中广核礦業有限公司*
CGN Mining Company Limited

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

# ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The Board announces the audited consolidated results of the Group for the year ended 31 December 2023, together with the comparative figures for the previous financial year ended 31 December 2022, as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2023*

| | *Notes* | **2023** *HK$'000* | 2022 *HK$'000* |
|---|---|---|---|
| Revenue | *5* | **7,363,123** | 3,648,680 |
| Cost of sales | | **(7,231,197)** | (3,500,648) |
| Gross profit | | **131,926** | 148,032 |
| Other operating income | *6* | **29,826** | 22,305 |
| Selling and distribution expenses | | **(18,707)** | (13,244) |
| Administrative expenses | | **(52,079)** | (48,707) |
| Changes in fair value of investment properties | | **(6,026)** | (2,903) |
| Share of results of a joint venture | | **272,735** | 209,412 |
| Share of results of associates | | **333,257** | 313,947 |
| Finance costs | *7* | **(131,464)** | (61,699) |
| Profit before taxation | | **559,468** | 567,143 |
| Income tax expenses | *8* | **(62,369)** | (52,228) |
| Profit for the year attributable to owners of the Company | *9* | **497,099** | 514,915 |
| Earnings per share | *11* | | |
| – Basic | | **HK6.54 cents** | HK7.18 cents |
| – Diluted | | **HK6.54 cents** | HK7.18 cents |

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

*For the year ended 31 December 2023*

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Profit for the year | **497,099** | 514,915 |
| Other comprehensive income/(expenses): | | |
| *Items that may be subsequently reclassified to profit or loss:* | | |
| Exchange differences on translation of financial statements of subsidiaries | **(11,682)** | (780) |
| Exchange differences on translation of financial statements of a joint venture | **14,219** | (38,906) |
| Exchange differences on translation of financial statements of associates | **26,994** | (62,696) |
| | **29,531** | (102,382) |
| Total comprehensive income for the year | **526,630** | 412,533 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2023*

| | *Notes* | **2023** *HK$'000* | 2022 *HK$'000* |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **1,076** | 1,262 |
| Right-of-use assets | | **673** | 2,327 |
| Investment properties | | **39,141** | 45,785 |
| Interest in a joint venture | | **550,389** | 433,995 |
| Interests in associates | | **3,945,017** | 3,935,248 |
| Other receivables | *12* | **50** | 367 |
| Deferred tax assets | | **9** | 9 |
| | | **4,536,355** | 4,418,993 |
| **Current assets** | | | |
| Inventories | | **697,245** | 2,048,471 |
| Trade and other receivables | *12* | **461,551** | 343,396 |
| Amount due from an intermediate holding company | | **1,655** | 1,679 |
| Amount due from a fellow subsidiary | | **18** | 18 |
| Income tax recoverable | | **36,300** | 760 |
| Bank balances and cash | *13* | **1,017,239** | 52,390 |
| | | **2,214,008** | 2,446,714 |
| **Total assets** | | **6,750,363** | 6,865,707 |
| **Current liabilities** | | | |
| Trade and other payables | *14* | **999,401** | 1,043,828 |
| Loans from an intermediate holding company | | **17,656** | – |
| Loan from immediate holding company | | **–** | 47,694 |
| Bank borrowings | | **348,979** | 957,752 |
| Lease liabilities | | **537** | 1,560 |
| Amount due to an intermediate holding company | | **10,938** | 1,120 |
| Amounts due to fellow subsidiaries | | **1,598** | 1,060 |
| Income tax payable | | **12,119** | 10,697 |
| | | **1,391,228** | 2,063,711 |
| **Net current assets** | | **822,780** | 383,003 |
| **Total assets less current liabilities** | | **5,359,135** | 4,801,996 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)***

*As at 31 December 2023*

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Non-current liabilities** | | |
| Loans from a fellow subsidiary | **1,395,914** | 1,395,914 |
| Lease liabilities | **–** | 662 |
| Deferred tax liabilities | **83,030** | 57,281 |
| | **1,478,944** | 1,453,857 |
| **Net assets** | **3,880,191** | 3,348,139 |
| **Capital and reserves** | | |
| Share capital | **76,007** | 76,007 |
| Reserves | **3,804,184** | 3,272,132 |
| **Total equity** | **3,880,191** | 3,348,139 |

# NOTES

## 1. GENERAL

CGN Mining Company Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its parent company is 中國鈾業發展有限公司 (China Uranium Development Company Limited) (“China Uranium Development”), a company incorporated in Hong Kong and a wholly-owned subsidiary of 中廣核鈾業發展有限公司 (CGNPC Uranium Resources Co., Ltd.) (“CGNPC-URC”), which is in turn a subsidiary of 中國廣核集團有限公司 (China General Nuclear Power Corporation) (“CGNPC”). CGNPC is the ultimate parent company of the Company. Both CGNPC-URC and CGNPC were state-owned enterprises established in the PRC.

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

The principal activities of the Company and its subsidiaries (collectively referred to the “Group”) are trading of natural uranium, property investment and other investments.

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### (a) Adoption of new and amended HKFRSs

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

- Insurance Contracts (HKFRS 17);
- International Tax Reform-Pilar Two Model Rules (Amendments to HKAS 12);
- Disclosure of Accounting Policies (Amendments to HKAS 1 and HKFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to HKAS 8); and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to HKAS 12).

Except as disclosed below, the application of the new and amendments to HKFRSs in the current year has no material effect on the amount reported and/or on the disclosures set out in these consolidated financial statements.

***Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies***

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “Significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 4 to the consolidated financial statements.

