

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



中广核矿业有限公司*
CGN Mining Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 01164)

**Continuing Connected Transaction:
Sales Framework Agreement
and
Major and Continuing Connected Transaction:
Financial Services Framework Agreement**

The Company entered into (i) the Existing Sales Framework Agreement with CGNPC-URC on 14 June 2019 in respect of the sale of natural uranium by the Group to CGNPC-URC Group between 1 January 2020 and 31 December 2022; and (ii) the Existing Financial Services Framework Agreement with CGN Finance and CGNPC Huasheng on 14 June 2019 in respect of (a) placement of deposits by the Group with CGN Finance and CGNPC Huasheng; (b) settlement services provided by CGN Finance and CGNPC Huasheng; and (c) loans and other facilities provided by CGN Finance and CGNPC Huasheng between 1 January 2020 and 31 December 2022.

As the terms of these Existing Framework Agreements will expire on 31 December 2022 and the Group intends to continue the relevant transactions after the expiry of the Existing Framework Agreements, the Company entered into the New Sales Framework Agreement and the New Financial Services Framework Agreement with the relevant party(ies) for another term of three years from 1 January 2023 on 16 June 2022.

LISTING RULES IMPLICATIONS

The New Sales Framework Agreement

As at the date of this announcement, CGNPC, the controlling shareholder of the Company is indirectly holding 64.02% of the issued Shares, among which 62.54% of the issued Shares is held by China Uranium Development, its wholly-owned indirect subsidiary. CGNPC-URC is the intermediate holding company, being a subsidiary of CGNPC and the sole shareholder of China Uranium Development. Accordingly, CGNPC-URC is a connected person of the Company and the transactions contemplated under the New Sales Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular (including the independent financial advisor), Independent Shareholders' approval, annual reporting and annual review requirements.

The New Financial Services Framework Agreement

As at the date of this announcement, each of CGN Finance and CGNPC Huasheng is a subsidiary of CGNPC. Accordingly, the transactions contemplated under the New Financial Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(i) Placement of deposits

As neither CGN Finance nor CGNPC Huasheng is a banking company as defined under the Listing Rules, the placement of deposits by the Group with CGN Finance and CGNPC Huasheng under the New Financial Services Framework Agreement constitutes financial assistance provided by the Group within the definitions of the Listing Rules.

As the highest applicable percentage ratio based on the proposed Deposit Annual Cap is more than 25%, the placement of deposits under the New Financial Services Framework Agreement also constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

Accordingly, the placement of deposits under the New Financial Services Framework Agreement is subject to the reporting, announcement, circular (including the independent financial advisor), Independent Shareholders' approval, annual reporting and annual review requirements.

(ii) Settlement services

As the highest applicable percentage ratio based on the proposed Settlement Service Fees Annual Cap is less than the 5% and the proposed Settlement Service Fees Annual Cap is less than HK\$3,000,000 and the terms of the New Financial Services Framework Agreement are on normal commercial terms (or better to the Group), the provision of settlement services by CGN Finance and CGNPC Huasheng to the Group is exempted from the reporting, announcement, circular (including the independent financial advisor), Independent Shareholders' approval, annual reporting and annual review requirements pursuant to Rule 14A.76 of the Listing Rules.

(iii) Loans and other facilities

Since the loans and other facilities to be granted by CGN Finance and CGNPC Huasheng to the Group will be on normal commercial terms (or better to the Group) and not secured by any asset of the Group, such loans and other facilities are exempted from the reporting, announcement, circular (including the independent financial advisor), Independent Shareholders' approval, annual reporting and annual review requirements pursuant to Rule 14A.90 of the Listing Rules.

EGM

The Company will convene an EGM to approve the New Sales Framework Agreement and the New Financial Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps). A circular including, among other information, (i) a letter from the Board containing further details of the New Sales Framework Agreement and the New Financial Services Framework Agreement; (ii) a letter from the Independent Board Committee; (iii) a letter from Gram Capital to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders within 15 business days from the date of this announcement.

BACKGROUND

The Company entered into (i) the Existing Sales Framework Agreement with CGNPC-URC on 14 June 2019 in respect of the sale of natural uranium by the Group to CGNPC-URC Group between 1 January 2020 and 31 December 2022; and (ii) the Existing Financial Services Framework Agreement with CGN Finance and CGNPC Huasheng on 14 June 2019 in respect of (a) placement of deposits by the Group with CGN Finance and CGNPC Huasheng; (b) settlement services provided by CGN Finance and CGNPC Huasheng; and (c) loans and other facilities provided by CGN Finance and CGNPC Huasheng between 1 January 2020 and 31 December 2022.

