THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **CGN Mining Company Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee, or to the bank, stockbroker or licensed securities dealer or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

中廣核礦業有限公司*

CGN Mining Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1164)

MAJOR AND CONTINUING CONNECTED TRANSACTION REVOLVING LOAN FACILITY AGREEMENT AND CONTINUING CONNECTED TRANSACTION SALE OF NATURAL URANIUM FRAMEWORK AGREEMENT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders of CGN Mining Company Limited

高銀融資有限公司

GOLDIN FINANCIAL LIMITED

A letter from the Board is set out on pages 7 to 28 of this circular.

A letter from the Independent Board Committee is set out on pages 29 to 30 of this circular.

A letter from Goldin Financial Limited, the Independent Financial Adviser, containing its recommendations to the Independent Board Committee and the Independent Shareholders is set out on pages 31 to 49 of this circular.

A notice convening the extraordinary general meeting of the Company (the "**EGM**") to be held at Boardroom 3-4, Mezzaine Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on 9 December 2013 (Monday) at 10:30 a.m. is set out on pages 56 to 57 of this circular. Whether or not you are able to attend the EGM in person, you are requested to complete and return the accompanying form of proxy enclosed with this circular in accordance with the instructions printed thereon and deposit the same to the Company's branch share registrar and transfer office, Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

* *For identification purposes only*

19 November 2013

CONTENTS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Announcement"	the announcement of the Company dated 15 October 2013 in relation to the Revolving Loan Facility Agreement, the proposed Cap Amount, the provision of the Revolving Loan, the Framework Agreement, the proposed Annual Cap Amounts and the Sale of Natural Uranium
"Annual Cap Amount(s)"	the maximum aggregate annual transaction amount(s) for the transaction contemplated under the Framework Agreement for each of the three years ending 31 December 2016 as set out under "Proposed Annual Cap Amounts"
"associates"	has the same meaning as ascribed to it under the Listing Rules
"Availability Period"	the period during which the Revolving Loan is made available, commencing from the Loan Effective Date and ending on 15 November 2014
"Board"	the board of Directors of the Company
"Business Day(s)"	in relation to the Framework Agreement, Business Day shall mean a day (other than Saturday or Sunday or the days on which a tropical warning No. 8 or above or a "black rainstorm warning signal" is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for general banking business; in relation to the Revolving Loan Facility Agreement, Business Day shall mean any day excluding Saturdays, Sundays and public holidays in Hong Kong
"Cap Amount"	the maximum aggregate transaction amount of US$150,000,000 contemplated under the Revolving Loan Facility Agreement commencing from the Loan Effective Date and ending on 15 November 2014

“CB Subscription”	the subscription of the convertible bonds with a principal amount of HK$600,000,000 issued by the Company pursuant to the subscription agreement dated 18 March 2011
“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 sole shareholder of CGNPC-URC and the ultimate controller of the Company
“CGNPC-URC”	中廣核鈾業發展有限公司 CGNPC Uranium Resources Co., Ltd *, a company established in the PRC with limited liability and the sole shareholder of China Uranium Development
“China Uranium Development”	China Uranium Development Company Limited 中國鈾業發展有限公司, the Controlling Shareholder of the Company, holding approximately 50.11% equity interest in the Company as at the Latest Practicable Date
“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: 1164)
“connected person”	has the same meaning as ascribed to it under the Listing Rules
“Controlling Shareholder”	has the same meaning as ascribed to it under the Listing Rules
“Delivery”	the delivery of the ordered quantity of Natural Uranium in the form of U_3O_8
“Directors”	the directors of the Company, including the independent non-executive Directors
“Drawdown Date”	the date of drawdown of each Single Loan
“Effective Date”	the date on which the Framework Agreement takes effect

"Effective Period"	the effective period of the Framework Agreement commencing from the Effective Date and ending on 31 December 2016 (both days inclusive)
"EGM"	the extraordinary general meeting of the Company to be convened and held at 10:30 a.m. on 9 December 2013, (Monday) at Boardroom 3-4, Mezzaine Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong for the Independent Shareholders to approve the Revolving Loan Facility Agreement, the proposed Cap Amount, the provision of the Revolving Loan, the Framework Agreement, the proposed Annual Cap Amounts and the Sale of Natural Uranium
"End Users"	end users of Natural Uranium, including but not limited to Guangxi Fangchenggang Company and Yangjiang Company
"Existing Agreement"	the existing revolving loan facility agreement dated 15 October 2012 entered into between the Company and China Uranium Development
"Framework Agreement"	the framework agreement dated 15 October 2013 entered into between the Company and CGNPC-URC in relation to the sale of Natural Uranium by the Group to CGNPC-URC
"Goldin Financial" or "Independent Financial Adviser"	Goldin Financial Limited, a corporation licensed to carry on type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Revolving Loan Facility Agreement, the proposed Cap Amount, the provision of the Revolving Loan, the Framework Agreement, the proposed Annual Cap Amounts and the Sale of Natural Uranium
"Group"	the Company and its subsidiaries
"Guangxi Fangchenggang Company"	廣西防城港核電有限公司 (Guangxi Fangchenggang Nuclear Power Co., Ltd.*)

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the Board consisting of all the independent non-executive Directors, established to advise the Independent Shareholders on the Revolving Loan Facility Agreement, the proposed Cap Amount, the provision of the Revolving Loan, the Framework Agreement, the proposed Annual Cap Amounts and the Sale of Natural Uranium
"Independent Shareholders"	Shareholders other than China Uranium Development and its associates
"Latest Practicable Date"	14 November 2013, being the latest practicable date prior to the printing of the circular for ascertaining certain information contained in the circular
"LIBOR"	London interbank market offered interest rates, i.e. the rate displayed on the Reuters monitor screen as "LIBOR01" offered for US$ deposits for a comparable period, as of 11:00 a.m. (London time) on the second business day of British banks prior to the first day of each interest period
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan Effective Amount"	the balance of the Revolving Loan of US$150,000,000 under the Revolving Loan Facility Agreement after deducting the outstanding principal from each Single Loan
"Loan Effective Date"	the date on which the Revolving Loan Facility Agreement takes effect
"Macau"	the Macau Special Administrative Region of the PRC
"Natural Uranium"	uranium ore concentrates in the form of U_3O_8 with isotopic assay as it occurs in nature and has not been altered (i.e. which had neither been enriched, depleted nor irradiated)

"percentage ratios"	has the same meaning as ascribed to it under the Listing Rules, as applicable to a transaction
"PRC"	the People's Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
"Revolving Loan"	the revolving loan facility of an amount not exceeding US$150,000,000 (approximately HK$1,170,000,000)
"Revolving Loan Facility Agreement"	the revolving loan facility agreement dated 15 October 2013 entered into between the Company as lender and China Uranium Development as borrower in connection with the provision of the Revolving Loan
"RMB"	Renminbi, the lawful currency of the PRC
"Sale of Natural Uranium"	the sale of Natural Uranium contemplated under the Framework Agreement
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder(s)"	the shareholder(s) of the Company
"Share Subscription"	the subscription of the 1,670,000,000 shares by China Uranium Development pursuant to the subscription agreement dated 18 March 2011
"Single Loan Due Date"	the due date of each Single Loan as stipulated in each drawdown notice
"Single Loan Period"	the repayment period of each Single Loan as stipulated in each drawdown notice
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiaries"	has the same meaning as ascribed to it under the Listing Rules
"TradeTech"	TradeTech of Denver Tech Centre, 7887 E. Belleview Avenue, Suite 888, Englewood, CO 80111, USA

"U_3O_8"	Natural Uranium (not previously irradiated and containing not less than the nominal 0.711 weight percent ^{235}U). The U_3O_8 shall conform to the latest version of the ASTM International's "Standard Specification for Uranium Ore Concentrate" (ASTM C967) at the time of Delivery (i.e. currently ASTM C967 – 08)
"US$"	United States Dollars, the lawful currency of the United States of America
"UxC"	The Ux Consulting Company, LLC
"Yangjiang Company"	陽江核電有限公司 (Yangjiang Nuclear Power Co., Ltd.*)
"%"	per cent

* *For identification purposes only*

In this circular, the exchange rate between US$ and HK$ is US$1=HK$7.80, RMB and HK$ is RMB1=HK$1.25.

中廣核礦業有限公司*
CGN Mining Company Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1164)

Executive Directors :
Mr. He Zuyuan *(Chief Executive Officer)*
Mr. Li Xianli

Non-Executive Directors:
Mr. Yu Zhiping *(Chairman)*
Mr. Wei Qiyan
Ms. Jin Yunfei
Mr. Huang Jianming

Independent Non-Executive Directors:
Mr. Ling Bing
Mr. Qiu Xianhong
Mr. Huang Jinsong

Registered Office :
Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong
Suites 6706-6707, 67/F.,
Central Plaza, 18 Harbour Road,
Wanchai, Hong Kong

19 November 2013

To the Shareholders

Dear Sir or Madam,

**MAJOR AND CONTINUING CONNECTED TRANSACTION
REVOLVING LOAN FACILITY AGREEMENT
AND
CONTINUING CONNECTED TRANSACTION
SALE OF NATURAL URANIUM FRAMEWORK AGREEMENT**

(1) INTRODUCTION

Reference is made to the Announcement.

On 15 October 2013 (after trading hours), the Company as lender and China Uranium Development as borrower entered into the Revolving Loan Facility Agreement pursuant to which the Company will provide the Revolving Loan of an amount not exceeding US$150 million (approximately HK$1,170 million) to China Uranium Development for the Availability Period commencing from the Loan Effective Date and ending on 15 November 2014.

* *For identification purposes only*

China Uranium Development is a connected person of the Company and therefore the entering into of the Revolving Loan Facility Agreement and the provision of the Revolving Loan constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement, Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As certain applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of provision of the Revolving Loan exceed 25% but less than 75%, the entering into of the Revolving Loan Facility Agreement and the provision of the Revolving Loan also constitute a major transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 of the Listing Rules.

On 15 October 2013 (after trading hours), the Company and CGNPC-URC entered into the Framework Agreement in relation to the sale of Natural Uranium by the Group to the CGNPC-URC during the Effective Period. CGNPC-URC is the sole shareholder of China Uranium Development, the Controlling Shareholder of the Company. CGNPC-URC is therefore a connected person of the Company under the Listing Rules. The Sale of Natural Uranium under the Framework Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios on an annual basis is more than 5% and the annual consideration is more than HK$10,000,000, the Sale of Natural Uranium is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The purpose of this circular is to provide further details in respect of, among other things, (i) details of the Revolving Loan Facility Agreement, the proposed Cap Amount and the provision of the Revolving Loan; (ii) details of the Framework Agreement, the proposed Annual Cap Amounts and the Sale of Natural Uranium; (iii) a letter from the Independent Board Committee setting out its recommendation in connection with the Revolving Loan Facility Agreement, the proposed Cap Amount, the provision of the Revolving Loan, the Framework Agreement, the proposed Annual Cap Amounts and the Sale of Natural Uranium to the Independent Shareholders; (iv) a letter from Goldin Financial setting out its advice to the Independent Board Committee and the Independent Shareholders; and (v) a notice of EGM.

(2) REVOLVING LOAN FACILITY AGREEMENT

On 15 October 2013 (after trading hours), the Company as lender and China Uranium Development as borrower entered into the Revolving Loan Facility Agreement pursuant to which the Company will provide the Revolving Loan of an amount not exceeding US$150 million (approximately HK$1,170 million) to China Uranium Development for the Availability Period commencing from the Loan Effective Date and ending on 15 November 2014.

Set out below is a summary of the terms of the Revolving Loan Facility Agreement.

Date

15 October 2013 (after trading hours)

Parties

(a) the Company, as lender; and

(b) China Uranium Development, as borrower.

As at the Latest Practicable Date, the Company is owned as to approximately 50.11% equity interest by China Uranium Development and accordingly China Uranium Development is the Controlling Shareholder of the Company. Therefore, China Uranium Development is a connected person of the Company. The entering into of the Revolving Loan Facility Agreement and the provision of the Revolving Loan to China Uranium Development constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

Loan Effective Date

The Revolving Loan Facility Agreement will be effective upon occurrence of the followings:

(a) the Revolving Loan Facility Agreement having been executed and sealed by the legal representatives or authorised representatives of both parties; and

(b) the Independent Shareholders having approved by way of poll at the EGM the entering into of the Revolving Loan Facility Agreement.

The Revolving Loan

The Revolving Loan under the Revolving Loan Facility Agreement will not exceed US$150 million (approximately HK$1,170 million) and will be made available for the Availability Period commencing from the Loan Effective Date and ending on 15 November 2014.

The Company shall have the right at any time to terminate the Revolving Loan under the Revolving Loan Facility Agreement by serving not less than 30 Business Days' notice in writing to China Uranium Development. When the Revolving Loan is terminated, all outstanding principal and interest accrued shall become immediately payable.

Subject to China Uranium Development's fulfilment of the conditions as stated in the Revolving Loan Facility Agreement, the Company agrees to provide a loan not exceeding the Loan Effective Amount to China Uranium Development on any Drawdown Date within the Availability Period (the "**Single Loan**"). China Uranium Development shall submit the drawdown notice at least 10 Business Days prior to each Drawdown Date.