**(b) Amended HKFRSs that have been issued but are not yet effective**

The following amended HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

- Lease Liability in a Sale and Leaseback (Amendments to HKFRS 16)[1];
- Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (Revised) (Amendments to HKAS 1)[1];
- Non-current Liabilities with Covenants (Amendments to HKAS 1)[1];
- Supplier Finance Arrangements (Amendments to HKAS 7 and HKFRS 7)[1];
- Lack of Exchangeability (Amendments to HKAS 21)[2]; and
- Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to HKFRS 10 and HKAS 28) [3]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 Effective for annual periods beginning or or after a date to be determined

The directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

## 3. BASIS OF PREPARATION

**(a) Statement of compliance**

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

**(b) Basis of measurement**

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

**(c) Functional and presentation currencies**

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

## 4. SEGMENT INFORMATION

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

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

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

b) property investment segment engages in leasing; and

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

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

**Segment revenue and results**

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

***For the year ended 31 December 2023***

| | Natural uranium trading *HK$'000* | Property investment *HK$'000* | Other investments *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|
| Revenue | **7,359,952** | **3,171** | **–** | **7,363,123** |
| Segment profit/(loss) | **91,839** | **(7,381)** | **605,992** | **690,450** |
| Other operating income | | | | **29,826** |
| Finance costs | | | | **(131,464)** |
| Central administration costs | | | | **(29,344)** |
| Profit before taxation | | | | **559,468** |

***For the year ended 31 December 2022***

| | Natural uranium trading *HK$'000* | Property investment *HK$'000* | Other investments *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|
| Revenue | 3,645,362 | 3,318 | – | 3,648,680 |
| Segment profit/(loss) | 101,114 | (2,196) | 523,358 | 622,276 |
| Other operating income | | | | 22,305 |
| Finance costs | | | | (61,699) |
| Central administration costs | | | | (15,739) |
| Profit before taxation | | | | 567,143 |

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

**Segment assets and liabilities**

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

**Segment assets**

| | **2023** ***HK$'000*** | 2022 *HK$'000* |
|---|---|---|
| Natural uranium trading | **1,149,724** | 2,387,660 |
| Property investment | **39,235** | 46,566 |
| Other investments | **4,495,408** | 4,369,243 |
| | **5,684,367** | 6,803,469 |
| Unallocated corporate assets | **1,065,996** | 62,238 |
| Total assets | **6,750,363** | 6,865,707 |

**Segment liabilities**

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Natural uranium trading | **2,741,248** | 3,437,657 |
| Property investment | **18,112** | 535 |
| | **2,759,360** | 3,438,192 |
| Unallocated corporate liabilities | **110,812** | 79,376 |
| Total liabilities | **2,870,172** | 3,517,568 |

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

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

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

**Other segment information**

***2023***

| | Natural uranium trading *HK$'000* | Property investment *HK$'000* | Other investments *HK$'000* | Unallocated *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|---|
| **Amounts included in the measure of segment profit or loss or segment assets after charging/(crediting):** | | | | | |
| Addition to non-current assets *(Note a)* | **36** | **–** | **–** | **–** | **36** |
| Depreciation of property, plant and equipment | **178** | **–** | **–** | **48** | **226** |
| Depreciation of right-of-use assets | **418** | **–** | **–** | **1,236** | **1,654** |
| Interest expenses on loans from a fellow subsidiary | **67,769** | **–** | **–** | **–** | **67,769** |
| Interest expenses on lease liabilities | **18** | **–** | **–** | **16** | **34** |
| Changes in fair value of investment properties | **–** | **6,026** | **–** | **–** | **6,026** |
| Share of results of a joint venture | **–** | **–** | **(272,735)** | **–** | **(272,735)** |
| Share of results of associates *(Note b)* | **–** | **–** | **(333,257)** | **–** | **(333,257)** |
| **Amounts regularly provided to the CEO but not included in the measure of segment profit or loss or segment assets:** | | | | | |
| Income tax expenses | **–** | **–** | **–** | **62,369** | **62,369** |
| Interest income | **–** | **–** | **–** | **(17,951)** | **(17,951)** |

***2022***

| | Natural uranium trading *HK$'000* | Property investment *HK$'000* | Other investments *HK$'000* | Unallocated *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|---|
| **Amounts included in the measure of segment profit or loss or segment assets after charging/(crediting):** | | | | | |
| Addition to non-current assets *(Note a)* | 594 | – | – | – | 594 |
| Depreciation of property, plant and equipment | 166 | – | – | 44 | 210 |
| Depreciation of right-of-use assets | 407 | – | – | 1,236 | 1,643 |
| Interest expenses on loans from a fellow subsidiary | 9,018 | – | – | – | 9,018 |
| Interest expenses on lease liabilities | 39 | – | – | 29 | 68 |
| Changes in fair value of investment properties | – | 2,903 | – | – | 2,903 |
| Share of results of a joint venture | – | – | (209,412) | – | (209,412) |
| Share of results of associates *(Note b)* | – | – | (313,947) | – | (313,947) |
| **Amounts regularly provided to the CEO but not included in the measure of segment profit or loss or segment assets:** | | | | | |
| Income tax expenses | – | – | – | 52,228 | 52,228 |
| Interest income | – | – | – | (5,947) | (5,947) |

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

*Note b:* A reversal of impairment loss of interests in associates of approximately HK$24,632,000 (2022: HK$38,488,000) is included in the share of results of associates.

**Geographical information**

The Group's operations are located in the Hong Kong Special Administrative Region of the People's Republic of China ("HKSAR"), the PRC, Kazakhstan, Canada and United Kingdom ("UK").

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

| | **Revenue from external customers** | | **Non-current assets** | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| PRC (other than HKSAR) | **1,690,774** | 1,344,348 | **39,160** | 45,806 |
| HKSAR | **385,815** | – | **518** | 1,779 |
| Europe (other than UK) | **2,695,758** | 802,621 | **–** | – |
| US | **984,386** | 402,079 | **–** | – |
| UK | **784,794** | 515,558 | **1,211** | 1,789 |
| Czech Republic | **330,971** | – | **–** | – |
| Singapore | **207,836** | – | **–** | – |
| Canada | **205,859** | 584,074 | **582,006** | 546,731 |
| UAE | **76,930** | – | **–** | – |
| Kazakhstan | **–** | – | **3,913,401** | 3,822,512 |
| | **7,363,123** | 3,648,680 | **4,536,296** | 4,418,617 |

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

**Information about major customers**

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group is as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Customer A[1] | **1,687,604** | 1,341,031 |
| Customer B[1] | **927,104** | 529,653 |
| Customer C[1] | **873,820** | N/A[2] |
| Customer D[1] | **N/A[2]** | 584,074 |
| Customer E[1] | **N/A[2]** | 515,558 |