As the terms of these Existing Framework Agreements will expire on 31 December 2022 and the Group intends to continue the relevant transactions after the expiry of the Existing Framework Agreements, the Company entered into the New Sales Framework Agreement and the New Financial Services Framework Agreement with the relevant party(ies) for another term of three years from 1 January 2023 on 16 June 2022.

NEW SALES FRAMEWORK AGREEMENT

Principal terms

The principal terms of the New Sales Framework Agreement are as follows:

Date

16 June 2022

Parties

1. the Company
2. CGNPC-URC

Term

1 January 2023 to 31 December 2025

Subject matter

Subject to fulfillment of the condition precedent, CGNPC-URC Group shall purchase natural uranium from the Group. The relevant members of the Group and CGNPC-URC Group may enter into individual agreement(s) setting out the quantity and details of each delivery.

In addition, the Group shall have the right of first offer to supply natural uranium demanded by CGNPC-URC Group during the term of the New Sales Framework Agreement.

Minimum purchase quantity

1,200 tons of natural uranium per calendar year (subject to the Sales Annual Caps), provided that, in the event of supply or supply chain problem or other force majeure event resulting the Group unable to deliver the minimum quantity, CGNPC-URC Group shall only be required to purchase such amount able to be supplied by the Group in such calendar year.

Condition precedent

The New Sales Framework Agreement shall become effective upon:

- (a) both parties having signed the New Sales Framework Agreement; and
- (b) the approval by the Independent Shareholders with respect to the entering into of the New Sales Framework Agreement and the transactions contemplated therein having been obtained.

Pricing mechanism

The price per pound of natural uranium shall be determined on normal commercial terms with reference to international price indicators published by TradeTech and UxC as follow:

$$\text{Price} = 40\% \times \begin{array}{c} \text{Forecasted 2023-2025} \\ \text{natural uranium price (i.e.} \\ \text{US\$61.78 per pound of} \\ \text{natural uranium)}^1 \end{array} \times \begin{array}{c} \text{Inflation} \\ \text{multiplier}^2 \end{array} + 60\% \times \begin{array}{c} \text{Latest spot price} \\ \text{indicator available} \\ \text{on date of delivery}^3 \end{array}$$

whereas:

1. Forecasted 2023-2025 natural uranium price is derived from the arithmetic average of (i) the arithmetic average of Term Nominal of Weighted Average Price Forecasts of 2023, 2024 and 2025 in “*Uranium Market Study 2022: Issue 1*” published by TradeTech, being US\$71 per pound of natural uranium; and (ii) the arithmetic average of Composite Long-Term Base Price Projections of 2023, 2024 and 2025 in “*Uranium Market Outlook – Q1 2022*” published by UxC, being US\$52.56 per pound of natural uranium.
2. Inflation multiplier is 1.000 in 2023, 1.035 in 2024 and 1.071 in 2025.
3. Latest spot price indicator available on date of delivery is calculated as the arithmetic average of the latest spot price indicators quoted in “*Nuclear Market Review*” by TradeTech and “*Ux Weekly*” by UxC available on the date of delivery.

Payment term

30 calendar days upon completion of delivery unless otherwise agreed by the parties.

Sales Annual Caps

The annual cap amount for the transactions under the New Sales Framework Agreement shall be as follows:

	For the year ending 31 December 2023	For the year ending 31 December 2024	For the year ending 31 December 2025
Sales Annual Cap	HK\$4,092,000,000	HK\$4,402,000,000	HK\$4,541,000,000

Historical annual caps and transaction amounts

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ending 31 December 2022
Annual cap	HK\$1,960,000,000	HK\$2,035,000,000	HK\$2,283,000,000
Actual transaction amount	HK\$424,913,120	HK\$610,918,144	HK\$162,070,466 <i>(up to 31 May 2022)</i>

Basis of determination of the Sales Annual Caps

The Sales Annual Caps were determined based on the following factors:

- (i) The Group's increasing capability in supplying natural uranium

In addition to the off-take right to 49% of the uranium products of Semizbay-U (which operates the Semizbay Mine and Irkol Mine), the Group acquired the off-take right to 49% of the uranium products of Ortalyk (which operates the Central Mynkuduk Deposit and Zhalpak Deposit) following completion of the acquisition of 49% equity interest in Ortalyk in July 2021.