Each drawdown notice shall include, among other things, (i) the amount of that Single Loan, (ii) the period of that Single Loan (which must be within the Availability Period) and (iii) the Drawdown Date.

China Uranium Development will not be required to provide any guarantee or charge any assets to the Company under the Revolving Loan Facility Agreement based on the following reasons:

(i) the financial statements of China Uranium Development provided to the Company for consideration show that it has substantial amount of net assets;

(ii) CGNPC, the ultimate sole shareholder of China Uranium Development, is a large scale state-owned corporation with a registered capital of RMB10.2 billion;

(iii) after making due enquiry by the Directors, China Uranium Development does not have any previous record of default of payment to other financial institutions;

(iv) China Uranium Development has a good repayment history during the effective period of the Existing Agreement; and

(v) Moody's Investors Services, Inc. ("**Moody's**") has assigned a provisional (P)A3 rating to the proposed senior unsecured notes issuance of China Uranium Development on 19 September 2013. Moody's will remove the provisional status of the notes' rating when the issuance is completed on satisfactory terms. The notes will be irrevocably and unconditionally guaranteed by CGNPC. CGNPC, the ultimate controller of China Uranium Development, had the same rating of A3 when the Existing Agreement was entered into in October 2012 and when the Revolving Loan Facility Agreement was entered into on 15 October 2013.

As such, the Company considers that the default risk of China Uranium Development is low and there is no need for China Uranium Development to provide any guarantee or charge any assets to the Company.

Risk Control Measures

The Directors (including the independent non-executive Directors) consider that the following risk control measures are adequate to cover the risks involved in the provision of Revolving Loan:

(i) upon the Company's request, the annual financial statements of China Uranium Development will be provided to the Company in the first quarter of the subsequent year;

(ii) upon the Company's request at any time, China Uranium Development will provide forthwith to the Company any documents and information relating to its business operations, including but not limited to its financial reports, financial statements and documents with similar nature;

(iii) if China Uranium Development has any potential risk of financial instability, China Uranium Development will inform the Company immediately; and

(iv) if China Uranium Development has shown any signs of financial instability, the Company can demand China Uranium Development to repay prior to the due date all or part of outstanding principal and interest accrued under the Revolving Loan Facility Agreement by giving not less than 30 Business Days' prior written notice to China Uranium Development.

Interest Rate

Interest on each Single Loan shall be calculated from the Drawdown Date until the full repayment of the Single Loan, on the basis of 360 days per annum.

Interest of each Single Loan shall be calculated as follows:

(a) 1 month LIBOR+6%, if the Single Loan Period is less than 3 months;

(b) 3 months LIBOR+6%, if the Single Loan Period is between 3-6 months; or

(c) 6 months LIBOR+6%, if the Single Loan Period is more than 6 months.

Interest Period

(a) If the Single Loan Period is less than or equal to 6 months, the interest period shall commence from the relevant Drawdown Date until the Single Loan Due Date.

(b) If the Single Loan Period is more than 6 months:

(i) in the event that the relevant Drawdown Date is between 21 December to 20 June (both dates inclusive), the first interest period shall commence from the relevant Drawdown Date until 20 June; if the relevant Drawdown Date is between 21 June to 20 December (both dates inclusive), the first interest period shall commence from the relevant Drawdown Date until 20 December, as the case may be (the "**First Interest Period**");

(ii) thereafter, each interest period shall count from 21 June and 21 December, i.e. an interest payment period shall commence from 21 December to 20 June and another interest payment period shall commence from 21 June to 20 December ("**Other Interest Period**"). If the Single Loan Due Date falls within the abovementioned interest period, the interest period shall end on the Single Loan Due Date ("**Final Interest Period**").

Interest Payment

(a) If the Single Loan Period is less than or equal to 6 months, all interest accrued shall be paid in a lump sum on the Single Loan Due Date.

(b) If the Single Loan Period is more than 6 months:

(i) depending on actual circumstances, in the event that the Drawdown Date of that Single Loan falls between 21 December to 20 June (both dates inclusive), all interest accrued during the First Interest Period shall be paid on 21 June; in the event that the Drawdown Date of that Single Loan falls between 21 June to 20 December (both dates inclusive), all interest accrued during the First Interest Period shall be paid on 21 December; and

(ii) after the First Interest Period, depending on circumstances, all interest accrued during Other Interest Period shall be paid on 21 June and 21 December of each year. However, all interest accrued during the Final Interest Period shall be paid on the Single Loan Due Date.

Default interest for any outstanding interest shall be charged at the applicable interest rate of that Single Loan plus 2%, calculated from the due date of interest payment as stipulated in (a) or (b) above until the date of actual payment in full and on a daily basis.

Repayment

Subject to the paragraph "Interest Payment" above, each Single Loan together with interest accrued shall be repaid to the Company in one lump sum in the same currency on the Single Loan Due Date. Each Single Loan Due Date must be within the Availability Period.

If China Uranium Development cannot fully repay any Single Loan on the Single Loan Due Date, the Company has the right to charge default interest on the outstanding parts at the applicable interest rate of that Single Loan plus 2%, calculated from the Single Loan Due Date until the date of actual payment in full and on a daily basis.

Early Repayment

China Uranium Development shall have the right at any time to repay prior to the due date all or part of all outstanding principal and interest accrued under the Revolving Loan Facility Agreement by giving not less than 7 Business Days' prior written notice to the Company.

The Company shall have the right at any time to demand China Uranium Development to repay prior to the due date all or part of outstanding principal and interest accrued under the Revolving Loan Facility Agreement by giving not less than 30 Business Days' prior written notice to China Uranium Development.

Validity of Existing Agreement

The Existing Agreement shall expire on 14 November 2013. The Existing Agreement shall cease to be effective on the Loan Effective Date. Any loans drawn under the Existing Agreement but not yet repaid shall be governed by the terms of the Revolving Loan Facility Agreement.

REASONS FOR AND BENEFITS OF THE REVOLVING LOAN FACILITY AGREEMENT

The Existing Agreement will expire on 14 November 2013. As at the Latest Practicable Date, the Company still has not identified suitable investment targets or investment opportunities given the existing economic environment.

As at the Latest Practicable Date, the prevailing interest rate for a 12-month term HK$ fixed deposit announced by The Hongkong and Shanghai Banking Corporation Limited, being 0.2% per annum, is substantially lower than the interest rates offered by China Uranium Development for the provision of the Revolving Loan.

The provision of the Revolving Loan will enable the Company to enhance the return on investment on its surplus cash resources. Further, the terms of the Revolving Loan Facility Agreement allows the Company to demand for early repayment from China Uranium Development prior to the due date. As such, the flexibility of cash flow is maintained, while at the same time any potential future business development or investment opportunities of the Group are not affected.

The terms of the Revolving Loan Facility Agreement, including the proposed Cap Amount of the Revolving Loan and interest rate applicable, were agreed by the parties after arm's length negotiations having taken into account the prevailing market interest rates and practices.

Taken into consideration the creditworthiness and the good repayment records of China Uranium Development, its financial conditions after reviewing the available financial information and that the interest rate for the provision of the Revolving Loan under the Revolving Loan Facility Agreement is more favourable to the Company, the Directors (including the independent non-executive Directors after considering the opinion of Goldin Financial) consider that the terms of the Revolving Loan Facility Agreement, the proposed Cap Amount and the provision of the Revolving Loan are on normal commercial terms, fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

FINANCIAL EFFECT OF THE REVOLVING LOAN FACILITY AGREEMENT

According to the interim report of the Company for the six months ended 30 June 2013 (the "**Interim Report 2013**"), the bank balances and cash of the Group as at 30 June 2013 amounted to approximately HK$827.00 million. Furthermore, the Company has advanced the revolving loan to China Uranium Development under the Existing Agreement in the amount of HK$535.22 million as at 30 June 2013. Assuming that there will be no renewal of the Existing Agreement and no further change in bank balances and cash except the full settlement of the revolving loan under the Existing Agreement by China Uranium Development, the Group will have a total bank balances and cash of approximately HK$1,362.22 million upon the expiry of the Existing Agreement. It is intended that such cash resources will be used for financing any future business opportunities or investment of the Group. However, as at the Latest Practicable Date, the Company had not identified any suitable investment targets or business opportunities to pursue for the abundant cash on hand. The historical drawdown limit for a term of one year commencing from 15 November 2012 was US$100 million. Given the increased cash surplus as demonstrated above and that the Existing Agreement will expire on 14 November 2013, the entering into of the Revolving Loan Facility Agreement with an increased drawdown limit of US$150 million (equivalent to approximately HK$1,170 million) could keep the return on investment of surplus cash whilst maintain financial flexibility based on the Company's latest financial position.

Moreover, the Company shall have the right at any time to terminate the Revolving Loan by serving written notice to China Uranium Development or demand China Uranium Development to repay prior to the due date all or part of outstanding principal and interest accrued under the Revolving Loan Facility Agreement by giving not less than 30 Business Days' notice in writing, therefore there will not be adverse effect on the flexibility of cash flow of the Group. The Group can utilise surplus cash resources to enhance return on investment, which in turn produces a positive earnings of the Group in the short run.

RISK ASSOCIATED WITH THE PROVISION OF THE REVOLVING LOAN

Set out below are the risk factors which may be associated with the provision of the Revolving Loan:

Fluctuation in market interest rate

The interest rates under the Revolving Loan Facility Agreement may be too low when comparable interest rates in the market increase sharply. The Directors consider that the adjustable interest rates linked to LIBOR is the best arrangement for the Company to deal with fluctuation in market interest rate.

Credit risk

In the unlikely event that PRC's nuclear power industry slows down, China Uranium Development may not be able to or willing to repay the Revolving Loan, or to honor other contractual commitments. As aforementioned in the section "Risk Control Measures", the Directors will closely communicate with China Uranium Development to ensure that all interests and outstanding principals accrued under the Revolving Loan Facility Agreement will be repaid upon demand.

The PRC government regulations on nuclear power industry

The nuclear power industry is subject to various government policies and regulations, including but not limited to development, production, taxation, construction of nuclear power plants, environment monitoring, operation management and other issues. Any changes to those policies may affect the operation of China Uranium Development which in turn affects its financial status. Since CGNPC is under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council of China, the Directors have confidence in the business operation of China Uranium Development.

(3) FRAMEWORK AGREEMENT

On 15 October 2013 (after trading hours), the Framework Agreement was entered into between the Company and CGNPC-URC for the Sale of Natural Uranium by the Group to CGNPC-URC during the Effective Period.

Set out below is a summary of the terms of the Framework Agreement.

Date

15 October 2013 (after trading hours)

Parties

(a) The Company, as seller; and

(b) CGNPC-URC, as purchaser

As at the Latest Practicable Date, CGNPC-URC is the sole shareholder of China Uranium Development, the Controlling Shareholder of the Company, which holds approximately 50.11% equity interest in the Company. CGNPC-URC is therefore a connected person of the Company under the Listing Rules.

Subject Matter

Pursuant to the Framework Agreement:

(a) The Group has agreed to sell and CGNPC-URC has agreed to purchase and purchase on behalf of certain End Users certain amount of Natural Uranium during the Effective Period;

(b) CGNPC-URC is the sole Natural Uranium supplier of CGNPC. CGNPC-URC shall exclusively source from the Group the entire amount of Natural Uranium demanded by Guangxi Fangchenggang Company and Yangjiang Company during the Effective Period; and

(c) The Group shall have the right of first offer to supply Natural Uranium demanded by all existing or potential uranium clients of CGNPC-URC or CGNPC-URC itself during the Effective Period.

Conditions Precedent and Term

The Framework Agreement shall become effective upon the approval by the Independent Shareholders with respect to the Framework Agreement and the Sale of Natural Uranium at the EGM. The Framework Agreement shall take effect from the Effective Date to 31 December 2016 (both days inclusive).

Prices of Natural Uranium and Payment Terms

The price per pound of Natural Uranium shall be determined with reference to the one-month, three-month, six-month, twelve-month arithmetic average prices of both the spot price index and long-term price index published weekly or monthly by the UxC and TradeTech and the rational price expectation of the Group and CGNPC-URC.

The rational price expectation of the Group and CGNPC-URC refers to the respective weights to be applied to each of the components determining the price per pound of Natural Uranium, i.e. the one-month, three-month, six-month and twelve-month arithmetic average prices of both the spot price index and long-term price index published weekly or monthly by UxC and TradeTech plus a top-up margin.

Based on the principle of good faith and fairness, the Group and CGNPC-URC negotiate the rational price expectation with reference to a basket of components, including (in order of weights):

1. the Group's purchase price of Natural Uranium sourced from independent supplier; since each purchase price is negotiated with individual supplier separately based on the principle of fairness, the Group obtains its supply of Natural Uranium at market price or at prevailing market price at different times;

2. transaction costs of the Group (including financial costs);

3. acceptable profit margin of the Group, which is comparable to the profit margin that the Group may obtain if it sells Natural Uranium to any independent customers at that specific period of time; the Group does not set a target of specific profit margin (either in terms of percentage or absolute amount) because of the complexity and fluctuation of factors like global market demand and supply of Natural Uranium, interests and other unprecedented or unpredictable market influence (such as accidents of nuclear reactors in other countries);

4. specification and quality of Natural Uranium of each delivery; and

5. any other specific commercial terms and arrangement, such as the locations for delivery, unloading and storage.