1 Revenue from natural uranium trading segment

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

## 5. REVENUE

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

| | 2023 | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Sale of goods | **7,359,952** | 3,645,362 |
| Rental income (net of direct outgoings: nil) | **3,171** | 3,318 |
| | **7,363,123** | 3,648,680 |

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

## 6. OTHER OPERATING INCOME

| | 2023 | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest income | **17,951** | 5,947 |
| Government grants | **–** | 120 |
| Inventory lease income | **4,574** | 16,122 |
| Foreign exchange gain, net | **6,972** | – |
| Others | **329** | 116 |
| | **29,826** | 22,305 |

## 7. FINANCE COSTS

| | 2023 | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest expenses on loan from immediate holding company | **158** | 38,511 |
| Interest expenses on loans from a fellow subsidiary | **67,769** | 9,018 |
| Interest expenses on loans from an intermediate holding company | **976** | 327 |
| Interest expenses on bank borrowings | **62,527** | 13,775 |
| Interest expenses on lease liabilities | **34** | 68 |
| | **131,464** | 61,699 |

## 8. INCOME TAX EXPENSES

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Hong Kong Profits Tax | | |
| – current year | **–** | 541 |
| – over provision in prior years | **(39)** | – |
| | **(39)** | 541 |
| UK Corporation tax | | |
| – current year | **–** | 14,157 |
| – over provision in prior years | **(64)** | – |
| | **(64)** | 14,157 |
| Other jurisdictions current tax: | | |
| – PRC Enterprise Income tax | **2,045** | 4,724 |
| – Kazakhstan withholding tax | **34,118** | 15,065 |
| | **36,163** | 19,789 |
| Deferred tax | **26,309** | 17,741 |
| | **62,369** | 52,228 |

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. For the year ended 31 December 2023, the Company was in tax loss position (31 December 2022: profit making position), the profits of all Group entities in Hong Kong are not selected by the management for the two-tiered profits tax rates regime and continue to be taxed at the flat rate of 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both years. For the both years ended 31 December 2023 and 2022, the PRC subsidiary was in profit making position.

The subsidiaries operating in the UK are subject to Corporation Tax Act of UK and the tax rate of the UK subsidiary is 25% for the year ended 31 December 2023 (31 December 2022: 19%).

Pursuant to the Tax Code (Revision Edition) enacted since January 2023 in the Kazakhstan (the "New Tax Code of Kazakhstan"), dividends paid by subsurface users to foreign shareholders without permanent establishments in Kazakhstan will be subject to the Kazakhstan withholding tax at the rate of 10% if (i) the dividends are not paid to the entities registered in the list of Countries with Preferential Tax Regime; (ii) the holding period of shares or participation interest is more than three years; (iii) subsurface users undertake further processing (after primary processing) of a prescribed percentage of the mineral raw materials extracted by its own production facilities in Kazakhstan or owned by its affiliated resident entity in Kazakhstan and (iv) the distributed income was earlier levied with Corporate Income Tax.

The Group has held shareholding in the joint venture, Semizbay-U Limited Liability Partnership ("Semizbay-U") for more than three years and all extracted minerals of the joint venture are further processed in its own production facilities, the dividends received by the Group from the joint venture are subject to the Kazakhstan withholding tax in accordance with the provisions of the New Tax Code of Kazakhstan. For the year ended 31 December 2023, Semizbay-U is subject to Kazakhstan withholding tax at 10%.

Pursuant to the EIT Law, the earnings distributed from Semizbay-U to the Mainland China subsidiary of the Company is subject to tax if the tax rate under EIT Law is higher than the tax rate under the New Tax Code of Kazakhstan. The applicable tax rate is the difference between the tax rates under EIT Law and the New Tax Code of Kazakhstan. For the year of assessment of 2023, as Mainland China's income tax rate of 25% is lower than the Kazakhstan's total tax rate, which is the sum of income tax rate of 20% and withholding dividend tax rate of 10% under the New Tax Code of Kazakhstan, the Mainland China subsidiary is not subject to tax in this regard.

Mining Company "ORTALYK" LLP ("Ortalyk") has qualified for a reduced withholding tax rate under an applicable tax treaty, the dividends received by the Group from Ortalyk are subject to the UK-Kazakhstan double taxation agreement and the tax rate of the withholding tax is 5%.

Pursuant to the laws and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands for both years.

## 9. PROFIT FOR THE YEAR

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Profit for the year has been arrived at after charging/(crediting): | | |
| Auditors' remuneration | **3,812** | 2,894 |
| Carrying amount of inventories sold | **7,231,197** | 3,500,648 |
| Depreciation of property, plant and equipment | **226** | 210 |
| Depreciation of right-of-use assets | **1,654** | 1,643 |
| Short-term lease expenses | **1,671** | 1,334 |
| Staff costs (including directors' emoluments) | **24,319** | 20,741 |
| Net exchange (gain)/loss | **(6,972)** | 3,323 |

## 10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during 2023, nor has any dividend been proposed since the end of the Reporting Period (2022: Nil).

Since the Group intends to retain sufficient capital for the business expansion, the Board did not recommend the payment of any final dividend for the year 2023 (2022: Nil).

## 11. EARNINGS PER SHARE

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

| | 2023<br>*HK$'000* | 2022<br>*HK$'000* |
|---|---|---|
| **Earnings** | | |
| Earnings for the year attributable to the owners of the Company for the purpose of calculating basic earnings per share | **497,099** | 514,915 |
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purpose of calculating basic earnings per share | **7,600,682,645** | 7,169,520,454 |

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

The Group's associate, Fission Uranium Corp. ("Fission") has issued share options to employees, directors, officers, and consultants, as well as warrants to underwriters through the bought deal financing, granting the right for the share options and warrants holders to subscribe the ordinary shares of Fission. The diluted earnings per share is the same as basic earnings per share as the effect of these potential ordinary shares is anti-dilutive during the years ended 31 December 2023 and 2022.

## 12. TRADE AND OTHER RECEIVABLES

| | 2023<br>*HK$'000* | 2022<br>*HK$'000* |
|---|---|---|
| Trade receivables *(Note a)* | **450,750** | 335,621 |
| Prepayments, deposits and other receivables *(Note b)* | **10,851** | 8,142 |
| | **461,601** | 343,763 |
| Analysed into | | |
| Current portion | **461,551** | 343,396 |
| Non-current portion | **50** | 367 |
| | **461,601** | 343,763 |

The Group did not hold any collateral over these balances. At 31 December 2023 and 2022, there was no loss allowance provided.