Such addition uranium products from Ortalyk has increased the annual off-take volume of the Group and provide additional natural uranium capable to be supplied to CGNPC-URC Group under the New Sales Framework Agreement. The off-take volume from Semizbay-U was approximately 470tU during the year ended 31 December 2021, while the additional off-take volume from Ortalyk was approximately 292tU between 30 July 2021 (date of the off-take right taking effect upon completion of the acquisition of 49% equity interest in Ortalyk) and 31 December 2021.

Since 2021, 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 of the PRC, and became the guideline for development of nuclear power in the PRC of the future period. Uranium demand of Chinese nuclear power plant is expected to continue to increase steadily and CGNPC-URC Group will be able to purchase the additional natural uranium offered by the Group.

- (ii) Future uranium prices forecasted by TradeTech and UxC

The Sales Annual Caps have taken into account the forecasted 2023-2025 uranium price, which constitutes 40% of the sales price under the pricing mechanism. In particular, the arithmetic average of Term Nominal of Weighted Average Price Forecasts of 2023, 2024 and 2025 in "Uranium Market Study 2022: Issue 1" published by TradeTech is US\$71 per pound of natural uranium; and the arithmetic average of Composite Long-Term Base Price Projections of 2023, 2024 and 2025 in "Uranium Market Outlook – Q1 2022" published by UxC is US\$52.56 per pound of natural uranium.

In relation to the latest spot price as at the date of delivery, which constitutes 60% of the sales price under the pricing mechanism, the Company has taken into account the high case scenario of natural uranium price projection by TradeTech and UxC. The table below sets forth the high case scenario of natural uranium price projection for 2023, 2024 and 2025 by TradeTech and UxC:

	2023	2024	2025
	<i>US\$ per pound</i>	<i>US\$ per pound</i>	<i>US\$ per pound</i>
<i>TradeTech</i>			
Spot price projection (high boundary)	108	110	113
Long term price projection (high boundary)	97	99	102
<i>UxC</i>			
Spot price projection (high case scenario – high 90% band)	59.63	63.06	67.07
Long term price projection (high case scenario)	54.55	57.30	61.41

Information of UxC and TradeTech

The Board considers the price indicators published by UxC and TradeTech reliable independent price references for the market price of natural uranium and believes that it is common for natural uranium purchasers to make reference to price indicators published by UxC and TradeTech.

UxC is one of the nuclear industry’s leading consulting companies. It offers a wide range of services spanning the full fuel cycle with special focus on market-related issues. UxC was founded in March 1994 as an affiliate of The Uranium Exchange Company (Ux), in order to extend and provide greater focus to Ux’s consulting and information services capabilities. UxC has taken over these functions and now publishes the *Ux Weekly and Uranium Market Outlook* reports on the enrichment, conversion and fabrication of uranium, nuclear power as well as publishing the industry standard Ux Prices, which are used as references in many fuel contracts. In addition, UxC also provides custom consulting services and prepares special reports on various topics, as well as provides data services, such as nuclear fuel price indicator reporting, including support for the Chicago Mercantile Exchange (CME)/New York Mercantile Exchange (NYMEX) uranium futures contract.

TradeTech, along with its predecessor companies – NUEXCO Information Services, CONCORD Information Services and CONCORD Trading Company – has supported the uranium and nuclear fuel cycle industry for nearly 50 years. It is widely recognized for its expertise in trading activities and its comprehensive knowledge of the technical, economic and political factors affecting the industry. TradeTech provides independent market consulting services and maintains an extensive information database on the international nuclear fuel market, and publishes daily, weekly and monthly uranium market prices and analysis.

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

Basis of Determination of the Pricing Mechanism and Payment Term

The pricing mechanism formula was determined after arm's length negotiation between the Company and CGNPC-URC which allows determination of the price per pound of natural uranium of each delivery with reference to the prices quoted by international institutions. By including (i) forecasted natural uranium price as at the first quarter of 2022 and (ii) latest spot price as at the date of delivery as the two components in determining the sales price, the formula allows a fair allocation of the forecasted uranium price as at the date of the New Sales Framework Agreement and the actual spot natural uranium price as at the date of delivery to mitigate the impact of future uranium price fluctuation on the revenue of the Group. The Directors believe that the minimum purchase quantity will be able to ensure that a minimum quantity will be purchased by CGNPC-URC in the event of falling uranium prices.

