected person of the Company under Chapter 14A of the Listing Rules.

Assets to be acquired

The assets to be acquired under the Sale and Purchase Agreement are the Sale Shares, which represent the entire equity interest of the Target Company. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial results of the Group.

The principal assets of the Target Company are uranium inventory, details of which are set out in the section headed “Information of the Target Company”.

Consideration

Pursuant to the Sale and Purchase Agreement, it has been agreed that the Consideration is USD8,553,800 which will be settled in cash by the Company.

The Consideration was determined after arm's length negotiation between the parties to the Sale and Purchase Agreement with reference to the valuation of USD8,553,800 of the Target Company. The Directors consider that the Consideration, taking into account of the aforementioned facts and circumstances, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The valuation of the Target Company in the amount of USD8,553,800 was carried out by Zhongshuizhiyuan Assets Appraisal, adopting asset-based valuation methodology which takes into account the total audited values of the Target Company' assets and liabilities with reference to the Target Company's audit report as at 30 June 2018.

Whilst the unaudited net assets book value of the Target Company was approximately USD6,006,800 as at 30 June 2018, the main reasons for the Target Company being valued at USD8,553,800 (representing a premium of approximately USD2,547,000) are, subject to the valuation report, as follows:

1. The current assets was evaluated approximately USD1,347,000 higher than the book value, which is mainly due to the inclusion of the profits to be realized from the natural uranium inventories of the Target Company.
2. The intangible assets was evaluated approximately USD1,200,000 higher than the book value, which is mainly due to the fact that the valuation of the assets of the Target Company has included the profits to be generated pursuant to executed contracts entered into by the Target Company which were not reflected in its financial statements as at 30 June 2018.

The Consideration will be settled by the Company in the form of cash payment to the account as designated by the Vendor on the Completion Date.

Conditions precedent

The Completion is conditional upon the satisfaction or waiver (as applicable) of the following conditions precedent on or before the Long Stop Date:

- (i) all necessary consents, licences and approvals (including but not limited to any consents or approvals from government authority, regulatory authority and the Stock Exchange) required to be obtained on the part of the Vendor and the Target Company in respect of the Sale and Purchase Agreement and the transactions contemplated thereby, having been obtained and remaining in full force and effect;
- (ii) the approval of CGNPC in respect of the Sale and Purchase Agreement and the transactions contemplated thereby having been obtained and remaining in full force and effect;
- (iii) the warranties given by the Vendor remaining true and accurate in all respects and the Vendor having complied with all undertakings and obligations under the Sale and Purchase Agreement;

- (iv) the Independent Shareholders of the Company having approved the Sale and Purchase Agreement and the transactions contemplated thereunder in the EGM;
- (v) the approval by the Stock Exchange of the circular of the EGM to be despatched to the Shareholders in respect of the transactions contemplated under the Sale and Purchase Agreement and compliance with or waiver from all requirements (if any) of the Listing Rules applicable to or as may be imposed by the Stock Exchange in respect of the Sale and Purchase Agreement and the transactions contemplated thereby; and
- (vi) the transactions contemplated under the Sale and Purchase Agreement not having been regarded as a reverse takeover or an extreme very substantial acquisition of the Company under the Listing Rules or the relevant guidance letter.

The Company may at any time waive, in whole or in part, conditionally or unconditionally, any conditions precedent set out above except for conditions (iv) and (v) which could not be waived by any party.

If any of the conditions precedent have not been satisfied (or as the case may be, waived by the Company) on or before 4:00 p.m. on the Long Stop Date, the Sale and Purchase Agreement shall cease and terminate and thereafter, neither party shall have any obligations and liabilities towards each other save for any antecedent breaches of the terms of the Sale and Purchase Agreement.

Completion

Completion shall take place within 5 Business Days following the day on which the conditions precedent set out in the Sale and Purchase Agreement are fulfilled (or waived as the case may be) or such other date as the parties may mutually agree.

INFORMATION ON THE COMPANY

The Company is an investment holding company and the Group is principally engaged in investment and trading of natural uranium resources.

INFORMATION OF THE VENDOR

The Vendor is a company incorporated with limited liability in Hong Kong which owns 64.82% of the issued shares of the Company and is the controlling shareholder of the Company. The Vendor is an investment holding and trading company.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated with limited liability under the laws of England and Wales and as at the date of the Sale and Purchase Agreement, the Target Company is wholly owned by the Vendor.

The Target Company has accumulated good reputation in the field of global uranium trading. The main nature of the business of the Target Company is trading of natural uranium. The major operating geographical regions are overseas markets outside PRC, focusing on the European and American markets. The major customers of the Target Company include European and American nuclear power owners, global nuclear fuel manufacturers, global nuclear fuel traders and etc. To the best knowledge of the Company, the major customers of the Target Company and their ultimate beneficial owners are parties independent from the Company and its connected persons. The Target Company can procure natural uranium from third parties other than Swakop, for instance from the global nuclear fuel producers and the global nuclear fuel traders mentioned above.