If the rational price expectation is substantially different from the arithmetic average prices of the spot price index and long-term price index published by UxC and TradeTech, the Group will adopt the outcome of rational price expectation whereas the indices will be used as references. If the rational price expectation is close to the arithmetic average prices of the spot price index and long-term price index published by UxC and TradeTech, the Group may adopt the indices and use the rational price expectation as a reference.

The pricing model applied by the Company varies with different customers and changing market condition and is subject to mutual agreement by both parties. When the Company offers a sale price of Natural Uranium to CGNPC-URC, the Company considers the external purchase price as a reference instead of deriving a sale price from any specific formula. Margin will be added to the market price of the Natural Uranium to reflect the value of procurement service. The level of sale price and margin are subject to the mutual agreement of both parties.

The Company's natural uranium trading department is responsible for the negotiation and determination of the rational price expectation. Since each sale of Natural Uranium is negotiated on a case-by-case basis, there is no specific internal guideline to determine the rational price expectation. Further details of the personnel in the natural uranium trading department can be found under the heading "Management" on page 23.

In any event, the price per pound of Natural Uranium offered to CGNPC-URC by the Group shall not be lower than that offered to any independent third parties.

In the uranium trading industry, it is a market practice to use the price indexes published by UxC and TradeTech and the trading parties' rational price expectation to determine the price per pound of Natural Uranium. For instance, CNNC International Limited (stock code: 2302), a company with businesses in the trading of uranium products, disclosed in its circular dated 15 May 2013 that it determined the price per pound of uranium products with reference to the arithmetic average prices of the spot price index and long-term index published by UxC and TradeTech and the rational price expectation of the contract parties from time to time. Therefore, the Group considers that its pricing mechanism conforms to normal market practices.

The consideration of Natural Uranium being purchased shall be settled by CGNPC-URC via wire transfer within 30 calendar days or a date to be agreed by the Company and CGNPC-URC upon completion of each Delivery.

As at the Latest Practicable Date, there is no record of offering a comparable credit period of 30 calendar days to any independent third parties. The Company and CGNPC-URC enter into each of the sales agreements on an individual basis and all the terms therein are re-negotiated by both parties on fair terms. Taken into account of the time required for inspecting, testing and weighing Natural Uranium upon delivery, it is an industry practice of offering a 30 calendar-day credit period to the purchaser in trading of Natural Uranium. Furthermore, the Company also has a 30 calendar-day credit period when it sources Natural Uranium as a purchaser from independent suppliers. The payment terms offered to independent suppliers will take into account of, including without limitation, credit risk, client reputation, financial stability as well as the transaction costs and profit margin of the Company. In any event, the Company will closely comply with the payment terms prescribed under the Framework Agreement.

Information on UxC and TradeTech

UxC is one of the nuclear industry's leading consulting companies. They offer 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 Market Outlook reports on uranium, enrichment, conversion, and fabrication as well as publishing the industry standard Ux Prices, which are used as references in many fuel contracts. While publications are an important part of UxC's services, UxC is foremost a traditional consulting firm providing a vast array of custom consulting services. In addition, UxC also prepares special reports on key topics of interest, as well as provides data services, such as nuclear fuel price indicator reporting, including support for the New York Mercantile Exchange (NYMEX) uranium futures contract. Given its industry experience, strong analytical skills, comprehensive data, and its team of external consultants, UxC is poised to provide the most complete consulting and information services in the nuclear fuel industry and related nuclear power sectors.

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 more than 40 years, and is widely recognized for its expertise in trading activities and its comprehensive knowledge of the technical, economic, and political factors affecting this industry. TradeTech provides independent market consulting services, and maintains an extensive information database on the international nuclear fuel market.

TradeTech provides the following publications and consulting services:

(a) Nuclear Market Review, a weekly and month-end publication that reports TradeTech's monthly spot and term market price indicators, nuclear fuel market transactions and activity, and industry news;

(b) The Nuclear Review, a monthly magazine that reviews and provides commentary on events affecting the nuclear fuel markets, including timely feature articles, analysis articles, and industry data;

(c) specialised reports that analyse uranium market prices and cost trends, uranium conversion and enrichment services;

(d) forecast of uranium supply and demand; and

(e) customised consulting services related to the international nuclear fuel market.

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

The prices published by UxC and TradeTech to determine prices of Natural Uranium are market practices commonly used by companies sourcing for Natural Uranium. The Board considers that UxC and TradeTech can provide reliable sources of information for price references and consider that the prices references are fair and reasonable.

Historical Annual Cap Amounts

The historical Annual Cap Amounts for the three years ending 31 December 2013 under the existing Framework Agreement are as follows:

From 28 November 2011 to 31 December 2011	For the year ended 31 December 2012	For the year ending on 31 December 2013
HK$522,600,000	HK$2,246,400,000	HK$3,463,200,000

Proposed Annual Cap Amounts

The proposed Annual Cap Amounts are determined by taking into account of the following factors: (i) the Chinese government's long-term policy on uranium resources; (ii) the growing demand from the uranium market in China, especially the expected demand of Natural Uranium from the End Users, including Guangxi Fangchenggang Company and Yangjiang Company; (iii) historical trading volume of CGNPC-URC; (iv) historical prices and possible price fluctuations of Natural Uranium; and (v) TradeTech's long-term prediction on the Natural Uranium price.

The following table sets out the proposed Annual Cap Amounts in respect of the Sale of Natural Uranium for each of the three years ending 31 December 2016:

For the year ending on 31 December 2014	For the year ending on 31 December 2015	For the year ending on 31 December 2016
HK$3,463,200,000	HK$3,463,200,000	HK$3,463,200,000

(i) Chinese government's long-term policy in uranium resources

The Group's Natural Uranium trading business has a strong support based on the scale of CGNPC, our parent company, as well as the size of the market. In recent years, the PRC government has placed strong emphasis on maintaining a steady supply of uranium and recommended respective policies. These policies focus on two main principles: one being "two markets, two resources" and "one third domestic production, one third international procurement and one third overseas resource extraction". Therefore, it is anticipated that the Group can enjoy more trading business from the "one third international procurement" policy.

(ii) Growing demand from the uranium market in China

According to the information given on CGNPC's website (http://www.cgnpc.com.cn/n1381/), there are 4 nuclear reactors at Yangjiang and 2 nuclear reactors at Fangchenggang under construction. The first nuclear reactor at Yangjiang is expected to commence production by the end of 2013. According to CGNPC's pipeline, Yangjiang and Fangchenggang will have 5 new nuclear reactors commencing production by 2016.

Based on World Nuclear Association's website description, each nuclear reactor consumes approximately 200 tonnes per year. Accordingly, we expect that the demand of Natural Uranium coming soley from the core End Users Yangjiang Company and Guangxi Fangchengang Company, including reactor starting as well as fuel changing needs, can reach 1,000 tonnes or above per year.

To realise China's nuclear power growth plans by 2020, CGNPC is aggressively expanding new nuclear power projects; a total of 16 reactors have been approved for development at: Liaoning Hongyanhe Station Phase 1, Fujian Ningde Station Phase 1, Yangjiang Power Station, Taishan Station Phase 1 and Guangxi Fangchenggang Station Phase 1. Out of the abovementioned 16 reactors, 14 reactors are already under construction with a combined power of 16.63MKW(million-kilo-watts). Details of CGNPC's nuclear stations under construction, new nuclear projects and uranium supply programme are as follows:

1. Nuclear Stations under Construction

CGNPC's nuclear stations under construction make up 24% of those being built globally, the localisation of nuclear parts production has increased from that of 1% at Daya Bay to 64% at Lingao Station Phase 2. Upon completion of Yangjiang station, the extent of localisation will rise to 85%.

2. New Nuclear Projects

CGNPC and its subsidiaries (the "**CGNPC Group**") is in the process of selecting new sites for future projects, which includes 6 nuclear stations approved for pre-construction work of Lufeng project in Guangdong, Xianning project in Hubei and Liaoning Hongyanhe Phase 2.

3. Uranium Supply Programme

According to a news reported on 19 June 2013 ((http://www.cgnpc.com.cn/n1381/n1419/n1421/c368370/content.html), CGNPC has a uranium capacity of 307,700 tonnes, with a further 79,000 tonnes of uranium secured through its trading activities. By preliminary calculation, the above capacity of uranium will be sufficient to power 30MKV(million-kilo-watts) level reactors for 30 years.

(iii) Historical Trading volume of CGNPC-URC

The historical trading amounts of Natural Uranium of CGNPC-URC are as follows:

For the year ended 31 December 2011	For the six months ended 30 June 2012	For the six months ended 31 December 2012	For the six months ended 30 June 2013
N/A	approximately HK$422.31 million	approximately HK$745.18 million	approximately HK$294.80 million

(iv) Historical prices and price fluctuations of Natural Uranium

In June 2013, the World Nuclear Association ("WNA", www.world-nuclear.org), an international organisation that promotes the global nuclear industry, published a research paper (the "**Research Paper**") in relation to the fluctuation in the price of Natural Uranium. According to the Research Paper, price of Natural Uranium is affected by the respective perceptions of scarcity of Natural Uranium from the demand side and the supply side. With respect to the demand side, the Research Paper expects the market to grow considerably, referencing to its report "WNA 2011 Market Report" published subsequent to the nuclear incident in Fukushima in 2011, which estimated a 48% increase in demand of Natural Uranium from 2013 to 2023. With respect to the supply side, the Research Paper states that secondary sources of Natural Uranium are depleting, leading to decreasing supply of Natural Uranium. Therefore, it is estimated that the supply deficit of Natural Uranium will widen after 2014 and any price fluctuations cannot be ruled out.

With reference to an article published by Bloomberg (www.bloomberg.com) on 11 June 2013, the uranium market may rebound as Japan would restart its nuclear reactors upon meeting the safety requirements. According to the median estimate forecast from five banks compiled by Bloomberg, including Bank of America Corp. and Toronto-Dominion Bank, the price of Natural Uranium may increase from US$39.75 per pound in early mid-June 2013 to an average of US$46.18 in the third quarter of 2013. On average, the price of Natural Uranium would be approximately US$46.18 in 2013. With reference to the price of US$152 in June 2007, the slump in prices has stimulated buying interest for delivery in late 2013 and early 2014. (Source: http://www.businessweek.com/news/2013-06-11/uranium-bounce-seen-from-seven-year-low-on-japan-energy-markets)

We are of the view that the price of Natural Uranium will remain an upward trend in the future as a result of the shortage of Natural Uranium. Our observations are also in line with other research reports on the uranium price forecast.

(v) TradeTech's long term price prediction

Based on TradeTech's price forecast, the spot price shall increase from US$45/lb in 2013 to US$55/lb by 2016. Long term trade prices shall increase from US$57/lb to US$63/lb by 2016.

The upper limit of the sales volume of Natural Uranium is calculated with reference to TradeTech's long-term predictions in the following way:

Sales Volume of Natural Uranium (HK$) = A * B * C * 2.2 (conversion rate of lb/kg) * 7.75 (conversion rate of US$/HK$)

A = maximum price of U_3O_8 predicted by TradeTech (US$/lb)

B = 0.848/1000 (uranium per tonne)

C = expected sales volume for each year (in tonnes)

Based on the above factors, the Group expects that the annual demand of the volume of Natural Uranium will be in the range between 1,900 tonnes and 3,000 tonnes, which forms the basis for determining the proposed Annual Cap Amounts under the Framework Agreement.

Therefore, End Users (including Guangxi Fangchenggang Company and Yangjiang Company) are expected to increase their annual demand of Natural Uranium to a maximum of approximately 3,000 tonnes per year. In order to maintain a sustainable development of the trading of Natural Uranium, the proposed Annual Cap Amounts for the three years ending 31 December 2016 are set at the same level of the Annual Cap Amount for the year ending 31 December 2013.

REASONS FOR AND BENEFITS OF THE FRAMEWORK AGREEMENT

The existing Framework Agreement will expire on 31 December 2013. The Group intends to continue with the trading of Natural Uranium as it is able to provide a stable source of income to the Group.

Given that CGNPC-URC is one of the few enterprises in the PRC which owns the licence(s) to manage nuclear fuels and deal with the import and export of Natural Uranium, coupled with the facts that the Group, by entering into the Framework Agreement, will indirectly become the Natural Uranium supplier of certain large and famous End Users (including Guangxi Fangchenggang Company and Yangjiang Company), the Board believes that the Sale of Natural Uranium is able to diversify the Group's existing business and provide the Group's with stable income sources as well as to assist in developing the Group's expertise and experience in the uranium industry and enhance the Group's competitiveness in the future.