The consideration of natural uranium being purchased shall be settled by CGNPC-URC Group within 30 calendar days upon completion of each delivery unless otherwise agreed by the Company and CGNPC-URC. Such credit period was determined taking into consideration of the time required for inspecting, testing and weighing natural uranium upon delivery, our credit risk and the reputation and financial stability of CGNPC-URC, with reference to (i) the 30 calendar-day credit period offered to the Group by its suppliers when sourcing natural uranium; (ii) the 30 calendar-day credit period generally offered by the Group to its independent nuclear power plant operator (or their affiliated companies) customers; and (iii) the 30 calendar-day credit period under the Existing Sales Framework Agreement. The Group will strictly enforce the aforementioned payment term prescribed under the New Sales Framework Agreement.

Internal Control Measures

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

- (i) each transaction under the New Sales Framework Agreement will be initialed and reviewed by the trading department, finance department, legal department of the Group, the chief finance officer and the vice general manager in charge of the trading department and submitted to the chief executive officer for authorising to be recommended for approval by the Board (with any Director having a material interest abstained from voting);
- (ii) designated staff from the trading department of the Group will obtain the relevant price indicators of UxC and TradeTech and ensure the selling price to be in conformity with the pricing mechanism under the New Sales Framework Agreement;
- (iii) designated staff from the finance department of the Group will closely monitor the total transaction amount to ensure that the relevant Sales Annual Cap will not be exceeded; and
- (iv) the independent non-executive Directors and the auditors of the Company will conduct annual review of the transactions under the New Sales Framework Agreement.

Reasons for and Benefits of the New Sales Framework Agreement

The Existing Sales Framework Agreement will expire on 31 December 2022. The Group intends to continue the sale of natural uranium to the CGNPC-URC Group as it provides a stable source of income to the Group.

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

The terms and conditions of the New Sales Framework Agreement were determined after arm's length negotiations between the parties thereto. The Directors consider that the terms of the New Sales Framework Agreement are normal commercial terms, fair and reasonable and in the interest of the Shareholders as a whole and that the transactions contemplated under the New Sales Framework Agreement are in the ordinary and usual course of business of the Group and that the amount of the proposed Sales Annual Caps are fair and reasonable.

NEW FINANCIAL SERVICES FRAMEWORK AGREEMENT

Principal terms

The principal terms of the New Financial Services Framework Agreement are as follows:

Date

16 June 2022

Parties

1. the Company
2. CGN Finance
3. CGNPC Huasheng

Term

1 January 2023 to 31 December 2025

Subject matters

1. Placement of deposits

PRC Subsidiaries of the Group may set up and maintain RMB and foreign currency deposit accounts with CGN Finance and make deposit. Foreign Subsidiaries of the Group may authorise their account(s) at third party commercial banks be linked to the cash pooling master settlement account maintained by CGNPC Huasheng, allowing cash balance in such account(s) to be transferred automatically to cash pooling master settlement account and the amount transferred to the cash pooling master settlement account constitutes money deposited by the Group with CGNPC Huasheng.

2. Settlement services

CGN Finance and CGNPC Huasheng may provide settlement and similar services to the Group through the accounts set up by the PRC Subsidiaries of the Group and the accounts linked to the cash pooling master settlement account or such other means as agreed by the relevant parties.

3. Loans and other facilities

CGN Finance and CGNPC Huasheng may grant loans and other facilities, such as revolving loans, entrusted loans, bill acceptance and note discounting services, to the Group.

Condition precedent

The New Financial Services Framework Agreement shall be conditional upon the Group having obtained all the necessary consent and approvals in respect of the New Financial Services Framework Agreement, including the approval by the Independent Shareholders on the New Financial Services Framework Agreement and the transactions contemplated thereunder.

Pricing mechanism

1. Placement of deposits

The interest rate of the deposits with CGN Finance shall not be lower than (i) the interest rates for the same type and term of deposit offered by China's Big-Four Commercial Banks; and (ii) the interest rate for the same type and term of deposit provided by CGN Finance to other PRC subsidiaries of the CGN Group.