As the Target Company was established by the Vendor with an initial share capital of USD3,000,000 and was not acquired from a third party, there is no original acquisition cost involved in the transaction.

The unaudited net assets book value of the Target Company was approximately USD6,006,800 as at 30 June 2018. The table below sets out the unaudited financial information of the Target Company for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018:

	For the year ended 31 December 2015	For the year ended 31 December 2016	For the year ended 31 December 2017	For the six months ended 30 June 2018
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>
	<i>(approximately)</i>	<i>(approximately)</i>	<i>(approximately)</i>	<i>(approximately)</i>
Revenue	48,579	82,627	95,467	44,726
Profit/(loss) before tax	1,884	(7,859)	7,337	2,295
Profit/(loss) after tax	1,466	(6,264)	5,838	1,967

REASONS FOR AND BENEFITS OF THE ACQUISITION

The principal business model of the Company is to invest in cost-competitive international natural uranium production enterprises and sell such uranium products to owners of nuclear plants and thus obtain profits and investment dividends. The principal business model of the Target Company include (1) purchasing and selling natural uranium in the international natural uranium market, gaining profits through such trading; and (2) engaging in sale and distribution of Swakop's natural uranium products. The Acquisition is in the form of vertical acquisition to the Company in that the nature of customer for the Company is mainly wholesaler whereas the nature of customer of the Target Company is mainly retailer. Further details of the arrangement are set out in the section headed "The Master Agreement" in the Announcement. The Acquisition is consistent with the Group's vision to diversify the Group's business profile and accelerate its growth and development in the near future.

In addition, it is our intention to broaden the overseas natural uranium, marketing channel and diversify the buying and selling network of uranium in the international market. The Acquisition will provide the Company with alternative purchasing channels, thus allowing more versatility and flexibility in the market of natural uranium. The Acquisition allows the Company to be able to (i) gain the valuable business experience and knowledge from the sale team of the Target Company in the natural uranium market; (ii) enjoy the reputation and goodwill accumulated by the Target Company through trading with renowned global natural uranium producers and traders; (iii) gain access to the mature trading operation system and management workflow for natural uranium adopted by the Target Company; and (iv) strengthen its global natural uranium sale and purchase network, and thus broadening its international sales channels. To the best knowledge of the Company, there are no additional regulatory restrictions/requirements in relation to the natural uranium trading in the overseas market by the Group which would arise upon completion of the Acquisition.

Considering the above rationale, the Directors are of the view that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, accounting report and Shareholders' approval in general meeting requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Vendor, holding 64.82% of the issued shares in the Company and thus a controlling shareholder of the Company, is a connected person of the Company under the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Therefore, the Acquisition is also subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. An Junjing, Mr. Chen Deshao, Mr. Yu Zhiping, Mr. Fang Chunfa and Mr. Zhang Chengbai, each a Director, are considered to have material interests in the Sale and Purchase Agreement and the transactions contemplated thereunder by virtue of their directorial and/or managerial positions in CGNPC, CGNPC Uranium Resources and/or the Vendor. As a result, Mr. An Junjing, Mr. Chen Deshao, Mr. Yu Zhiping, Mr. Fang Chunfa and Mr. Zhang Chengbai have abstained from voting on the Board resolutions for approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

EGM

An EGM will be convened and held to consider and, if thought fit, approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder. The Vendor, who is the controlling Shareholder, and its associates will be required to abstain from voting on the resolution(s) approving the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder has a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder and is required to abstain from voting on the resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

A circular containing, among other things, (i) further details about the Sale and Purchase Agreement and the transactions contemplated; (ii) the recommendations from the IBC; (iii) a letter of advice from the Independent Financial Adviser to the IBC and the Independent Shareholders; (iv) the financial information on the Group; (v) the accountants' report of the Target Company; (vi) management discussion and analysis on the Target Company; (vii) the unaudited pro forma financial information of the Enlarged Group; (viii) general information; and (ix) the notice of the EGM required under the Listing Rules is expected to be despatched to the Shareholders within 15 business days from the date of this announcement, which has been determined after taking into account of the estimated time required for the Company to prepare relevant information for inclusion in the circular.

As completion of the Acquisition is subject to the fulfilment of a number of conditions precedent and may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

POSSIBLE CONTINUING CONNECTED TRANSACTION

Before the date of the Sale and Purchase Agreement, Swakop, as supplier, and the Target Company, as distributor, entered into a master agreement. Swakop is a connected person of the Company by virtue of it being a subsidiary of CGNPC, the ultimate controlling shareholder of the Company indirectly holding approximately 64.82% of the equity interest in the Company.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the transactions under the aforesaid master agreement will constitute continuing connected transaction of the Company as defined under Chapter 14A of the Listing Rules. The Company currently has not determined the scale of transaction to be conducted with Swakop under the master agreement after the completion of the Acquisition. Should such scale exceeds the relevant thresholds under Rule 14A.76, the Company will comply in full with all applicable requirements under Chapter 14A of the Listing Rules.

Further details and the salient terms of the master agreement are set out below for information purposes.