*Note a:* Trade receivables of HK$400,148,000 (2022: HK$277,148,000) represents amount due from immediate holding company, China Uranium Development.

*Note b:* Included in prepayments, deposits and other receivables, approximately HK$5,083,000 (2022: HK$197,000) are interest receivables due from CGNPC Huasheng Investment Limited ("CGNPC Huasheng"), a fellow subsidiary of the Company.

The Group normally grants to its trade customer credit periods for natural uranium segment within 15 days to 120 days after delivery dates for both years 2023 and 2022.

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

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within 30 days | **450,750** | 335,621 |

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

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

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

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

| Presented in: | **2023** | 2022 | **2023** | 2022 |
|---|---|---|---|---|
| | ***HK$'000*** | *HK$'000* | ***RMB'000*** | *RMB'000* |
| Trade and other receivables | **4,028** | 3,978 | **–** | 1,297 |

## 13. BANK BALANCES AND CASH

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Bank deposits: | | |
| Cash at bank and on hand | **1,017,239** | 52,390 |
| Analysis of bank balances and cash at the end of the year: | | |
| Cash at bank and on hand *(Note a)* | **1,651** | 1,236 |
| Cash placed at CGNPC Huasheng and CGN Finance *(Note b)* | **1,015,588** | 51,154 |
| | **1,017,239** | 52,390 |

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

*Note b:* The balance is unsecured, interest bearing at rates ranging from 6.30% to 6.39% (2022: 3.95% to 5.92%) per annum and recoverable on demand.

On 16 June 2022, the Company renewed the financial services framework agreements with CGNPC Huasheng and CGN Finance for a terms of three years commencing from 1 January 2023 and ending on 31 December 2025 (the "Agreements").

Under the Agreements, the directors of the Company consider that these deposits made to CGNPC Huasheng and CGN Finance is qualified as cash and cash equivalent as the Group can withdraw the deposits by giving notice to meet its short term cash commitments and without suffering any penalty.

## 14. TRADE AND OTHER PAYABLES

| | 2023 | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade payables *(Note a)* | **433,740** | 655,139 |
| Accrued expenses and other payables *(Note b)* | **565,661** | 388,689 |
| | **999,401** | 1,043,828 |

*Note a:* Trade payables of HK$17,110,000 (2022: HK$10,875,000) and HK$416,525,000 (2022: HK$243,828,000) represented amount due to a joint venture of the Company, namely, Semizbay-U and an associate of the Company, namely Ortalyk.

*Note b:* Included in other payables, approximately HK$219,000 and HK$7,067,000 is interest payable due to CGNPC-URC and CGNPC Huasheng respectively (2022: Nil and HK$7,067,000 respectively) and approximately HK$534,170,000 (2022: HK$350,948,000) is the cash received in inventory lease.

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the Reporting Period:

| | 2023 | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within 30 days | **433,740** | 655,139 |

The average credit period on purchases of goods was within 12 days to 120 days after the delivery date for both years 2023 and 2022. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

## MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group is principally engaged in natural uranium investment and trading. As at 31 December 2023, the Company (i) held 100% equity interest in Beijing Sino-Kazakh, through which it held 49% of the equity interest and off-take rights of products of Semizbay-U; (ii) held 100% equity interest in CGNM UK, through which it held 49% of the equity interest and off-take rights of products of Ortalyk. In addition, the Group had a wholly-owned subsidiary, CGN Global and held 12.62% equity interest in Fission.

In 2023, the Group achieved revenue of HK$7,363 million and profits attributable to owners of the Company of HK$497 million.

### Analysis of business environment

#### *The nuclear power market and its development*

In 2023, the trend of global nuclear power recovery and development is further enhanced. In the face of the climate issue resulting the idea of energy transition superimposed on the demand for energy security and energy independence, numerous countries around the world has proactively adjusted their nuclear power policy - restarted or formulated a new nuclear power development plan, and continued to inject new momentum into the nuclear power market.

In 2023, the global nuclear power generation will account for about 10% of total power generation, as at the end of 2023, there were 413 nuclear power units in operation worldwide, with a total installed capacity of 372GWe, and 58 units were under construction, with a total installed capacity of 60GWe, where the nuclear power units in operation and under construction spanned across 32 countries and regions. In 2023, there were 5 new grid-connected units worldwide, including the Unit 3 of Vogtle Nuclear Power Plant which first commenced generation since 1978 with a total installed capacity of 5GWe; 2 reactivated units, which were all located in Japan, with a total installed capacity of 2GWe; 5 units commenced construction, in which 4 of them are from China, with a total installed capacity of 6GWe; and 5 closed units with a total installed capacity of 6GWe.

In September 2023, the World Nuclear Association ("WNA") raised its global installed nuclear power capacity forecast to 686GWe in operation in 2040 under the mid-case scenario, an increase of 12% as compared to the previous forecast. In December 2023, 22 countries participating in the 28th Conference of the Parties of the United Nations Framework Convention on Climate Change ("COP28") have announced the Declaration to Triple Nuclear Energy, i.e. working together to promote the goal of tripling the global installed nuclear power capacity by 2050 to three times the current level. If the calculation is based on the global installed nuclear power capacity in operation at the end of 2023, which is about 3.7GWe, the installed capacity will exceed 11GWe by then.

In addition, in January 2024, the International Energy Agency ("IEA") indicated that Asia will be the main driver of nuclear power growth, and nuclear power generation capacity in Asia will account for 30% of the world's electricity generation in 2026, an increase of 2 percents as compared to 28% in 2022. According to the China Nuclear Energy Development Report released by the China Nuclear Energy Association, it is expected the proportion of nuclear power generation of China accounted for will reach 10% in 2035, an increase of more than 5% compared to the current level; at the same time, it is predicted that China will continue to maintain the approval rate of 6 to 8 nuclear power units per year during the "Fourteenth Five-Year Plan" period.