The interest rate of the deposits with CGNPC Huasheng shall not be lower than (i) the interest rate for similar deposit offered by CGNPC Huasheng to other members of the CGN Group; and (ii) the interest rates quoted by other independent commercial banks in Hong Kong (such as Industrial and Commercial Bank of China (Asia) Limited and Bank of China (Hong Kong) Limited) for similar type of deposit.

2. Settlement services

The fees charged by CGN Finance for provision of settlement services shall be in accordance with the standard fee prescribed by PBC or China Banking and Insurance Regulatory Commission in respect of such services. If no such standard fee is available, the service fee shall be on normal commercial terms and not higher than (i) the fees charged by China's Big-Four Commercial Banks for the same type of services; and (ii) the fees charged by CGN Finance for providing similar services to other PRC subsidiaries of CGN Group. The fees charged by CGNPC Huasheng shall not be higher than (i) the fees charged by CGNPC Huasheng for providing similar services to other members of CGN Group; and (ii) the fees quoted by other commercial banks in Hong Kong (such as Industrial and Commercial Bank of China (Asia) Limited and Bank of China (Hong Kong) Limited).

3. Loans and other facilities

The terms and conditions of such loans, including the loan amount, term, interest payment method and timing, shall be determined after arm's length negotiations between (i) the Group and (ii) CGN Finance or CGNPC Huasheng, as the case may be.

Such loans and other facilities shall be conducted on normal commercial terms and shall not be secured by any asset of the Group. In respect of the loans and other facilities granted by CGN Finance, the interest rate shall not be higher than (i) the loan interest rates quoted by China's Big-Four Commercial Banks to the Group for the same type and term of loan; and (ii) the loan interest rates charged by CGN Finance to other members of CGN Group in the PRC for similar type of loan.

Termination

Each of the Company, CGN Finance and CGNPC Huasheng is entitled to terminate the New Financial Services Framework Agreement at any time by giving at least one month's written notice to the other parties.

In the event of termination, CGN Finance and CGNPC Huasheng shall return all the deposits (whether due or not) together with interest accrued and other fees payable to the Group.

Financial Services Annual Caps

The maximum outstanding balance of deposits (including any accrued interest) to be placed by the Group with CGN Finance and CGNPC Huasheng in aggregate under the New Financial Services Framework Agreement shall be as follows:

	For the year ending 31 December 2023	For the year ending 31 December 2024	For the year ending 31 December 2025
Deposit Annual Cap	US\$700 million	US\$700 million	US\$700 million

In addition, the annual caps for settlement service fees under the New Financial Services Framework Agreement are US\$300,000 for each of the year ending 31 December 2023, 2024 and 2025.

Historical annual caps and transaction amounts

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2022
Deposit			
Annual cap	US\$500 million	US\$500 million	US\$300 million
Maximum outstanding balance of deposits (including any accrued interest)	US\$192 million	US\$199 million	US\$205 million <i>(up to 31 May 2022)</i>

Basis of determination of the Deposit Annual Caps

The proposed Deposit Annual Caps are determined with reference to, among others, (i) the historical and estimated cashflow movements and level of deposits of the Group; (ii) the cash balance of the Group; and (iii) the requirements to settle funds with members of CGN Group and/or any other third parties. In particular, the increase in the Deposit Annual Caps as compared to the annual caps for deposits under the Existing Financial Services Framework Agreement is mainly due to (i) the expected increase in trading volume of natural uranium as elaborated under the basis of determination of the Sales Annual Caps above in “New Sales Framework Agreement” in this announcement, (ii) possible funds obtained for acquisition of high quality uranium mines by the Group and (iii) the expected increase in amount of dividend to be received as a result of (a) completion of acquisition of 49% equity interest of Ortalyk and (b) increase of profit of Semizbay-U due to rising natural uranium price.

Reasons for and Benefits of the New Financial Services Framework Agreement

The Existing Financial Services Framework Agreement will expire on 31 December 2022. The Group intends to continue with the transactions under the Existing Financial Services Framework Agreement.