The terms and conditions of the Framework Agreement were determined after arm's length negotiations between the parties thereto. The Directors (including the independent non-executive Directors after considering the opinion of Goldin Financial) consider that the entering into of the Framework Agreement is on normal commercial terms and in the ordinary and usual course of business of the Group and the proposed Annual Cap Amounts are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Operation Flow

The Company can use various methods (including long term trading and existing product trading) to source for the supply of Natural Uranium from various overseas suppliers. The Directors consider that the risk of not obtaining enough supply of Natural Uranium from overseas suppliers is very slim and remote.

US$ are used to settle payment of Natural Uranium as a market practice. As there is linked exchange rate between US$ and HK$, the Group does not need to bear currency risk. The Group foresees that under normal circumstances, the Group does not need to bear credit risk. The Group will work with CGNPC-URC closely on settlement of payment.

Licences Required

As Natural Uranium is not intended to be imported or exported from Hong Kong, there is no requirement for the Company to obtain any licence to conduct the Sale of Natural Uranium. When Natural Uranium is imported to the ports in the PRC, the relevant buyer needs to have a licence for importing Natural Uranium. CGNPC-URC possesses such licence and is responsible to obtain customs clearance in the PRC. The Company is not required to obtain such licence under the PRC law.

Management

The Company has set up a natural uranium trading department and is led by a deputy managing director. Most of the senior staff in this department has been engaged in Natural Uranium trading industry for more than 10 years and are experts in Natural Uranium industry. They are responsible for handling matters arising from the Sale of Natural Uranium.

RISKS ASSOCIATED WITH THE SALE OF NATURAL URANIUM

Set out below are the risk factors which may be associated with the Sale of Natural Uranium:

Fluctuation in the price and demand of Natural Uranium

The price of Natural Uranium is influenced by the demand and supply of Natural Uranium in the international market. The Directors consider that there are many factors which may influence the price and demand of Natural Uranium in the international market, including but not limited to the stability of supply of Natural Uranium, demand for energy by corporations and households, which are beyond the control of the Group.

Uncertainties in demand from the End Users

There may be uncertainties in demand for Natural Uranium from the End Users as there may be change in demand for nuclear power as a result of inherent risks involved in using nuclear power. The Directors will closely communicate with CGNPC-URC to ensure that CGNPC-URC will place sufficient amount of orders to purchase Natural Uranium from the Group.

The PRC government regulations on nuclear power industry

The nuclear power industry is subject to various government policies and regulations, including but not limited to development, production, taxation, construction of nuclear power plants, environment monitoring, operation management and other issues. Any changes to those policies may affect the demand for Natural Uranium which in turn may affect the operating results arising from the Sale of Natural Uranium.

Reliance on a single customer

Nuclear power industry is an industry which requires huge amount of capital investment and expertise. In the PRC, there are not many companies engaging in the nuclear power industry. According to the Framework Agreement, there will be only one customer, CGNPC-URC. As the Sale of Natural Uranium is a relatively important source of revenue to the Group, too much reliance on a single customer may impose risks to the future development of the Group. As disclosed above, the Group will closely communicate with CGNPC-URC to ensure that CGNPC-URC will place sufficient amount of order to buy Natural Uranium from the Group.

Operational Risks

Natural Uranium trading industry is an industry which requires high level of expertise. The Group has established a department and has sufficient amount of experts to conduct the Sale of Uranium. In the unlikely event that there is any loss to these experts, there may be some negative impact on the operations of the Sale of Natural Uranium. The Directors will continuously ensure that sufficient amount of experts can be recruited for its continuous operation of the Sale of Natural Uranium.

INFORMATION ON THE GROUP

The Group's original principal business used to be selling, distributing and manufacturing of pharmaceutical and food products and property investment. The Group has repositioned itself as a platform for uranium resources investment and trading after successful completion of China Uranium Development's Share Subscription and CB Subscription on 18 August 2011.

INFORMATION ON CHINA URANIUM DEVELOPMENT

China Uranium Development is a wholly-owned subsidiary of CGNPC-URC, which is a subsidiary of CGNPC. Based in Shenzhen of the PRC, CGNPC is a state-owned nuclear power producer with material interests in nuclear fuels procurement and production. CGNPC-URC's core business activities are to (i) manage the supply of nuclear fuels of CGNPC; (ii) establish an interest in and support development of commercial resources and reserves of Natural Uranium; and (iii) deal with the import and export trade of PRC and overseas Natural Uranium and related products.

INFORMATION ON CGNPC-URC

CGNPC-URC is the sole shareholder of China Uranium Development, the Controlling Shareholder of the Company, which holds approximately 50.11% equity interest in the Company. CGNPC-URC is one of the few enterprises in the PRC which owns the licence(s) to manage nuclear fuels and deal with the import and export of Natural Uranium. The core business of CGNPC-URC are to: (i) manage the supply of nuclear fuels for CGNPC; (ii) establish an interest in and support development of commercial resources and reserves of Natural Uranium; and (iii) deal with the import and export trade of the PRC and overseas Natural Uranium and related products.

INFORMATION ON CGNPC

CGNPC is a large scale clean energy corporation under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council and is a state-owned enterprise. CGNPC was established in September 1994 with a registered capital of RMB10.2 billion.

CGNPC Group is engaged in nuclear energy production, nuclear energy-related technology development, nuclear fuel supply, the construction of plants and development of technology relating to renewable energy, such as wind power, hydro-electric power and solar energy. In PRC, the CGNPC Group has seven national nuclear energy research and development centers. CGNPC is not listed in any stock exchange.

INFORMATION ON GUANGXI FANGCHENGGANG COMPANY

Guangxi Fangchenggang Company is a non wholly-owned subsidiary of CGNPC. Guangxi Fangchenggang Company was established in September 2008. The total investment amount of Guangxi Fangchenggang Company is approximately RMB70 billion. The nuclear power plant project to be operated by Guangxi Fangchenggang Company is a flagship development project to CGNPC and is important to secure the source of power supply to Guangxi Zhuang Autonomous Region, especially northern part of Guangxi Zhuang Autonomous Region. The nuclear power plant is expected to start commercial operation in 2015. Guangxi Fangchenggang Company is not listed in any stock exchange.

INFORMATION ON YANGJIANG COMPANY

Yangjiang Company is a non wholly-owned subsidiary of CGNPC. It was established in the PRC in February 2005 and is primarily responsible for the construction, operation and management of the nuclear power plant in Yangjiang. The total investment amount of Yangjiang Company is approximately RMB70 billion. Six nuclear reactors will be consecutively constructed. Yangjiang Company owns the largest nuclear power plant stations in the PRC, in terms of number of nuclear reactors and size. The nuclear power plants operated by Yangjiang Company are regarded as a key energy supply project of "Eleventh Five-Year Guideline" promulgated by the PRC Government. Yangjiang Company is not listed in any stock exchange.

LISTING RULES IMPLICATIONS

China Uranium Development is a connected person of the Company and therefore the entering into of the Revolving Loan Facility Agreement and the provision of the Revolving Loan constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement, Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As certain applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of provision of the Revolving Loan exceed 25% but less than 75%, the entering into of the Revolving Loan Facility Agreement and the provision of the Revolving Loan also constitute a major transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Mr. He Zuyuan, an executive Director and chief executive officer of the Company and Ms. Jin Yunfei, a non-executive Director, have abstained from voting to approve the Revolving Loan Facility Agreement in the Board meeting due to the fact that they are the directors of China Uranium Development and are regarded as not independent to make any recommendation to the Board.

CGNPC-URC is a connected person of the Company and therefore the transaction contemplated under the Framework Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios on an annual basis is more than 5% and the annual consideration is more than HK$10,000,000, the Sale of Natural Uranium is subject to the reporting, announcement, Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. He Zuyuan, an executive Director and chief executive officer of the Company, Mr. Yu Zhiping, a non-executive Director and chairman of the Company, Ms. Jin Yunfei, a non-executive Director and Mr. Wei Qiyan, a non-executive Director, have abstained from voting to approve the Framework Agreement in the Board meeting due to the fact that they are the directors of China Uranium Development and/or senior management of CGNPC-URC and are regarded as not independent to make any recommendation to the Board.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee consisting of Mr. Ling Bing, Mr. Qiu Xianhong and Mr. Huang Jinsong, being the three independent non-executive Directors, has been established to advise the Independent Shareholders as to the fairness and reasonableness of the Revolving Loan Facility Agreement, the proposed Cap Amount, the provision of the Revolving Loan, the

Framework Agreement, the proposed Annual Cap Amounts and the Sale of Natural Uranium and whether such transactions are in the interests of the Company and its Shareholders as a whole and (ii) advise the Independent Shareholders on how to vote in respect of such transactions taking into account the recommendation of Goldin Financial.

Goldin Financial has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Revolving Loan Facility Agreement, the proposed Cap Amount, the provision of the Revolving Loan, the Framework Agreement, the proposed Annual Cap Amounts and the Sale of Natural Uranium.

EGM

A notice of the EGM which will be held at Boardroom 3-4, Mezzaine Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on 9 December 2013, (Monday) at 10:30 a.m. is set out on pages 56 to 57 of this circular. Ordinary resolutions will be proposed at the EGM to seek Independent Shareholders' approval for the Revolving Loan Facility Agreement, the proposed Cap Amount, the provision of the Revolving Loan, the Framework Agreement, the proposed Annual Cap Amounts and the Sale of Natural Uranium.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company, Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, as soon as possible and in any event, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case maybe). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case maybe) should you so wish.

China Uranium Development and its associates, which have interests in the Revolving Loan Facility Agreement and the Framework Agreement, will abstain from voting on the resolutions concerning the Revolving Loan Facility Agreement, the proposed Cap Amount, the provision of the Revolving Loan, the Framework Agreement, the proposed Annual Cap Amounts and the Sale of Natural Uranium at the EGM.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions to be proposed at the EGM. The Board confirms that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or other arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis.

RECOMMENDATION

The Directors consider that the terms of the Revolving Loan Facility Agreement, the proposed Cap Amount, the provision of the Revolving Loan, the Framework Agreement, the proposed Annual Cap Amounts and the Sale of Natural Uranium are fair and reasonable and in the interests of the Group. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the general information set out in Appendices I and II to this circular.

Yours faithfully,
For and on behalf of the Board of
CGN Mining Company Limited
Mr. He Zuyuan
Chief Executive Officer

中廣核礦業有限公司*
CGN Mining Company Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1164)

19 November 2013

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONTINUING CONNECTED TRANSACTION REVOLVING LOAN FACILITY AGREEMENT AND CONTINUING CONNECTED TRANSACTION SALE OF NATURAL URANIUM FRAMEWORK AGREEMENT

We refer to the circular dated 19 November 2013 of the Company (the "**Circular**") of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider and to advise the Independent Shareholders as to whether, in our opinion, the terms of the Revolving Loan Facility Agreement, the proposed Cap Amount, the provision of the Revolving Loan, the terms of the Framework Agreement, the proposed Annual Cap Amounts and the Sale of Natural Uranium are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and that the Revolving Loan Facility Agreement, the proposed Cap Amount, the provision of the Revolving Loan, the Framework Agreement, the proposed Annual Cap Amounts and the Sale of Natural Uranium are in the interests of the Independent Shareholders as a whole. Goldin Financial has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders.

We wish to draw your attention to the "Letter from the Board" set out on pages 7 to 28 of the Circular which contains information of the Revolving Loan Facility Agreement, the proposed Cap Amount, the provision of the Revolving Loan, the Framework Agreement, the proposed Annual Cap Amounts and the Sale of Natural Uranium, as well as the "Letter from Goldin Financial Limited" set out on pages 31 to 49 of the Circular which contains its advice in respect of the Revolving Loan Facility Agreement and the Framework Agreement.

Having taken into account the advice of Goldin Financial, we consider that the terms of the Revolving Loan Facility Agreement, the proposed Cap Amount, the provision of the Revolving Loan, the terms of the Framework Agreement, the proposed Annual Cap Amounts

* *For identification purposes only*

and the Sale of Natural Uranium are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM in respect of the Revolving Loan Facility Agreement and the Framework Agreement and the transaction contemplated thereunder.

Yours faithfully,
Independent Board Committee

Mr. Ling Bing	**Mr. Qiu Xianhong**	**Mr. Huang Jinsong**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of the letter from Goldin Financial setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the Revolving Loan Facility Agreement and the Framework Agreement, which has been prepared for the purpose of inclusion in this circular.

高銀融資有限公司
GOLDIN FINANCIAL LIMITED

Goldin Financial Limited
23/F
Two International Finance Centre
8 Finance Street
Central
Hong Kong

19 November 2013

To the Independent Board Committee and
the Independent Shareholders of
CGN Mining Company Limited

Dear Sirs,

MAJOR AND CONTINUING CONNECTED TRANSACTION
REVOLVING LOAN FACILITY AGREEMENT
&
CONTINUING CONNECTED TRANSACTION
SALE OF NATURAL URANIUM

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Revolving Loan Facility Agreement and the Framework Agreement, details of which are contained in the announcement of the Company dated 15 October 2013 (the "Announcement") and in the letter from the board (the "Letter from the Board") of the circular of the Company dated 19 November 2013 (the "Circular") to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 15 October 2013 (after trading hours), the Company as lender and China Uranium Development as borrower entered into the Revolving Loan Facility Agreement pursuant to which the Company will provide the Revolving Loan of an amount not exceeding US$150 million (approximately HK$1,170 million) to China Uranium Development commencing from the Loan Effective Date and ending on 15 November 2014.