The main measures taken by countries in accordance with their nuclear power development plans include promoting the life extension of existing nuclear power plants, reactivating out-of-service nuclear power units, approving new units and actively promoting the research and development of fourth generation nuclear power technology, the main events of which are reviewed below:

*US*

- The United States took measures to support the development of nuclear power in the country by increasing the proportion of nuclear power, commissioning new units, extending the life of nuclear power plants, and increasing its domestic uranium enrichment capacity, details including: in January, the US Energy Information Administration released its Short-Term Energy Outlook, stating that it expected to keep its proportion of nuclear power generation at around 19% over the next two years (with the proportion of nuclear power generation in 2022 to be around 18%), and that its nuclear energy power generation capacity is projected to reach 791 billion kWh in 2024; in April, Unit 3 of the US Vogtle Nuclear Power Plant was connected to the grid, the first new nuclear unit to be put into operation in the US in seven years; in November, the US approved an extension of the life of the Diablo Canyon Nuclear Power Plant until its decommissioning in 2030, which was originally scheduled to close in 2025 yet a bill was signed in California in 2022 to overturn an agreement between the state and environmental organizations to close the facility; in addition, in July, the US's only operating commercial uranium enrichment facility, the Eunice Uranium Enrichment Plant, announced a capacity increase of 15% (approximately 700tSWU/a), demonstrating the determination of the United States to progressively restore its nuclear energy industry chain in the aftermath of the Russia-Ukraine conflict.

- In June, in order to minimize dependence on Russian nuclear fuel, the US and the UK established a Joint Standing Committee on Nuclear Energy Cooperation and encouraged the creation of new infrastructure and the development of nuclear fuel cycle capabilities; in December, the US House of Representatives passed the Sanctions Bill banning the importation of Russian nuclear fuel while allowing for a temporary waiver of Russian fuel imports until January 2028, and Russia subsequently planned to ban the export of nuclear fuel to the United States to counteract US sanctions.

*EU*

- In April, the last three units in Germany were decommissioned, and most of the remaining EU countries, with the exception of Germany and Spain, continued to adopt a relatively active nuclear power policy; in February, 11 EU member states, led by France, jointly established the European "Nuclear Alliance", announcing that they would "strengthen EU cooperation" in the field of nuclear power and reaffirming the important role of nuclear energy in a decarbonised economy; in May, Belgium, Sweden and Estonia joined the alliance, and Italy participated as an observer, thus increasing the number of participating states in the "Nuclear Alliance" to 15.

*France*

- France's nuclear power generation accounted for 70% of its national power generation in 2022, and it continued to "focus on nuclear" in 2023: in June, French senators and the National Assembly adopted the draft bill on accelerated development of nuclear energy, which abandoned the goal of "cutting the share of nuclear power to 50% by 2035", and at the same time further simplified the relevant administrative procedures and accelerated the preparatory work for the implementation of the goal of building new nuclear power plants, shortening the time of construction by at least two years in the future; in August, the French Nuclear Safety Authority ("ASN") approved a ten-year extension of the operation of Unit 1 of the Tricastin Nuclear Power Plant, the first French nuclear power plant to be authorised to operate for more than 40 years.

*UK*

- In July 2023, the UK government announced that it would provide a total of £157 million in development funding to the domestic nuclear energy industry, following the establishment of the Great British Nuclear in 2022 and plans to drive the construction of 8 new nuclear generating units over 8 years, in order to advance the government's commitment to "meet 25% of civil electricity supply from nuclear power" by 2025. In January 2024, the Department for Energy Security and Net Zero released the civil nuclear roadmap to 2050, which identified nuclear power as the only reliable, safe and low-carbon option available for large-scale deployment in the UK, and a key component of the UK's drive towards net-zero emissions.

*Other European countries*

- In April, Olkiluoto 3 (OL3), the largest nuclear power plant in Europe, was officially commissioned in Finland, and will provide Finland with about 30% of its electricity; in May, the government of Italy's lower house of parliament proposed the introduction of fourth-generation nuclear technology, its first step back to nuclear power following the 1987 referendum that confirmed the abandonment of nuclear power; in October, the Czech Republic's Cabinet issued the National Climate and Energy Plan, which states that the country's installed nuclear power capacity will increase from 4.3GWe in 2023 to 5.9GWe in 2050; in November, Sweden issued a roadmap for nuclear power development, removing the limit on the number of nuclear power units in operation in the country, and planning to build two new reactors by 2035 and another 10 reactors by 2045; in December, Belgium approved a 10-year life extension to 2035 for Unit 4 of the Doel Nuclear Power Plant and Unit 3 of the Tihange Nuclear Power Plant.

*Canada*

- Canada, where generated approximately 12% of its electricity from nuclear power in 2022, is also pushing hard to develop nuclear power under the circumstance of energy security and independence: in July, the province of Ontario, Canada, announced plans to build the first new large-scale nuclear power plant in 30 years, with a planned site next to the Bruce Power Nuclear Power Plant; in August, Unit 6 of the Bruce Nuclear Power Plant in Canada resumed commercial operation after the completion of a Major Component Replacement ("MCR") program, following the shutdown of the reactor for large scale renovation in January 2020, achieving the extension of lifespan (reaching 80 years) of the nuclear power plant to 2064.

*Japan*

- Following last year's announcement that nuclear power units shut down due to the Fukushima nuclear accident would be restarted progressively. Japan is continuing its positive attitude toward the development of nuclear power this year: in February, Japan announced that the relevant provision of "the period for a power reactor to operate shall be 40 years with a maximum of 60 years" was officially removed; in July and September, Japan has approved the restarting of Unit 1 and 2 of Takahama Nuclear Power Plant, respectively, which both operated for over 40 years. As of the end of 2023, Japan had restarted 12 plants; in November, Unit 1 and 2 of Sendai Nuclear Power Plant were approved to extend their lifespan for 20 years (to 2044 and 2045, respectively).

*Korea*

- In January, Korea announced plans to increase its proportion of nuclear power generation to 32.4% by 2030, higher than the proportion of power generation from other energy sources; the share of nuclear power generation will be further increased by 2.2 percentage points by 2036 compared to 2030; in October, the Korea government announced the provision of low rate loan to local companies which are involved in the nuclear power industry in a total of 15 million won (approximately USD114 million) in order to support the development of nuclear power.