Through years of cooperation, CGN Finance and CGNPC Huasheng have become familiar with the Group's capital structure, business operations, funding needs, cash flow pattern, cash management and the overall financial administrative system, which enables it to render more expedient, efficient and flexible services to the Group than independent commercial banks and financial institutions. The Group is expected to benefit from CGN Finance's and CGNPC Huasheng's familiarity of the Group's industry and operations while earning interests no less favourable than placing the same with other commercial banks for the same type and term of deposit places with CGN Finance and/or CGNPC Huasheng.

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

As the Group has transactions with members of the CGNPC-URC Group under the New Sales Framework Agreement, there will be needs for the Group to settle funds with members of the CGNPC-URC Group. As CGN Finance and CGNPC Huasheng also provide similar financial services to members of the CGNPC-URC Group, they will provide a more expedite and efficient way for the Group to settle any balance between the Group and members of the CGNPC-URC Group than through independent commercial banks.

Although CGN Finance and CGNPC Huasheng are not banks and there is default risk in the deposits placed with them, the Group is satisfied that such risk is not significant having considered (i) there has not been any default by CGN Finance and CGNPC Huasheng since their business cooperation with the Group; (ii) the Group has closely monitored and will continue to closely monitor the deposits placed with CGN Finance and CGNPC Huasheng; (iii) CGNPC has undertaken in writing to support the funding and liquidity requirements of CGN Finance and CGNPC Huasheng; and (iv) the Group has the right to request CGN Finance and CGNPC Huasheng to provide their financial statements to the Group from time to time in order for the Group to assess their financial credibility.

In light of the foregoing reasons, the Directors consider that the terms of the New Financial Services Framework Agreement are on normal commercial terms, fair and reasonable and in the interest of the Shareholders as a whole and that the transactions contemplated under the New Financial Services Framework Agreement are in the ordinary and usual course of business of the Group and that the proposed Deposit Annual Caps and the proposed Settlement Services Fees Annual Caps are fair and reasonable.

Internal Control Measures

To safeguard the interest of the Group, the Group will adhere to the following internal control measures in respect of placement of deposits with CGN Finance and CGNPC Huasheng under the New Financial Services Framework Agreement:

- (i) fund manager of the Group will obtain quotations on interest rates from independent commercial banks, including the China's Big-Four Commercial Banks in relation to deposits in the PRC, and compare with the offer from CGN Finance or CGNPC Huasheng, as the case may be, in making recommendations for approval by the finance department of the Group;
- (ii) designated staff from the finance department of the Group will closely monitor the balance of the deposits placed with CGN Finance and CGNPC Huasheng on a daily basis to ensure that the relevant Deposit Annual Cap is not exceeded;
- (iii) in the event that (a) the interest rate quoted by CGN Finance and CGNPC Huasheng is less favourable than that provided by independent commercial banks in PRC and Hong Kong, as the case may be, for the same term and type of deposit; or (b) the balance of deposits to be placed with CGN Finance and CGNPC Huasheng, in aggregate, will exceed the relevant Deposit Annual Cap, the Group will not deposit further amount with CGN Finance and CGNPC Huasheng; and
- (iv) the independent non-executive Directors and the auditors of the Company will conduct annual review of the transactions under the New Financial Services Framework Agreement.

GENERAL INFORMATION

Information of the Parties

The Group

The Group is principally engaged in investment and development of natural uranium resources and trading of natural uranium products with the Company principally engaged in trading of natural uranium products.

CGNPC-URC

CGNPC-URC is a company established in the PRC with limited liability and the sole shareholder of China Uranium Development, the controlling shareholder of the Company, holding 62.54% of the issued Shares as at the date of this announcement. CGNPC-URC is a subsidiary of CGNPC, indirectly holding 64.02% of the issued Shares as at the date of this announcement (including the 62.54% of the issued Shares held by China Uranium Development).

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

Founded on 29 September 1994, CGNPC is a large clean energy enterprise under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. CGNPC together with its subsidiaries are principally engaged in the generation and sale of electricity, construction, operation and management of nuclear power projects and non-nuclear clean energy projects.

CGN Finance

CGN Finance is a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the CGNPC. CGN Finance is a non-banking financial institution established in the PRC with the approval of the then China Banking Regulatory Commission (currently known as the China Banking and Insurance Regulatory Commission) and the principal activities of which include providing settlement and similar services and taking deposits from members of the CGN Group in the PRC and providing intra-group loan among members of the CGN Group in the PRC.