The master agreement

Date:	13 June 2016
Distributor:	The Target Company
Supplier:	Swakop
Subject matter:	The Target Company is appointed as the exclusive authorized distributor of the Swakop to sell and distribute the triuranium octoxide from the Husab Uranium Project in the Republic of Namibia owned and operated by Swakop (“Products”) within all countries and territories throughout the world excluding the PRC.
Term:	(1) Initial term from 20 December 2015 to 19 December 2025; and (2) The master agreement shall extend beyond 19 December 2025, subject to: (i) approval of the Ministry of Mines and Energy of the Namibian government; or (ii) written notice from either party to the contrary, served on the other party 9 months before the proposed termination date.
Basis of consideration:	The selling price between the Target Company and Swakop is basically determined based on a fixed discount to the re-selling price of the Products by the Target Company to its customers, which re-selling price shall be with reference to a pre-determined industry benchmark price published by a Ux Consulting in the Ux Weekly or the equivalent indicator published by TradeTech in the Nuclear Market Review. Both Ux Consulting and TradeTech are independent price reporting organizations.

Information on the counterparties of the possible continuing connected transaction

Swakop is mainly engaged in the exploration and mining of uranium mine.

Reasons for and benefits of the possible continuing connected transaction

The aforementioned transaction was entered into in the ordinary and usual course of business of the Target Company. Taking into account of the long term and stable business relationship between the counterparty and the Target Company, the aforementioned transaction can provide a stable business environment and operating instruments for the Group, so as to bring stabilized contributions to the Company and Shareholders.

Having made due and reasonable enquiries, the Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the master agreement are fair and reasonable and on normal commercial terms, and the transactions contemplated thereunder are in the ordinary and usual course of business of the Target Company and are in the interests of the Company and the Shareholders as a whole.

DEFINITION

In this announcement, unless the context otherwise requires, the following terms shall have the meaning set out below:

“Acquisition”	the proposed acquisition of the Sale Shares under the Sale and Purchase Agreement
“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Business Day(s)”	a day on which banks are open for business in Hong Kong, other than a Saturday, Sunday or public holiday in Hong Kong
“CGNPC”	中國廣核集團有限公司 China General Nuclear Power Corporation* (formerly known as 中國廣東核電集團有限公司 China Guangdong Nuclear Power Holding Corporation, Ltd.*), the ultimate controlling shareholder of the Company
“CGNPC Uranium Resources”	CGNPC Uranium Resources Co., Ltd. (中廣核鈾業發展有限公司), the controlling shareholder of the Company
“Company”	CGN Mining Company Limited (中廣核礦業有限公司*), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 01164)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	completion date as agreed in the Sale and Purchase Agreement
“connected person”	has the same meaning as ascribed to it under the Listing Rules
“Consideration”	the consideration for the Acquisition in the amount of USD8,553,800
“controlling shareholder”	has the same meaning as ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“EGM”	extraordinary general meeting
“Enlarged Group”	the Group as enlarged by the Acquisition upon Completion
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IBC”	the independent board committee to be established by the Board to make recommendation to the Acquisition
“Independent Financial Advisor”	Gram Capital Limited
“Independent Shareholders”	has the same meaning as ascribed to it under the Listing Rules
“Listing Rules”	the rules governing the listing of securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	31 March 2019 or such later date as the Vendor and the Purchaser may agree in writing
“percentage ratio”	has the same meaning as ascribed to it under the Listing Rules, as applicable to a transaction
“PRC”	the People’s Republic of China; and for the purpose of this Agreement excluding, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale and Purchase Agreement”	the sale and purchase agreement dated 16 November 2018 entered into between the Company (as purchaser) and the Vendor in relation to the Acquisition
“Sale Shares”	3,000,000 ordinary shares of US\$1.00 each in the capital of the Target Company, representing the entire issued share capital of the Target Company, to be sold by the Vendor to the Company pursuant to the Sale and Purchase Agreement at Completion
“Shareholder(s)”	the shareholder(s) of the Company
“subsidiaries”	has the same meaning as ascribed to it under the Listing Rules

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Swakop”	Swakop Uranium (PTY) Limited, a company incorporated in Namibia and a subsidiary of CGNPC
“Target Company”	CGN Global Uranium Limited (中廣核國際鈾產品銷售有限公司), a company incorporated with limited liability under the laws of England and Wales, which is wholly owned by the Vendor
“Vendor”	China Uranium Development Company Limited (中國鈾業發展有限公司*), a company incorporated with limited liability in Hong Kong, is the controlling shareholder of the Company, holding approximately 64.82% of the equity interest in the Company as at the date of this announcement
“USD”	U.S. dollars, the lawful currency of the United States
“Zhongshuizhiyuan Assets Appraisal”	Zhongshuizhiyuan Assets Appraisal Co., Ltd. (中水致遠資產評估有限公司), an independent valuer to the Company
“%”	per cent

By Order of the Board
CGN Mining Company Limited
An Junjing
Chief Executive Officer

Hong Kong, 16 November 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 purposes only