*Other countries*

- In July, Unit 5 of the Pakistan Chashma Nuclear Power Plant commenced construction, being the seventh unit to be exported to Pakistan from the PRC. It is expected to generate nearly 10 billion kWh of electricity annually upon the completion of its construction, which will meet the annual electricity demand of more than 4 million local households in Pakistan.

- In October, Bulgaria approved the construction and preparation of Units 7 and 8 of the Kozloduy Nuclear Power Plant (AP1000 model), which is expected to be completed by 2033 and will have a total installed capacity of 2.3 GWe.

- In November, Atomic Energy of Ukraine announced the extension of the operation of Unit 1 of the South Ukraine Nuclear Power Plant for another 10 years until its decommissioning at the end of 2033.

*Mainland China*

According to the data released by the China Nuclear Energy Association, there were 55 nuclear power units in operation in China (excluding Taiwan Region of the PRC) with a rated installed capacity of 57GWe as at 31 December 2023, and with 23 power plants under construction, it maintained its top position in the world in terms of scale of nuclear power plants under construction. In 2023, 1 nuclear power was connected to grid and started power generation, and 4 nuclear power units were under construction. The total power generated by nuclear power units was 433.4TWh, an increase of 3.98% as compared to the same period in 2022; the nuclear power generation accounted for 4.86% of the total power generation of the PRC in 2023, year-on-year decreased 0.12% as compared to 2022.

The importance of nuclear power in China's energy system has been further clarified after the Chinese government launched the "Dual Carbon" goals in 2020 and Report on the Work of the Chinese Government in 2021 which proposed that "nuclear power will be developed in an active and orderly manner while ensuring safety". Following the approval of 10 nuclear power units in 2022, 10 more nuclear power units were newly approved in the PRC in 2023, exceeding the pace of approvals expected by the China Nuclear Energy Industry Association for the second consecutive year, of which: in July, the State Council announced the approval of 6 nuclear power units for 3 nuclear power new-build unit projects (Shidao Bay, Shandong; Ningde, Fujian; and Xudabao, Liaoning); and in December, the State Council announced the approval of 4 nuclear power units for 2 nuclear power projects (Taipingling, Guangdong; and Jinqimen, Zhejiang). This reflects the positive and clear attitude towards the development of nuclear power in Mainland China, and also opened up room for growth in demand for natural uranium.

In June, the 2MWt Thorium-based Molten Salt Test Reactor with Liquid Fuel (TMSR-LF1) in Gansu received an operating license by the National Nuclear Safety Administration for its first loaded run, triggering market discussions on the progress of fourth generation nuclear power technology development and the demand for natural uranium in the future. In December, China's first fourth generation nuclear power plant (the Huaneng Shidao Bay High Temperature Gas-cooled Reactor (Hashima Bay HTGRR)) was commercially commissioned and was a landmark achievement of a major national scientific and technological specialization project, marking the world-leading level of fourth generation nuclear power technology in the PRC with fully independent intellectual property rights, and marking the achievement of the PRC in the world's leading level of fourth generation nuclear power technology.

In addition, according to the China Nuclear Energy Development Report released by the China Nuclear Energy Industry Association, it is expected that the proportion of nuclear power generation in the PRC will reach 10% by 2035; at the same time, the PRC will continue to maintain the approval rate of 6-8 nuclear power units per year during the 14th Five-Year Plan period.

***Global natural uranium market and industry development***

Broadly speaking, the total global natural uranium production increased marginally in 2023. According to the UxC report, global natural uranium production in 2023 amounted to approximately 54,390tU, an increase of 6.3% compared to 2022. Of which, Kazakhstan continued to be the top uranium producer in the world, producing 21,000tU for the year, representing 38.7% of the global total supply, a decrease of 0.9% as compared to the corresponding period; while Canada's production for the year amounted to 11,654tU, representing 21.4% of the global total supply, an increase of 58.1% as compared to the corresponding period.

In 2023, the world's major uranium producers advanced production as planned, for example, Kazatomprom 2023 equity production of 21,112tU (38.8% of global primary supply) was 2.7% lower than in 2022; and Cameco produced a total of 17.6 million pounds (6,769tU) of natural uranium (12.4% of global primary supply) in 2023, an increase of 69% and mine production costs of \$26.1/lb$U_3O_8$[Note].

The main events on the global supply side of natural uranium in 2023, classified by mine stage, are:

On-going projects:

- Cameco announced at the beginning of the year that capacity utilisation at its Cigar Lake and McArthur River uranium mines would return to 100% before lowering its full-year production expectations for both mines in September (by 7 and 9%, respectively). According to the announcement of Cameco in 2024, production from the McArthur River Project will be expanded to 100% of design capacity, i.e., restored from 13.5 million pounds (5,192tU) to 18.0 million pounds (6,923tU) (100% baseline), with the specific decision under study.

- Kazatomprom announced its 2024 production plan in January 2024, stating that capacity restoration was limited due to sulfuric acid shortages, and expected the company to produce 21,000-22,500tU for the whole year of 2024, an increase of about 3% compared to 2023 (capacity utilization rate of 83%), which was down compared to the 2022 claim of restoring to 90% of capacity by 2024, showing that the progress of its restoration was not as expected.

- Paladin focused on advancing the restart of the Langer Heinrich Mine uranium project, stating in November that it would begin production in the first quarter of 2024 at 2,310tU/year with a 17-year mine run; however, it stated in January 2024 that the first batch of natural uranium may be delayed until the beginning of the second quarter due to low contractor productivity over the Christmas/New Year period, and is now 93% of the way to a restart of the project, with processing operations commencing on 20 January 2024, and the first batch of ore completing the beneficiation process.

*Note:* Under usual international practice, the usual measuring unit of natural uranium in international uranium product trade is pound (lb), and the usual units of uranium reserves/production are tonnes of uranium (tU) and million pounds of natural uranium. 1tU equals to approximates 2,599.78 lb of $U_3O_8$.

- Boss Energy announced in 2022 that its Honeymoon uranium mine would commence production in the fourth quarter of 2023, with production expected to reach and sustain 940tU per year within three years, but as of the end of January 2024, the project had not yet been commissioned, and the Company updated its initial production start-up to the end of the first quarter of 2024.