On 15 October 2013 (after trading hours), the Framework Agreement was entered into between the Company and CGNPC-URC for the sale of Natural Uranium by the Group to CGNPC-URC during the Effective Period.

China Uranium Development is a connected person of the Company and therefore the entering into of the Revolving Loan Facility Agreement and the provision of the Revolving Loan constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement, Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As certain applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of provision of the Revolving Loan exceed 25% but are less than 75%, the entering into of the Revolving Loan Facility Agreement and the provision of the Revolving Loan also constitute a major transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 of the Listing Rules.

CGNPC-URC is a connected person of the Company and therefore the transaction contemplated under the Framework Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios on an annual basis is more than 5% and the annual consideration is more than HK$10,000,000, the Sale of Natural Uranium is subject to the reporting, announcement, Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee consisting of Mr. Ling Bing, Mr. Qiu Xianhong and Mr. Huang Jinsong, being the three independent non-executive Directors, has been established to advise the Independent Shareholders in connection with the Revolving Loan Facility Agreement, the proposed Cap Amount, the provision of the Revolving Loan, the Framework Agreement, the proposed Annual Cap Amounts and the Sale of Natural Uranium.

We, Goldin Financial Limited, have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Revolving Loan Facility Agreement and the Framework Agreement and to make a recommendation as to, among others, whether the Revolving Loan Facility Agreement and the Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned and as to voting in respect of the relevant resolutions at the EGM. Our appointment has been approved by the Independent Board Committee.

BASIS OF OUR ADVICE

In formulating our opinion and recommendations, we have reviewed, inter alia, the Announcement, the Revolving Loan Facility Agreement and the Framework Agreement, the annual report of the Company for the year ended 31 December 2012 (the "Annual Report 2012") and the interim report of the Company for the six months ended 30 June 2013 (the "Interim Report 2013"). We have also reviewed certain information provided by the management of the Company relating to the operations, financial condition and prospects of the Group. We have also (i) considered such other information, analyses and market data which we deemed relevant; and (ii) conducted verbal discussions with the management of the

Company regarding the Revolving Loan Facility Agreement and the Framework Agreement, the businesses and future outlook of the Group. We have assumed that such information and statements, and any representation made to us, are true, accurate and complete in all material respects as of the date hereof and we have relied upon them in formulating our opinion.

All Directors collectively and individually accept full responsibility for the purpose of giving information with regard to the Company in the Circular and, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We consider that we have been provided with, and we have reviewed, all currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the Revolving Loan Facility Agreement and the Framework Agreement to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion. We have no reasons to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the business or affairs or future prospects of the Group, CGNPC, CGNPC-URC, China Uranium Development or their respective subsidiaries or associated companies, nor have we considered the taxation implication on the Group or the Shareholders as a result of the provision of the Revolving Loan and the Sale of Natural Uranium. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the information made available to us, at the Latest Practicable Date.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Revolving Loan Facility Agreement and the Framework Agreement and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendation on the Revolving Loan Facility Agreement and the Framework Agreement to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors and reasons:

A. Revolving Loan Facility Agreement

1. Background of the provision of the Revolving Loan

Information on the Group

The Group's original principal business used to be selling, distributing and manufacturing of pharmaceutical and food products and property investment. The Group has repositioned itself as a platform for uranium resources investment and trading after the successful completion of China Uranium Development's Share Subscription and CB Subscription on 18 August 2011.

Information on China Uranium Development

As extracted from the Letter from the Board, China Uranium Development is a wholly-owned subsidiary of CGNPC-URC, which is a subsidiary of CGNPC. Based in Shenzhen of the PRC, CGNPC is a state-owned nuclear power producer with material interests in nuclear fuels procurement and production. CGNPC-URC's core business activities are to (i) manage the supply of nuclear fuels of CGNPC; (ii) establish an interest in and support the development of commercial resources and reserves of natural uranium; and (iii) deal with the import and export trade of PRC and overseas natural uranium and related products. As at the Latest Practicable Date, the Company is owned as to approximately 50.11% equity interest by China Uranium Development and accordingly China Uranium Development is the Controlling Shareholder.

2. Reasons for the provision of the Revolving Loan

In October 2012, the Company and China Uranium Development entered into the Existing Agreement which constituted major transaction and continuing connected transactions of the Company under Chapter 14 and Chapter 14A of the Listing Rules respectively. Pursuant to the Existing Agreement, the Company has provided a revolving loan facility of an amount not exceeding US$100 million (equivalent to approximately HK$780 million) to China Uranium Development which was made available for a period of one year from the effective date of 15 November 2012. Such revolving loan facility was made for the purpose of enabling the Company to enhance the return on investment of surplus cash whilst maintain financial flexibility in case any future business opportunities should arise. At the extraordinary general meeting of the Company held on 15 November 2012, the then Independent shareholders approved the Existing Agreement. Details of the transactions under the Existing Agreement were set out in the announcement and the circular of the Company dated 15 October 2012 and 31 October 2012, respectively.

According to the Interim Report 2013, the bank balances and cash of the Group as at 30 June 2013 amounted to approximately HK$827.00 million, including pledged bank deposits of approximately HK$0.6 million. Furthermore, as noted from the Interim Report 2013, the Company has advanced the revolving loan to China Uranium Development under the Existing Agreement in the amount of HK$535.22 million as at 30 June 2013. Assuming that there will be no renewal of the Existing Agreement and no further change in bank balances and cash except the full settlement of the revolving loan under the Existing Agreement by China Uranium Development, the Group will have a total bank balances and cash of approximately HK$1362.22 million upon the expiry of the Existing Agreement. As advised by the Directors, it is intended that such cash resources will be used for financing any future business opportunities or investment of the Group. However, as at the Latest Practicable Date, the Company had not identified any suitable investment targets or business opportunities to pursue for the abundant cash on hand. Given the increased cash surplus as demonstrated above and that the Existing Agreement will expire on 14 November 2013, we are of the view that the entering into of the Revolving Loan Facility Agreement with an increased drawdown limit of US$150 million (equivalent to approximately HK$1,170 million) could keep the return on investment of surplus cash whilst maintain financial flexibility based on the Company's latest financial position.

We have enquired with the Directors as to whether the Company has considered fixed deposit and short-term investments. As advised by the Directors, the Company has assessed different investment options to fully utilise the existing cash resources in order to enhance the return to the Company and the Shareholders as a whole including but not limited to fixed deposits in different currencies and short-term bonds. We have obtained relevant information from major banks for comparison purposes in respect of the fixed deposit investments which the Company has assessed in considering other investment alternatives, and noted that, as at the date of the Revolving Loan Facility Agreement, the US$ fixed deposit rates for a 12-month term announced by The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank (Hong Kong) Limited were 0.2% and 0.75% per annum respectively. Despite the credit risk of the provision of the Revolving Loan to China Uranium Development may not be comparable with that of fixed deposit with banks, such fixed deposit rates were substantially lower than the interest rates offered by China Uranium Development for the provision of the Revolving Loan, which will be further addressed under the section headed "3. Principal terms of the Revolving Loan Facility Agreement" below. In respect of short-term bonds, the Directors are of the view that the return rate of such bonds may fluctuate over time, which is not as stable as fixed deposits or the Revolving Loan. When considering other short-term investments such as providing loans to independent third parties, since the Company may need short-term cash for securing investment opportunities when they arise, it would be difficult to negotiate a flexible repayment schedule together with high interest rates with other independent third parties. In addition, the Directors consider that making other short-term investments would be risky under the prevailing unfavorable financial market conditions and would also reduce the financial flexibility of the Company. In addition, the Revolving Loan Facility Agreement provides the right at any time to demand China Uranium Development to repay prior to the due date all or part of outstanding principal amounts under the Revolving Loan Facility Agreement by serving not less than 30 Business Days' notice in writing to China Uranium Development. Such rights allow the Company to enjoy financial flexibility should any suitable investment targets or investment opportunities arise in the future. Given the aforesaid factors, and having taken into account the creditworthiness and the good repayment records of China Uranium Development as well as its financial conditions after reviewing the available financial information, the Company has selected the provision of the Revolving Loan to China Uranium Development as the investment alternatives for its surplus cash. Therefore having considered the above, we are of the view that the provision of the Revolving Loan will enable the Company to enhance the return on investment on its surplus cash resources, which is beneficial to the financial performance of the Company, while at the same time maintain its cash flow flexibility.

Regarding the possible credit risks under the Revolving Loan Facility Agreement, we have attempted to obtain the credit rating of China Uranium Development. However, such credit rating is not publicly available as China Uranium Development is a private company. Alternatively, we have reviewed the unaudited consolidated statement of financial position of China Uranium Development as at 30 June 2013 as provided by the Company in order to assess the financial strength of China Uranium Development. We noted that the unaudited net asset value attributable to the equity shareholders of China Uranium Development as at 30 June 2013 amounted to approximately RMB3,015.83 million (equivalent to approximately HK$3,769.79

million), which is well above the loan limit of the Revolving Loan of US$150 million (equivalent to approximately HK$1,170 million) and the major assets of China Uranium Development include cash, receivables and long term equity investment. In addition, given the background of China Uranium Development, being the subsidiary of CGNPC as a state-owned nuclear power producer with a registered capital of RMB10.2 billion, and after making enquiry by the Directors that China Uranium Development does not have any previous record of default of payment to other financial institutions, we consider that the default risk of China Uranium Development would be low. As such, we are of the view that the credit risk and default risk under the Revolving Loan are acceptable and no provision of guarantee or charge of assets to the Company under the Revolving Loan Facility Agreement is justifiable.

Having considered the above, in particular (i) the abundance of cash held by the Group; (ii) the relatively low credit and default risk of China Uranium Development as demonstrated by its financial strength and background; and (iii) the fact that the Group has been providing such revolving loan facility to China Uranium Development since 2012 and China Uranium Development has a good repayment history during the effective period of the Existing Agreement, we are of the view that the entering into the Revolving Loan Facility Agreement is in the ordinary and usual course of business of the Company and is in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Revolving Loan Facility Agreement

On 15 October 2013, the Company as lender and China Uranium Development as borrower entered into the Revolving Loan Facility Agreement pursuant to which the Company will provide the Revolving Loan of an amount not exceeding US$150 million (equivalent to approximately HK$1,170 million) to China Uranium Development which will be made available for the Availability Period commencing from the Loan Effective Date and ending on 15 November 2014.

Subject to China Uranium Development's fulfillment of the conditions as stated in the Revolving Loan Facility Agreement, the Company agreed to provide a loan not exceeding the Loan Effective Amount to China Uranium Development on any Drawdown Date within the Availability Period (the "Single Loan"). China Uranium Development shall submit the drawdown notice at least 10 Business Days prior to each Drawdown Date.

Each drawdown notice shall include, among other things, (i) the amount of that Single Loan; (ii) the period of that Single Loan (which must be within the Availability Period); and (iii) the Drawdown Date.

China Uranium Development will not be required to provide any guarantee or charge any assets to the Company under the Revolving Loan Facility Agreement.

Interest rate

Pursuant to the Revolving Loan Facility Agreement, interest on each Single Loan shall be calculated from the Drawdown Date until the actual date of payment, on a basis of 360 days per annum. The interest rates of each Single Loan payable by China Uranium Development to the Company shall be as follows:

(a) One-month LIBOR+6%, if the period of that Single Loan is less than 3 months;

(b) Three-month LIBOR+6%, if the period of that Single Loan is between 3 to 6 months; or

(c) Six-month LIBOR+6%, if the period of that Single Loan is more than 6 months.

Repayment

Subject to the paragraph headed "Interest Payment" in the Letter from the Board, each Single Loan together with interest accrued shall be repaid to the Company in one lump sum in the same currency on the Single Loan Due Date. Each Single Loan Due Date must be within the Availability Period.

If China Uranium Development cannot fully repay any Single Loan on the Single Loan Due Date, the Company shall have the right to charge default interest on the outstanding parts at the applicable interest rate of that Single Loan plus 2%, calculated from the Single Loan Due Date until the date of actual payment in full and on a daily basis.

Early repayment

China Uranium Development shall have the right at any time to repay prior to the due date all or part of outstanding principal and interest accrued under the Revolving Loan Facility Agreement by giving not less than seven Business Days' prior written notice to the Company.

The Company shall have the right at any time to demand China Uranium Development to repay prior to the due date all or part of outstanding principal and interest accrued under the Revolving Loan Facility Agreement by giving not less than 30 Business Days' prior written notice to China Uranium Development.

Further details are set out in the Letter from the Board above.