CGNPC Huasheng

CGNPC Huasheng is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of CGNPC. CGNPC Huasheng is a money lender licensed under the Money Lender Ordinance (Chapter 163 of the Laws of Hong Kong) in Hong Kong and the principal activities of Huasheng include providing settlement and similar services and taking deposits from members of the CGN Group and providing intra-group loan among members of the CGN Group.

LISTING RULES IMPLICATIONS

The New Sales Framework Agreement

As at the date of this announcement, CGNPC, the controlling shareholder of the Company is indirectly holding 64.02% of the issued Shares, among which 62.54% of the issued Shares is held by China Uranium Development, its wholly-owned indirect subsidiary. CGNPC-URC is the intermediate holding company, being a subsidiary of CGNPC and the sole shareholder of China Uranium Development. Accordingly, CGNPC-URC is a connected person of the Company and the transactions contemplated under the New Sales Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular (including the independent financial advisor), Independent Shareholders' approval, annual reporting and annual review requirements.

The New Financial Services Framework Agreement

As at the date of this announcement, each of CGN Finance and CGNPC Huasheng is a subsidiary of CGNPC. Accordingly, the transactions contemplated under the New Financial Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(i) Placement of deposits

As neither CGN Finance nor CGNPC Huasheng is a banking company as defined under the Listing Rules, the placement of deposits by the Group with CGN Finance and CGNPC Huasheng under the New Financial Services Framework Agreement constitutes financial assistance provided by the Group within the definitions of the Listing Rules.

As the highest applicable percentage ratio based on the proposed Deposit Annual Cap is more than 25%, the placement of deposits under the New Financial Services Framework Agreement also constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

Accordingly, the placement of deposits under the New Financial Services Framework Agreement is subject to the reporting, announcement, circular (including the independent financial advisor), Independent Shareholders' approval, annual reporting and annual review requirements.

(ii) Settlement services

As the highest applicable percentage ratio based on the proposed Settlement Service Fees Annual Cap is less than the 5% and the proposed Settlement Service Fees Annual Cap is less than HK\$3,000,000 and the terms of the New Financial Services Framework Agreement are on normal commercial terms (or better to the Group), the provision of settlement services by CGN Finance and CGNPC Huasheng to the Group is exempted from the reporting, announcement, circular (including the independent financial advisor), Independent Shareholders' approval, annual reporting and annual review requirements pursuant to Rule 14A.76 of the Listing Rules.

(iii) Loans and other facilities

Since the loans and other facilities to be granted by CGN Finance and CGNPC Huasheng to the Group will be on normal commercial terms (or better to the Group) and not secured by any asset of the Group, such loans and other facilities are exempted from the reporting, announcement, circular (including the independent financial advisor), Independent Shareholders' approval, annual reporting and annual review requirements pursuant to Rule 14A.90 of the Listing Rules.

ABSTAIN FROM VOTING

Mr. An Junjing, Ms. Xu Junmei, Mr. Sun Xu and Mr. Yin Xiong have abstained from voting on the relevant board resolutions approving the New Sales Framework Agreement and the New Financial Services Framework Agreement and the transactions contemplated thereunder as each of Mr. An, Ms. Xu, Mr. Sun and Mr. Yin is considered to have a material interest in the resolutions by virtue of their directorial and/or managerial positions in CGNPC-URC.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee consisting of Mr. Qiu Xianhong, Mr. Gao Pei Ji and Mr. Lee Kwok Tung Louis, being independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the New Sales Framework Agreement and the New Financial Services Framework Agreement and the transactions contemplated thereunder (including the amount of the proposed annual caps).

INDEPENDENT FINANCIAL ADVISER

Gram Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the New Sales Framework Agreement and the transactions contemplated thereunder, and the placement of deposits under the New Financial Services Framework Agreement (including the amount of the proposed annual caps).