Project under construction:

- The Zarbak project, a mine in Kazakhstan in which the Company holds interest, is currently in the mine construction stage. In April, the mine construction plan was approved by the board of directors of Ortalyk and the mine construction was officially launched in October, and the mine construction is expected to be completed by the end of 2024.

- The South Tortkudu mine of Kazakhstan's Katco, a joint venture between France's Orano and Kazatomprom, will start production by the end of 2023, with an expected production capacity of 2,600tU/year (65% of the designed capacity) in 2024-2025, and reach a stabilized production capacity of 4,000tU/year in 2026 at the earliest.

- As a result of the coup d'état in Niger, France's Orano announced in September the cessation of its uranium processing operations in Niger and maintained the Somair uranium mine in a state of repair.

Exploration/researchable projects:

- Denison increased its exploration efforts at the Phoenix uranium mine, and during the year, the company raised US$55.13 million for exploration and development of the Phoenix project, successively completed the Recovered Solution Management Phase test of the site feasibility test of the ground leach project, published the mine feasibility study report, and updated the amount of resources above control level to be approximately 56.3 million pounds of $U_3O_8$ (10,412tU), with production expected to commence in 2027 at an all-in cost of US$16.04/lb$U_3O_8$ and an after-tax NPV of US$1.2 billion.

- Denison announced a high grade uranium discovery at the Moon Lake South Project (holding 75% share), further demonstrating the potential for large, high grade uranium deposits on unconsolidated faces in the area.

- Denison announced the completion of a conceptual study evaluating the use of the ISR mining method at the Midwest Uranium Mine Project, which the mine was jointly owned by Denison (25.17%) and Orano (74.83%), with amount of resource of approximately 39.9 million pounds of $U_3O_8$ (approximately 15,346tU).

- The PLS project, a participating mine of the Company, released its feasibility study in March, announcing that the project had entered the environmental assessment phase; in April, an application was submitted to the Canadian Nuclear Safety Commission for the construction of a mine and hydrometallurgical plant, and a cooperation agreement has been signed with six of the most influential First Nations tribes in the area; it is expected to be in production in 2028, with a design capacity of 30,000tU and a lifespan of 10 years.

- Orano entered into a cooperation agreement with Erdenes Mongol for the development of the Zuuvch-Ovoo uranium mine in Mongolia (with total resource of approximately 93,291tU, 30-year project life, and expected to begin full production in 2028).

- Forum Resources announced the discovery of high-grade mineralization at the Thelon Basin project.

Reactivated projects:

- Lotus Resources' Kayelekera project in Malawi is in the final stages of restarting and will be in full production in the second half of 2025, with an expected annual production rate of 850tU/year and a project life of 10 years.

- Peninsula Energy has announced a delay in the restart of production at its Lance uranium mine in Wyoming, US (from Q1 2023 to December 2024), with production capacity expected to reach 423tU in 2025, increasing to 615-692tU in 2029.

2024 production plan:

- Due to the shortage of raw materials, geopolitical fluctuations and other factors, a number of producers issued a statement that their company's scheduling plan will be adjusted according to the actual situation, or a situation where the production capacity is less than expected may happen. For example, in January 2024, Kazatomprom said that due to sulfuric acid supply issues and delays in the construction of a new mine, the company would adjust its production plan for 2024, with a greater likelihood that it would cut back on its production expectations for 2024, and that production in 2025 may also be impacted. This followed Kazatomprom expectation that production in 2024 would return to 90% (approximately 27,000tU/year), and disclosed that there will be only a production growth of 3% in 2024 compared to the previous year in the Q4 operating report published in February.

In the first half of 2023, the spot natural uranium price maintained a stable upward trend, and the rate of increase accelerated in the second half of the year, with the industry entering the path of rapid development. From January to May, as affected by the uncertainties in the Western financial markets and the global economic environment, the market liquidity was generally low, with the uranium price fluctuating up and down at the level of US\$50/lb$U_3O_8$; in June, it was affected by the release of physical natural uranium AMC (Actively Managed Certificate, a form of financial financing) products by the Swiss asset management company, Zuri-Invest AG ("Zuri-Invest"), and Japan announced the plan to discharge Fukushima nuclear effluent into the sea, the uranium price rose as high as US\$57.75/lb$U_3O_8$; in July-August, a coup d'état took place in Niger, which provides approximately 5% of the world's natural uranium production capacity annually, triggering a market supply panic, causing the uranium price rose to US\$61.1/lb$U_3O_8$. In September, supply-side tensions intensified, with Orano announcing the cessation of its uranium processing operations in Niger and maintaining the maintenance status of its Somair uranium mine, and Cameco lowering its expected annual production; at the same time, the World Nuclear Association released its Nuclear Fuel Report, raising expectations of future growth in demand for nuclear fuel and installed capacity, driving prices further up to US\$73.5/lb$U_3O_8$. In October-December, based on factors such as 22 countries in COP28 launching the declaration on tripling nuclear energy in 2050, and the US and Russia sanctioning each other's import and export of nuclear fuel, the price continued to rise to US\$91.0/lb$U_3O_8$. At the same time, the price of long term trade rose gradually from US\$52.0/lb$U_3O_8$ in January to US\$56.0/lb$U_3O_8$ in July, and then accompanied by the spot price all the way up, at the same time due to the nuclear power owners having entered the field of procurement, signing a new long trade contract, and driving up the long trade price, long trade price for August-December rushed up from US\$58.0/lb$U_3O_8$ to the annual maximum value of US\$72.0/lb$U_3O_8$.