As advised by the Directors and based on our understanding, it is a common practice for commercial banks in Hong Kong to charge interest at a rate with reference to the HIBOR, the LIBOR or the Hong Kong dollar best lending rate on corporate loans. In addition, we found that according to the statistic from Bloomberg, the one-month LIBOR, three-month LIBOR and six-month LIBOR for US$ ranged from approximately 0.17% to 0.22%, approximately 0.24% to 0.33% and approximately 0.36% to 0.59% per annum respectively from 15 October 2012 to 15 October 2013. Based on the above, the interest rates for the Revolving Loan would range from:

(i) Approximately 6.17% to 6.22%, if the Single Loan Period is less than 3 months

(ii) Approximately 6.24% to 6.33%, if the Single Loan Period is between 3 to 6 months

(iii) Approximately 6.36% to 6.59%, if the Single Loan Period is more than 6 months

With reference to the Annual Report 2012, short-term bank deposits of the Group carried fixed interest rates ranging from approximately 0.80% to 1.18% per annum and bank balances of the Group carried interest at average market rate of approximately 0.16% per annum as at 31 December 2012. Upon our further enquires, the Directors advised us that, for the nine months ended 30 September 2013, the Group receives an interest ranging from approximately 0.38% to 1.61% per annum for its fixed deposits in banks denominated in US$. As a result, although the risks associated with the Revolving Loan and deposits in banks are different, the interest rates for the Revolving Loan are well above the interest rates which the Group receives from its deposits in banks.

In assessing the fairness and reasonableness of the interest rates under the Revolving Loan Facility Agreement, we have considered comparing such interest rates with other similar market comparables. However, we are of the view that the interest rates are determined based on different variables including but not limited to the then prevailing market conditions, financial strength and the background of the borrower, term of the loan, prospects of the borrower's business, security or collateral (if any) provided by the borrower and reputation and credibility of the borrower and we conclude that it would not be feasible to compare the interest rates under the Revolving Loan Facility Agreement with those market comparables directly. Given that (i) the Company shall have the right at any time to demand China Uranium Development to repay prior to the due date all or part of outstanding principal and interest accrued under the Revolving Loan Facility Agreement by giving not less than 30 Business Days' prior written notice to China Uranium Development, which offers the financial flexibility to the Company; (ii) the interest rates for the Revolving Loan are well above the interest rates which the Group receives from its deposits in banks; and (iii) there is no material change in the principal terms of the Revolving Loan Facility Agreement including the determination basis of interest rates as compared to that of the Existing Agreement and therefore the Revolving Loan Facility Agreement is in substance an extension of the Existing Agreement, which was approved by the then independent Shareholders on 15 November 2012, we are of the view that the terms of the Revolving Loan Facility Agreement are normal commercial terms, fair and reasonable as far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

4. Annual cap

The table below sets out respectively the existing cap amount under the Existing Agreement and the Cap Amount under the Revolving Loan Facility Agreement of the Revolving Loan:

	Existing Agreement *(US$ million)*	Revolving Loan Facility Agreement *(US$ million)*
Cap amount	100	150

As shown the in the table above, the Cap Amount of the Revolving Loan is set at US$150 million, representing an increase of 50% over the existing cap amount under the Existing Agreement. In assessing the fairness and reasonableness of the Cap Amount, we have discussed with the management of the Company regarding the basis of determining the above Cap Amount for the Revolving Loan Facility Agreement and understood that such Cap Amount was determined after arm's length negotiation between the Company and China Uranium Development with reference to, among others, the amount of the Group's existing idle cash, the historical utilisation of the Revolving Loan under the Existing Agreement and the demand of fund financing of China Uranium Development.

We have reviewed the historical track record of the utilization of the revolving loan under the Existing Agreement from its effective date, being 15 November 2012, up to 30 September 2013 and we noted that the cap amount of the Existing Agreement of up to US$100 million has been reached during the availability period, indicative of a need for an increase in the existing cap amount. In addition, such flexible financial terms of the Revolving Loan Facility Agreement and relevant low risk of default of China Uranium Development as mentioned in the section "2. Reasons for the provision of the Revolving Loan" above would ensure that the Group will continue to be exposed to low liquidity risk, whilst capturing a reasonable return on investment of surplus cash. As such, we are of the view that the increase in the Cap Amount is fair and reasonable and in the interest of the Independent Shareholders.

Taking into account that (i) the historical utilization of the revolving loan under the Existing Agreement of which the cap amount of up to US$100 million has been reached during the availability period, indicative of a need for an increase in the existing cap amount; (ii) the abundance of cash held by the Group of approximately HK$1362.22 million upon the expiry of the Existing Agreement, which is above the Cap Amount of US$150 million (equivalent to approximately HK$1,170 million); (iii) the anticipated increase of interest income to be received based on the increased Cap Amount; and (iv) the aforementioned financial flexibility granted to the Company by the Revolving Loan Facility Agreement where the Company has the right to terminate the Revolving Loan under the Revolving Loan Facility Agreement or demand China Uranium Development to repay prior to the due date all or part of outstanding principal and interest accrued under the Revolving Loan Facility Agreement by giving not less than 30 Business Days' prior written notice to China Uranium Development, we consider the Cap Amount and the basis of such Cap Amount to be fair and reasonable so far as the Independent Shareholders are concerned.

Shareholders should note that as the Cap Amount is determined based on various factors relating to future events and assumptions which may or may not remain valid for the Availability Period, they do not represent forecasts of cash balance of the Group. Consequently, we express no opinion as to how closely the actual cash balance of the Group will correspond with the Cap Amount.

5. Financial impacts of the provision of the Revolving Loan

(a) Net assets

According to the Interim Report 2013, the net assets of the Group was approximately HK$1020.07 million. It is expected that the net assets of the Group would remain unchanged as a result of the provision of the Revolving Loan.

(b) Earnings

As the Company will be entitled to the interest income on the Revolving Loan in the event that any amount is drawn down by China Uranium Development, the provision of the Revolving Loan would likely to have a positive impact on the future earnings of the Group.

(c) Gearing ratio and working capital

Since the Company intends to finance the provision of the Revolving Loan by its internal resources and the Revolving Loan to be provided will be classified as current assets of the Group, the Group's gearing ratio (being calculated as total borrowings over total equity attributable to the owners of the Company) and working capital (being calculated as current assets minus current liabilities) will remain unchanged as a result of the provision of the Revolving Loan.

6. Annual review of the transactions

The Cap Amount will be subject to the annual review by the independent non-executive Directors, details of which must be included in the Company's subsequent published annual report and accounts. In addition, pursuant to the Listing Rules, the auditors of the Company must provide a letter to the Board confirming, among others, that the continuing connected transactions contemplated under the Revolving Loan Facility Agreement are conducted in accordance with the terms thereof and that the Cap Amount not being exceeded. Moreover, pursuant to the Listing Rules, the Company shall publish an announcement if it knows or has reason to believe that the independent non-executive Directors and/or its auditors will not be able to confirm the terms of such transactions or the relevant annual cap not being exceeded. We are of the view that there are appropriate measures in place to govern the conduct of the continuing connected transactions under the Revolving Loan Facility Agreement and safeguard the interests of the Independent Shareholders.

B. Framework Agreement

1. Background of the entering into of the Framework Agreement

Information on CGNPC-URC and CGNPC

As noted from the Letter from the Board, CGNPC-URC is the sole shareholder of China Uranium Development, the controlling Shareholder, which holds approximately 50.11% equity interest in the Company through China Uranium Development. CGNPC-URC is one of the few enterprises in the PRC which owns the licence(s) 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; (ii) establish an interest in and support development of commercial resources and reserves of Natural Uranium; and (iii) deal with the import and export trade of the PRC and overseas Natural Uranium and related products.

Based on our understanding, CGNPC, being the sole shareholder of CGNPC-URC and the ultimate controller of the Company, is a large scale clean energy corporation and is a state-owned enterprise. Being one of the two major nuclear power companies in the PRC, CGNPC was established in September 1994 with a registered capital of RMB10.2 billion. CGNPC and its subsidiaries (the "CGNPC Group") are engaged in nuclear energy production, nuclear energy-related technology development, the construction of plants and development of technology relating to renewable energy industries such as wind energy, solar energy and hydro-electric power. According to the information given on CGNPC's website (www.cgnpc.com.cn), the CGNPC Group has three operating nuclear stations and five nuclear stations under construction for the production of nuclear energy in the PRC. The CGNPC Group also has seven national nuclear energy research and development centers for technology advancement and operation management.

2. Reasons for the entering into of the Framework Agreement

In performing its ordinary and usual course of businesses, the Group has been from time to time carrying out transactions with its connected persons. Indeed, the Group has been carrying on transactions with CGNPC-URC pursuant to the existing framework agreement in relation to the sales of Natural Uranium respectively which constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules. At the extraordinary general meeting of the Company held on 28 November 2011, the then independent Shareholders approved the existing framework agreement. Details of the transactions under the existing framework agreement were set out in the announcement and the circular of the Company dated 21 October 2011 and 11 November 2011, respectively. For the purpose of governing the continuing connected transactions in relation to the sales of Natural Uranium by the Group to CGNPC-URC, the Framework Agreement was therefore entered into between the Company and CGNPC-URC.

Having considered the above, we are of the view that the entering into of the Framework Agreement is in the ordinary and usual course of business of the Group.

According to the Interim Report 2013, the trading of natural uranium has continued to be the major source of revenue of the Group. For the year ended 31 December 2012 and six months ended 30 June 2013, the natural uranium trading segment accounted for approximately 94.7% and approximately 92.6% of the turnover of the Group respectively, which represented a significant portion of the turnover of the Group. It is also noted that the performance of natural uranium trading business is relatively more encouraging as compared to the other principal businesses of the Group. While the aggregated segment profit of the Group for the year ended 31 December 2012 was approximately HK$80.4 million, the trading of natural uranium alone recorded a segment profit of approximately HK$153.4 million. For the six months ended 30 June 2013, the trading of natural uranium was the only profitable segment while both pharmaceutical and food and property investment businesses of the Group have been operating at segment losses. It has been the intention of the Company to scale down the existing pharmaceutical and food business and at the same time continue to expand the scale of its natural uranium trading business. In view of the principal business of CGNPC-URC and its background as being one of the few enterprises in the PRC which owns the licence(s) to manage nuclear fuels and deal with the import and export of Natural Uranium for CGNPC Group as mentioned above, we consider that the entering into of the Framework Agreement would enable the Group to secure a stable stream of income through the sales of natural uranium to CGNPC-URC, which is interest in the Company and the Shareholders as a whole.

Having considered the above, in particular (i) the principal businesses of each of the Group and CGNPC-URC; (ii) nature of the continuing connected transactions to be conducted under the Framework Agreement; (iii) the fact that the Group has been selling natural uranium to CGNPC-URC since 2012; and (iv) the Framework Agreement is in line with the strategy of the Group, we are of the view that the entering into the Framework Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

3. *Principal terms of the Framework Agreement*

The principal terms of the Framework Agreement have been summarised in the Letter from the Board.

The price per pound of Natural Uranium shall be determined with reference to the one month, three-month, six-month and twelve-month arithmetic average prices of both the spot price index and long-term price index published weekly or monthly by UxC and TradeTech and the rational price expectation of the Group and CGNPC-URC. As at the Latest Practicable Date, CGNPC-URC was the sole customer of the Group for the sales of Natural Uranium. In any event, the management of the Company will ensure that the price per pound of Natural Uranium offered to CGNPC-URC by the Group shall not be lower than that offered to any independent third parties by monitoring and reviewing the price quotations.

As advised by the Directors, the rational price expectation of the Group and CGNPC-URC refers to the respective weights to be applied to each of the components determining the price per pound of Natural Uranium, i.e. the one-month, three-month, six-month and twelve-month arithmetic average prices of both the spot price index and long-term price index published weekly or monthly by UxC and TradeTech plus a top-up margin. Based on the principle of good faith and fairness, the Group and CGNPC-URC negotiate the rational price expectation with reference to a basket of components, including (in order of weights):

(i) the Group's purchase price of Natural Uranium sourced from independent supplier; since each purchase price is negotiated with individual supplier separately based on the principle of fairness, the Group obtains its supply of Natural Uranium at market price or at prevailing market price at different times;

(ii) transaction costs of the Group (including financial costs);

(iii) acceptable profit margin of the Group, which is comparable to the profit margin that the Group may obtain if it sells Natural Uranium to any independent customers at that specific period of time; the Group does not set a target of specific profit margin (either in terms of percentage or absolute amount) because of the complexity and fluctuation of factors like global market demand and supply of Natural Uranium, interests and other unprecedented or unpredictable market influence (such as accidents of nuclear reactors in other countries);

(iv) specification and quality of Natural Uranium of each delivery; and

(v) any other specific commercial terms and arrangement, such as the locations for delivery, unloading and storage.

If the rational price expectation is substantially different from the arithmetic average prices of the spot price index and long-term price index published by UxC and TradeTech, the Group will adopt the outcome of rational price expectation whereas the indices will be used as reference. If the rational price expectation is close to the arithmetic average prices of the spot price index and long-term price index published by UxC and TradeTech, the Group may adopt the indices and use the rational price expectation as a reference.

The pricing model applied by the Company varies with different customers and changing market condition and is subject to mutual agreement by both parties. When the Company offers a sale price of Natural Uranium to CGNPC-URC, the Company considers the external purchase price as a reference instead of deriving a sale price from any specific formula. Margin will be added to the market price of the Natural Uranium to reflect the value of procurement service. The level of sale price and margin are subject to the mutual agreement of both parties.