EGM

The Company will convene an EGM to approve the New Sales Framework Agreement and the New Financial Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps). A circular including, among other information, (i) a letter from the Board containing further details of the New Sales Framework Agreement and the New Financial Services Framework Agreement; (ii) a letter from the Independent Board Committee; (iii) a letter from Gram Capital to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders within 15 business days from the date of this announcement.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Central Mynkuduk Deposit”	the central plot of Mynkuduk deposit in South-Kazakhstan region Kazakhstan operated by Ortalyk
“CGN Finance”	CGN Finance Co., Ltd* (中廣核財務有限責任公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of CGNPC
“CGN Group”	CGNPC and its subsidiaries
“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
“CGNPC Huasheng”	CGNPC Huasheng Investment Limited, 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 established in the PRC with limited liability and the sole shareholder of China Uranium Development
“CGNPC-URC Group”	CGNPC-URC and its subsidiaries, other than the Group
“China Uranium Development”	China Uranium Development Company Limited, the controlling shareholder of the Company, holding approximately 62.54% of the issued Shares as at the date of this announcement
“China’s Big-Four Commercial Banks”	Agricultural Bank of China, Bank of China, China Construction Bank and Industrial and Commercial Bank of China
“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules

“Deposit Annual Cap(s)”	the maximum outstanding balance of deposits to be placed by the Group with CGN Finance and CGNPC Huasheng in aggregate (including any outstanding interest accrued thereon) under the New Financial Services Framework Agreement from time to time during the three years ending 31 December 2025
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be convened for, among other matters, approving the New Sales Framework Agreement and the New Financial Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps)
“Existing Financial Services Framework Agreement”	the framework agreement dated 14 June 2019 entered into between the Company, CGN Finance and CGNPC Huasheng in relation to provision of certain financial services by CGN Finance and CGNPC Huasheng to the Group between 1 January 2020 to 31 December 2022
“Existing Framework Agreements”	collectively, the Existing Sales Framework Agreement and the Existing Financial Services Framework Agreement
“Existing Sales Framework Agreement”	the framework agreement dated 14 June 2019 entered into between the Company and CGNPC-URC in relation to the sale of natural uranium by the Group to CGNPC-URC Group between 1 January 2020 to 31 December 2022
“Foreign Subsidiaries”	subsidiaries of the Company other than PRC Subsidiaries
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board consisting all the independent non-executive Directors, established to advise the Independent Shareholders on the New Sales Framework Agreement, the New Financial Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps)

“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the New Sales Framework Agreement and the transactions contemplated thereunder, and the placement of deposits under the New Financial Services Framework Agreement (including the proposed annual caps)
“Independent Shareholders”	Shareholders other than CGNPC and its associates
“Irkol Mine”	the Irkol mine located in the Kyzylorzhinsk area, 20 kilometres from the town of Chiili, Kazakhstan, which is owned and operated by Semizbay-U
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“natural uranium”	uranium ore concentrates in the form of U ₃ O ₈ (triuranium octoxide)
“New Financial Services Framework Agreement”	the framework agreement dated 16 June 2022 entered into between the Company, CGN Finance and CGNPC Huasheng in relation to provision of certain financial services by CGN Finance and CGNPC Huasheng to the Company between 1 January 2023 and 31 December 2025
“New Sales Framework Agreement”	the framework agreement dated 16 June 2022 entered into between the Company and CGNPC-URC in relation to the sale of natural uranium by the Group to CGNPC-URC Group between 1 January 2023 and 31 December 2025
“Ortalyk”	Mining Company “ORTALYK” LLP, a legal entity established in the form of a limited liability partnership in Kazakhstan and is indirectly-owned as to 49% by the Company
“PBC”	the People’s Bank of China
“percentage ratios”	has the same meaning as ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China
“PRC Subsidiaries”	subsidiaries of the Company established in the PRC (other than Hong Kong, Macau and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Sales Annual Caps”	the maximum annual transaction amount for the sale of natural uranium contemplated under the New Sales Framework Agreement for each of the three years ending 31 December 2025

“Settlement Service Fees Annual Cap”	the maximum service fees payable during each of the three years ending 31 December 2025 in respect of the settlement services to be provided by CGN Finance and CGNPC Huasheng under the New Financial Services Framework Agreement
“Semizbay Mine”	the Semizbay mine located in the Valihanov District of Akmoltnsk Oblast, 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
“Share(s)”	ordinary share(s) in the Company with a nominal value of HK\$0.01 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“TradeTech”	TradeTech of Denver Tech Centre, 7887 E. Belleview Avenue, Suite 888, Englewood, CO 80111, USA
“US\$”	United States dollars, the lawful currency of the United States of America
“UxC”	UxC, LLC
“Zhalpak Deposit”	the uranium deposit located in Sozak district, Kazakhstan operated by Ortalyk
“%”	per cent

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

Hong Kong, 16 June 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 Kwok Tung Louis.

* For identification purpose only