We have reviewed the background of UxC and TradeTech and noted that both UxC and TradeTech are one of those nuclear industry's leading consulting companies which has been supporting the nuclear industry for more than 15 and 40 years respectively through offering a wide range of marketing and consulting services and publications. UxC also prepares special reports on key topics of interest as well as provides data services, such as nuclear fuel price indicator reporting, including support for the New York Mercantile Exchange uranium future contract. Upon enquiry with the Directors, using prices published by UxC and TradeTech to determine prices of Natural Uranium are market practices commonly used by companies sourcing for Natural Uranium and the pricing mechanism for Natural Uranium under the Framework Agreement conforms to market practices. Having considered the industry experience of, and recognition of the services provided by UxC and TradeTech, together with the representation made by the Directors that using prices published by UxC and TradeTech to determine prices of Natural Uranium are market practices commonly used by companies sourcing for Natural Uranium, we concur with the Directors that the adoption of either of UxC and TradeTech, both being industry recognised references for market pricing, should reflect the then market price of Natural Uranium and are of the view that the pricing term for Natural Uranium under the Framework Agreement is normal commercial term and conforms to market practices. In any event, the price per pound of Natural Uranium offered to CGNPC-URC by the Group shall not be lower than that offered to any independent third parties.

The Company and CGNPC-URC will enter into each of the sales agreements on an individual basis and all the terms therein are re-negotiated by both parties on fair terms. The consideration of Natural Uranium being purchased shall be settled by CGNPC-URC via wire transfer within 30 calendar days upon completion of each delivery or a date to be agreed by the Company and CGNPC-URC. As at the Latest Practicable Date, there is no record of the Company offering a comparable credit period of 30 calendar days to any independent third parties in relation to the sales of Natural Uranium. Having considered that it is an industry practice of offering a 30 calendar-day credit period to the purchaser upon delivery in trading of Natural Uranium for inspecting, testing and weighing Natural Uranium and that the Company also has a 30 calendar-day credit period when it sources Natural Uranium as a purchaser from independent suppliers, we are of the view that the payment term of 30 calendar-day credit period offered to CGNPC-URC is justifiable.

Further details of the Framework Agreement are set out in the section headed "(3) Framework Agreement" of the Letter from the Board.

Having considered that (i) the terms and conditions of the Framework Agreement were determined after arm's length negotiations between the parties thereto; (ii) the pricing term for Natural Uranium under the Framework Agreement is normal commercial term, which is based on various factors reflecting the then market conditions while offering pricing flexibility to the Group depending on different transaction costs and product quality of each purchase, and conforms to market practices; and (iii) the price per pound of Natural Uranium offered to CGNPC-URC by the Group shall not be lower than that offered to any independent third parties, we are of the view that the terms of the Framework Agreement are normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

4. Annual Cap Amounts

The table below sets out respectively the historical amounts and the Annual Caps Amounts of the sale of Natural Uranium by the Company to CGNPC-URC for the two years ended 31 December 2012 and six months ended 30 June 2013, and the next three years ending 31 December 2016 respectively:

	Historical amounts					
	For the year ended 31 December		**For the six months ended 30 June**	**Annual Cap Amounts for the year ending 31 December**		
	2011	**2012**	**2013**	**2014**	**2015**	**2016**
	(HK$ million)	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*
Aggregate sales of Natural Uranium to CGNPC-URC	–	1,167.49	294.80	3,463.20	3,463.20	3,463.20

In assessing the fairness and reasonableness of the Annual Cap Amounts, we have discussed with the management of the Company regarding the basis of determining the Annual Cap Amounts and understood that in determining the Annual Cap Amounts, the Company has taken into account (i) the historical amount of sales of Natural Uranium to CGNPC-URC; (ii) the historical price and possible price fluctuations in Natural Uranium; and (iii) the anticipated demand for Natural Uranium from End Users, including Guangxi Fangchenggang Company and Yangjiang Company for each of the three years ending 31 December 2016. We have also performed researches on the nuclear industry in respect of its future prospects and the trend of the price and demand of Natural Uranium, which we consider to be the important variables and parameters in deriving the Annual Cap Amounts.

According to the Twelfth Five-Year Plan released by the National People’s Congress of the PRC in March 2011, the PRC government has been aiming to accelerate the development and production of nuclear electricity as well as strengthening the safety measures in respect of the nuclear electricity industry. It was estimated that the production of nuclear electricity of the PRC would reach 40 gigawatts in 2015, representing a year-on-year growth of approximately 29.9% as compared to approximately 10.8 gigawatts in 2010. In addition, the PRC government aims to increase reliance on non-fossil fuel resources to 11.4% of total energy consumption and reduce CO_2 emissions per unit of GDP by 17% from 2010-2015, implying a greater demand for alternative energy sources such as nuclear power. It is expected that the demand in the PRC for natural uranium, being the raw materials of generating the nuclear electricity, will rise steadily.

As noted from 核安全與放射性污染防治“十二五”規劃及2020年遠景目標 (the Twelfth Five-Year Plan for Nuclear Safety and Radioactive Pollution Prevention and Vision for 2020) approved by the PRC State Council in October 2012, following the nuclear crisis in Japan in March 2011, the PRC government intends to increase the national nuclear safety standards in the coming three years and the investments in relation to such nuclear safety projects is estimated to be RMB79.8 billion. As further addressed in 核電中長期發展計劃 (the Medium and Long Term Development Plan of Nuclear Electricity) issued by 國家發展和改革委員會 (National Development and Reform Commission) for the period from 2005 to 2020, the PRC government plans to grow its nuclear electricity industry by implementing different policies and plans including but not limited to the offer of taxation and investment incentives for attracting private business investment and the setting-up of state-owned nuclear research centers for enhancing the corporate nuclear technology in the PRC. In view of the projection on the nuclear electricity production of the PRC and the abovementioned government policies towards the nuclear industry, which would help boosting the growth of nuclear electricity, it is anticipated that the nuclear power industry in the PRC, in which CGNPC-URC is engaged, would be expanding in the future, leading to the potential growth in the demand of Natural Uranium to cater for its need.

Pursuant to the Framework Agreement, (i) CGNPC-URC has agreed to purchase on behalf of certain End Users certain amount of Natural Uranium during the Effective Period; (ii) CGNPC-URC is the sole natural uranium supplier of CGNPC and CGNPC-URC shall exclusively source from the Group the entire amount of Natural Uranium demanded by Guangxi Fangchenggang Company and Yangjiang Company during the Effective Period; and (iii) the Group shall have the right of first offer to supply Natural Uranium demanded by all existing or potential uranium factory clients of CGNPC-URC or CGNPC-URC itself during the Effective Period. Both Guangxi Fangchenggang Company and Yangjiang Company are non wholly-owned subsidiaries of CGNPC which are responsible for the construction and operation of nuclear power plants in Guangxi Zhuang Autonomous Region and Yangjiang Company with total investment amount of RMB70 billion respectively. The first two units of nuclear plants under Guangxi Fangchenggang Company are expected to begin commercial operation in 2015 and 2016. For nuclear plants under Yangjiang Company, four units are under construction and the first unit is expected to begin commercial operation in 2013. Given (i) the large-scale operation of the CGNPC Group in the PRC which has three operating nuclear stations and five nuclear stations under construction for the production of nuclear energy in the PRC; (ii) CGNPC-URC is the sole natural uranium supplier of CGNPC, which acts as the only trading arm of nuclear fuels and natural uranium of the CGNPC Group; and (iii) the entire amount of Natural Uranium demanded by Guangxi Fangchenggang Company and Yangjiang Company to meet their respective operation schedules has to be sourced exclusively from the Group under the Framework Agreement, we are of the view that the demand of Natural Uranium from CGNPC-URC would increase moderately throughout the term of the Framework Agreement.

On the other hand, the price of Natural Uranium has been declining in recent years. Based on the industry prices calculated based on the average month-end prices published by UxC and Tradetech, despite the rapid increase in uranium price from approximately US$40.75 per pound in May 2010 to approximately US$72.63 per pound in January 2011, the uranium price dropped significantly following such surge and was on a decreasing trend in general, which is mainly attributable to the drop in demand of uranium due to the nuclear incident in Fukushima happened in March 2011 leading to the shutdown of Japanese reactors and concern over nuclear energy that resulted in temporary slowdown in nuclear power projects worldwide. The latest weekly uranium price recorded by UxC as at 11 November 2013 was US$35.35 per pound while that recorded by TradeTech as at 8 November 2013 was US$35.10 per pound. As such, we concur with the Directors' view that the price of natural uranium may fluctuate given the historical trend as demonstrated above.

According to a research paper (the "Research Paper", updated on June 2013) published by the World Nuclear Association ("WNA", *www.world-nuclear.org*), an international organisation that promotes the global nuclear industry, the reasons for fluctuation in the price of Natural Uranium relate to interaction between the demand side and perceptions of scarcity of the mineral and accordingly the supply side. With respect to the demand side, the Research Paper expected the market to grow considerably, referencing to its report "WNA 2011 Market Report" published subsequent to the nuclear incident in Fukushima in 2011 which estimated 48% increase in demand of Natural Uranium over 2013 to 2023, resulted from a 34% estimated increase in reactor capacity. With respect to the supply side, the Research Paper states that in 2012, about 86% of utilities' annual requirements were supplied by uranium mines, with the remaining 14% made up from secondary sources including ex-military inventory and stockpiled uranium held by utilities. However, it is noted that such secondary sources are depleting, given certain facts such as the US-Russian Highly Enriched Uranium Agreement relating to the program of conversion of high-enriched uranium taken from dismantled Russian nuclear weapons into low-enriched uranium for nuclear fuel is expected to end by 2014, leading to decreasing supply of Natural Uranium. As illustrated in the Research Paper, the reference demand and supply of Uranium (comprising existing mines and secondary sources) is estimated to be in equilibrium in 2014, but supply deficit is estimated to widen thereafter unless supply from mines under development is fully accounted for which could be uncertain. While the aforesaid forecast over the demand and supply of uranium does not rule the possibility of price fluctuation, it implies in our view a potential rise in the price of Natural Uranium in the future. To further substantiate our view, we have identified an article published by Bloomberg (*www.bloomberg.com*) on 11 June 2013, analysing that the uranium market may rebound as Japan would restart its nuclear reactors upon meeting the safety requirements. According to the median estimate from five banks compiled by Bloomberg, including Bank of America Corp. and Toronto-Dominion Bank, price of Natural Uranium may average US$46.18 per pound in 2013, up from US$39.75 per pound in early June 2013.

It is noted that the historical amount of the sales of Natural Uranium to CGNPC-URC for the year ended 31 December 2012 was approximately HK$1,167.49 million, while such amount for the six months ended 30 June 2013 reached only approximately HK$294.80 million, representing approximately 25.25% of the full year figure of 2012. As advised by the management of the Company, such shortfall was mainly due to (i) seasonal nature of uranium demand, leading to the concentration of the sales of Natural Uranium in the second half of the year under normal circumstances; and (ii) the decrease in sale price of Natural Uranium in 2013 as compared in 2012. Such seasonal nature of uranium demand is evidenced by the similar pattern in 2012, pursuant to which the sales of Natural Uranium to CGNPC-URC amounted to approximately HK$422.31 million for the six months ended 30 June 2012, accounted for approximately 36.17% of the full year figure of 2012. In respect of the sale price of Natural Uranium, the average sale price dropped from US$60.43 per pound during the six months ended 30 June 2012 to US$57.59 per pound during the same period in 2013, representing a decrease of approximately 4.70%. It is noted that the proposed annual cap for the year ending 31 December 2014 represents growth rates of approximately 196.64% and approximately 487.38% over the historical transaction amount for the year ended 31 December 2012 and the estimated annualised transaction amount for the year ending 31 December 2013 based on the historical transaction amount for the six months ended 30 June 2013 respectively and that the proposed annual cap for the two years ending 31 December 2015 and 2016 is equivalent to that for the year ending 31 December 2014. Nevertheless, we noted that (i) the anticipated rise in demand from CGNPC-URC as required by the nuclear plants of Guangxi Fangchenggang Company and Yangjiang Company to be in commercial operation and/or to be constructed as discussed above; and (ii) the fluctuation and even possible rise in the price of Natural Uranium, as a whole lead to the setting of the Annual Caps Amount for the three years ended 31 December 2016 substantial higher than the historical amount of sales of Natural Uranium, with analyses pointing to possible rise in Natural Uranium resulting from the restart of nuclear reactors in Japan alongside the potential supply deficit in Natural Uranium after 2014. Having further considered (i) the projection on the nuclear electricity production by the PRC government which represents a year-on-year growth of approximately 29.9% in the PRC and implementation of positive policies and plans towards the nuclear industry, leading to an increasing demand for natural uranium as the raw material for the production of nuclear electricity to be sold by the Company to CGNPC-URC for resale to cater for such demand of the End Users; (ii) the trading volume of Natural Uranium is concentrated in the second half of the year under normal circumstances and thus the sales of Natural Uranium to CGNPC-URC in the first half of 2013 may not serve as a good indicator to estimate the annualised transaction amount for the year ending 31 December 2013; and (iii) the historical price trend and the possible price fluctuations of Natural Uranium, with analyses pointing to possible rise in Natural Uranium, we are of the view that the Annual Cap Amounts are fair and reasonable so far as the Independent Shareholders are concerned.

However, Shareholders should note that as the Annual Cap Amounts are determined based on various factors relating to future events and assumptions which may or may not remain valid for the entire period up to 31 December 2016, they do not represent forecasts of revenue to be generated from the operations of the Group. Consequently, we express no opinion as to how closely the actual amounts to be received by the Group will correspond with the Annual Cap Amounts.

5. Annual review of the transactions

The Annual Cap Amounts will be subject to the annual review by the independent non-executive Directors, details of which must be included in the Company's subsequent published annual report and accounts. In addition, pursuant to the Listing Rules, the auditors of the Company must provide a letter to the Board confirming, among others, that the continuing connected transactions contemplated under the Framework Agreement are conducted in accordance with their terms and that the Annual Cap Amounts not being exceeded. Moreover, pursuant to the Listing Rules, the Company shall publish an announcement if it knows or has reason to believe that the independent non-executive Directors and/or its auditors will not be able to confirm the terms of such transactions or the relevant annual cap not being exceeded. We are of the view that there are appropriate measures in place to govern the conduct of the continuing connected transactions under the Framework Agreement and safeguard the interests of the Independent Shareholders.

RECOMMENDATIONS

Taking into consideration of the above mentioned principal factors and reasons, we consider that the terms of the Revolving Loan Facility Agreement and the Framework Agreement, the Cap Amount and the Annual Cap Amounts are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolutions to be proposed at the EGM to approve the Revolving Loan Facility Agreement and the Framework Agreement respectively.

Yours faithfully,
For and on behalf of
Goldin Financial Limited
Billy Tang
Director

1. THREE-YEAR FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 31 December 2012, 2011 and 2010 are disclosed in the annual reports of the Company for the years ended 31 December 2012, 2011 and 2010 respectively, which are published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.irasia.com/listco/hk/cgnmining/index.htm).

2. STATEMENT OF INDEBTEDNESS

At the close of business on the Latest Practicable Date, the Group had unsecured zero coupon convertible bonds in principal amount of HK$600,000,000 due on 17 August 2016 with an initial conversion price of HK$0.23 per convertible share. As at the Latest Practicable Date, all the banking facilities of the Group has been lapsed. No bank balances or cash is pledged as collateral.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have any loan capital issued and outstanding, or authorised or otherwise created but unissued, any term loans (secured, unsecured, guaranteed or not), bank overdrafts, loans or other similar indebtedness, liabilities under acceptance or acceptable credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities at the close of business on the Latest Practicable Date.

Foreign currency amounts have been translated into Hong Kong dollars at the approximate exchange rates prevailing at the close of business on the Latest Practicable Date.

3. WORKING CAPITAL

The Directors are of the opinion that, taking into account the business prospects, the internal resources of the Group and the entire amount of the Revolving Loan drawn by China Uranium Development during the Availability Period, the Group has sufficient working capital for its present requirements, that is for at least the next twelve months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS

The Group's original principal business used to be selling, distributing and manufacturing pharmaceutical and food products and property investment. The Group has repositioned itself as a platform for uranium resources investment and trading after the successful completion of China Uranium Development's Share Subscription and CB Subscription on 18 August 2011.

The Board is of the view that, in the foreseeable future, consolidation will be seen in the markets of food, pharmaceuticals and properties of the PRC, with substantial pressure existing in the operating environment. The Group will strengthen risk management and scale down the existing pharmaceutical and food business. On the other hand, the Group will expand the scale of trading of Natural Uranium and proactively identify uranium resource investment opportunities.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executives of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which the Directors and chief executive of the Company was taken or deemed to have under such provisions of the SFO); or (ii) were required to be entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules were as follows:

Long positions in Shares and underlying Shares

(i) interests in the Shares

Name of Director	Capacity	Number of Shares held	Approximate percentage of the total issued Share capital of the Company
Mr. Huang Jianming	Personal interest	8,500,000	0.26%

As at the Latest Practicable Date, none of the Directors or chief executives of the Company or their spouses or children under 18 years of age were granted or had exercised any right to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

(ii) other interests

As at the Latest Practicable Date,

(i) none of the Directors had any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2012, the date to which the latest published audited financial statement of the Group was made up;

(ii) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was significant in relation to the business of the Group taken as a whole; and

(iii) saved as disclosed in this circular, none of the Directors or the Controlling Shareholders and their respective associates had any interest in a business which competes or may compete with the business of the Group or had any other conflict of interest with the Company.

(b) Substantial Shareholders' and other Shareholders' interests

As at the Latest Practicable Date, save as disclosed below, so far as is known to the Directors or chief executive of the Company, no other person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10 per cent (10%) or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group:

Long positions in Shares

Name of Shareholder	Nature of interests	Number of Shares	Approximate percentage of the total issued Share capital of the Company
Perfect Develop Holding Inc.	Beneficial owner	522,526,940 (L) 450,000,000 (S) *(Note 1)*	15.68% 13.50%
China Uranium Development Company Limited	Beneficial owner	4,728,695,652 (L) 550,354,609 (S) *(Notes 3&5)*	141.89% 16.51%

Name of Shareholder	Nature of interests	Number of Shares	Approximate percentage of the total issued Share capital of the Company
CGNPC Uranium Resources Co., Ltd.	Interest in a controlled corporation	4,728,695,652 (L) 550,354,609 (S) *(Note 2)*	141.89% 16.51%
China General Nuclear Power Corporation	Interest in a controlled corporation	4,728,695,652 (L) 550,354,609 (S) *(Note 4)*	141.89% 16.51%
Silver Grant International Industries Limited	Beneficial owner	550,354,609 (L) *(Note 5)*	16.51%

Notes:

1. The issued share capital of Perfect Develop Holding Inc. is beneficially owned as to 58.28% by Mr. Tao Lung, 30.67% by Mr. Huang Jianming and 11.05% by Mr. Liu James Jin. Mr. Tao Lung and Mr. Liu James Jin are founders of the Group and former executive Directors of the Company. Mr. Huang Jianming is a founder of the Group and is currently a non-executive Director of the Company. Pursuant to a share charge dated 1 April 2011 (the "**Share Charge**"), Perfect Develop Holding Inc. charged 450,000,000 Shares in favour of China Uranium Development Company Limited ("**China Uranium Development**").

2. CGNPC Uranium Resources Co., Ltd. ("**CGNPC-URC**") (formerly known as "CGNPC Nuclear Fuel Co., Ltd.") holds 100% of the issued share capital of China Uranium Development. Therefore, CGNPC-URC is deemed to be interested in 4,728,695,652 shares by virtue of its shareholding of China Uranium Development.

3. The long position represents (i) the 1,670,000,000 Shares held by China Uranium Development; (ii) the interests in the 2,608,695,652 Shares to be allotted and issued upon the full exercise of the conversion rights attached to the convertible bonds in the principal amount of HK$600,000,000 at an initial conversion price of HK$0.23 issued by the Company on 18 August 2011 (the "**Convertible Bonds**") and (iii) the interest in the 450,000,000 Shares held under the Share Charge as stated in Note 1 above.

4. China General Nuclear Power Corporation (formerly known as China Guangdong Nuclear Power Holding Corporation, Ltd.) holds 100% of the equity interests of CGNPC-URC. Therefore, it is deemed to be interested in the interest held by CGNPC-URC.

5. China Uranium Development and Silver Grant International Industries Limited ("**Silver Grant**") entered into a subscription agreement dated 23 March 2012 (the "**Subscription Agreement**"). Upon completion of the Subscription Agreement on 1 June 2012, China Uranium Development had issued and Silver Grant had subscribed for an exchangeable bond in the principal amount of HK$776,000,000 (the "**Exchangeable Bond**"), pursuant to which Silver Grant can exercise the exchange right (the "**Exchange Right**") at the exchange price of HK$1.41 (subject to adjustment) to request China Uranium Development to transfer to it the shares of the Company held by China Uranium Development. Assuming that Silver Grant fully exercise the Exchange Right, China Uranium Development will transfer on aggregate of 550,354,609 Shares (representing approximately 16.51% of the then existing share capital of the Company) to Silver Grant.

6. The letter "L" denotes the person's/entity's long position in the shares.

The letter "S" denotes the person's/entity's short position in the shares.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or proposed Directors had any existing service contract or proposed service contract with any member of Group which will not expire or is not determinable by the Company within one (1) year without payment of compensation (other than statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, the Controlling Shareholders of the Company and their respective associates had an interest in a business which operates in or may operate in significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

5. EXPERT AND CONSENT

The following is the qualifications of the expert who has been named in this circular or has given opinion or advice contained in this circular:

Name	Qualification
Goldin Financial	Goldin Financial Limited, a corporation licensed to carry on type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Goldin Financial did not have any interest, either direct or indirect, in any assets which have been, since 31 December 2012, the date to which the latest audited consolidated financial statements of the Company were published, acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group nor had any shareholding in any member of the Group nor the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Goldin Financial has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name and letter in the form and context in which they appear.

6. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012, the date to which the latest published audited accounts of the Company were made up.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the office of the Company at Suites 6706-6707, 67/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. on any business day for a period of 14 days from the date hereof:

(1) the Revolving Loan Facility Agreement;

(2) the Framework Agreement;

(3) the letter from the Board, the text of which is set out on pages 7 to 28 of this circular;

(4) the letter from Goldin Financial, the text of which is set out on pages 31 to 49 of this circular;

(5) the letter of advice from the Independent Board Committee, the text of which is set out on pages 29 to 30 of this circular;

(6) the consent letter from Goldin Financial referred to in the paragraph headed "Expert and Consent" in this appendix;

(7) the memorandum and articles of association of the Company;

(8) this circular; and

(9) the annual reports of the Company for the financial years ended 31 December 2010, 31 December 2011 and 31 December 2012.

中廣核礦業有限公司*
CGN Mining Company Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1164)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "**EGM**") of CGN Mining Company Limited (the "**Company**") will be held at Boardroom 3-4, Mezzaine Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on 9 December 2013 (Monday) at 10:30 a.m. for the following purposes:

AS ORDINARY RESOLUTIONS

1. "**THAT** the revolving loan facility agreement dated 15 October 2013 (the "**Revolving Loan Facility Agreement**") entered into between the Company as lender and China Uranium Development Company Limited as borrower, a copy of which has been produced to the EGM marked "**1**" and signed by the chairman of the EGM for the purposes of identification, and the terms and conditions thereof and its proposed cap amount and the transaction contemplated thereunder and the implementation thereof be and are hereby approved, ratified and confirmed."

2. **"THAT** the framework agreement dated 15 October 2013 ("the **Framework Agreement**") entered into between the Company and CGNPC Uranium Resources Co., Ltd, a copy of which has been produced to the EGM marked "**2**" and signed by the chairman of the EGM for the purposes of identification, and the terms and conditions thereof and its proposed annual cap amounts and the transaction contemplated thereunder and the implementation thereof be and are hereby approved, ratified and confirmed."

3. "**THAT** any one of the directors be authorised for and on behalf of the Company, among other matters, to sign, seal, execute, perfect, deliver or to authorise signing, executing, perfecting and delivering all such documents and deeds, to do or authorise doing all such acts, matters and things as they may in their discretion consider necessary, expedient or desirable to give effect to and implement the Revolving Loan Facility Agreement and the Framework Agreement and to waive compliance with or make and agree such variations of a non-material nature to any of the terms of the Revolving Loan Facility Agreement and the Framework Agreement as they may in their discretion consider to be desirable and in the interests of the Company and all the director's acts as aforesaid be hereby approved, ratified and confirmed."

By Order of the Board of
CGN Mining Company Limited
Mr. He Zuyuan
Chief Executive Officer

* *For identification purposes only*

Hong Kong, 19 November 2013

Registered office:
Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Suites 6706-6707, 67/F.,
Central Plaza, 18 Harbour Road,
Wanchai, Hong Kong

Notes:

(1) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, in the event of a poll, to vote in his place. A proxy need not be a member of the Company, but must attend the meeting in person to represent the member. A member who is the holder of two or more shares may appoint more than one proxy to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.

(2) In order to be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of that power or authority) must be deposited at the Company's Hong Kong branch share registrar and transfer office, Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not later than 48 hours before the appointed time for holding the meeting or any adjourned meeting.

(3) Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the meeting or any adjournment thereof and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

(4) In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

As at the date of this notice, the board of Directors of the Company comprises two executive Directors: Mr. He Zuyuan (chief executive officer) and Mr. Li Xianli (chief financial officer), four non-executive Directors: Mr. Yu Zhiping (chairman), Mr. Wei Qiyan, Mr. Huang Jianming and Ms. Jin Yunfei, and three independent non-executive Directors: Mr. Ling Bing, Mr. Qiu Xianhong and Mr. Huang Jinsong.