In 2023, the global long-term trade volume of natural uranium was much higher than the spot trading volume (the annual long-term trade volume was 61,385tU, an increase of 40.0% as compared to corresponding period last year, and the annual spot trading volume was 21,154tU, a decrease of 9.5% as compared to the corresponding period last year), breaking the trend that the spot trading volume is much higher than the long-term trade volume for the second consecutive year. Major uranium producers signed more long-term contracts one after another, for example, Kazatomprom signed long-term contracts for natural uranium with the Emirates Nuclear Energy Corporation (ENEC) and China Nuclear Uranium Co., Ltd. (undisclosed quantity and price), respectively, Boss Energy signed the first long-term contract for Honeymoon Mine with a US nuclear owner (to supply 385tU from 2025 to 2031), and the third long-term contract entered into between GLO and North America nuclear owner for Dasa Mine. Although the number of long-term contract entered into for 2023 has risen significantly, there is still a gap from the average contracted volume level of 90,000tU/year before the Fukushima nuclear accident, and as the market recovers further, it is expected to increase in incentives for subsequent nuclear owner to enter into long-term contract. In addition, following the issuance of physical natural uranium funds by Sprott, ANU and Yellow Cake since 2021, other financial institutions have entered the market to explore such model in 2023, for example, Zuri-Invest announced in April 2023 that it had raised US\$100 million to set up a physical natural uranium AMC, and completed the establishment of the product in June. Meanwhile, a number of natural uranium developers and explorers also raised equity financing in 2023, with a cumulative amount of more than US\$650 million, and through the issuance of different types of market financing instruments, such as ATM (At The Market), new uranium resource FT (Fungible Token), convertible bonds, and the raising of the financing limit of the prospectus, as a way of preparing funds for the development of their uranium mining projects.

## BUSINESS PERFORMANCE AND ANALYSIS

During the Reporting Period, the total equity source of the Group was 39,000tU and equity production was 1,277tU.

***Uranium mines under production – Semizbay Mine and Irkol Mine***

During the Reporting Period, the volume of uranium extracted from Semizbay-U was in accordance with the arranged production of 80% of designed production capacity. The designated production capacity for 2023 was 975tU and the actual total volume of uranium extracted was 976tU, completing its annual production tasks by 100.2%, including 407tU from Semizbay Mine with a production cost of US$27/lb$U_3O_8$ and 569tU from Irkol Mine with a production cost of US$23/lb$U_3O_8$. After deduction of processing loss, the total annual natural uranium production was 963tU. In addition, during the manufacturing and operating process, through the continuous implementation of effective cost control measures, and benefiting from the impact of higher uranium prices, the sales profit from Semizbay-U increased significantly, creating the conditions for continued stable growth of the company.

As at 31 December 2023, the remaining resources and reserves of Semizbay Mine and Irkol Mine were as follows:

| | | **Semizbay Mine** | **Irkol Mine** |
|---|---|---|---|
| Average Grade | % | 0.059 | 0.0422 |
| Resources | ’000tU | 5.8 | 14.0 |
| Reserves | ’000tU | 5.8 | 3.0 *Note* |

*Note:* Due to the changes in the standards and parameters of the Kazakhstan resource assessment and the provisions of Articles 125-126 of the Kazakhstan law on Water Code that resulted in the section of the Irkol Mine near the Syr Darya River not being exploitable under the current legislation, it was adjusted from reserves to resources.

***Uranium mines under production – Central Mynkuduk Deposit and Zhalpak Deposit***

During the Reporting Period, the volume of uranium extracted by Ortalyk was in accordance with the arranged production of 80% of designed production capacity. The designated production capacity for 2023 was 1,720tU and the actual total volume of uranium extracted was 1,644tU, completing its annual production tasks by 95.6%, including 1,513tU from Central Mynkuduk Deposit with a production cost of US\$17/lb$U_3O_8$ and 131tU from Zhalpak Deposit (on site leach test phase) with a production cost of US\$27/lb$U_3O_8$. After deduction of processing loss, the total annual natural uranium production was 1,642tU. Affected by the shortage of sulfuric acid supply in the market, Central Mynkuduk Deposit completed 95% of its annual production plan. During the operation, the Company actively adopted various measures to effectively control costs, which, when combined with the factors of higher uranium prices, resulted in significant growth in Ortalyk economic efficiency in 2023. In addition, in October 2023, the mine construction work at the Zhalpak Deposit was initiated and the construction of the hydrometallurgical workshop commenced.

As at 31 December 2023, the remaining resources and reserves of Central Mynkuduk Deposit and Zhalpak Deposit were as follow:

| | | **Central Mynkuduk Deposit** | **Zhalpak Deposit** |
|---|---|---|---|
| Average Grade | % | 0.027 | 0.031 |
| Resources | ’000tU | 22.8 | 14.1 |
| Reserves | ’000tU | 18.4 | 14.1 |

***Uraninum mine project pending for development – operation and project exploration by Fission***

During the Reporting Period, based on information available to the Board and other publicly available information, Fission focused on the development works for its PLS project. On 17 January 2023, Fission released the results of the feasibility study with the expected lifetime production of PLS project approximately 35,000tU, showing a 10-year mine life and a mine construction cost of CA\$1,155 million, representing a slight decrease compared to the pre-feasibility study. Based on the premises of a long-term uranium price of US\$65/lb$U_3O_8$, an exchange rate of CA\$1 = US\$0.75 and a discount rate of 8%, the PLS project would have a production cost of approximately US\$9.77/lb$U_3O_8$, an after-tax net present value of approximately CA\$1,204 million, an internal rate of return of approximately 27.2% and an investment payback period of approximately 2.6 years. The results of the feasibility study indicate that the PLS project is financially highly viable and is one of the quality projects to be developed in the Athabasca Basin. Guided by the results of the positive feasibility study, Fission initiated the front end engineering design of the PLS Project and in April submitted an application to the Canadian Nuclear Safety Commission for the construction of a uranium mine and hydrometallurgical plant in the Athabasca Basin. In order to better complete the pre-engineering design work, two engineering geological holes and 10 hydrogeological holes were completed at the PLS Project in June 2023 to optimize the PLS Project underground mining design and tailings management facility. It is expected that in June 2024, all preliminary engineering design work will be completed.

***Natural uranium trading business***

As at 31 December 2023, the Group achieved revenue of HK$7,360 million from natural uranium trading, increased by 102% as compared to 2022, among which, trading revenue from sales of off-take natural uranium products from mines of Semizbay-U and Ortalyk was HK$1,688 million, representing an increase of 26% as compared to 2022 (2022: HK$1,341 million). In 2023, the Company contracted the purchase of a total of 1,299tU of natural uranium products from Semizbay-U and Otralyk, representing a decrease of 1.7% as compared to 1,321tU in 2022 and the average sales price of US$64.42/lb$U_3O_8$ and an average sales cost of US$64.90/lb$U_3O_8$.

During the Reporting Period, CGN Global sold a total of 5,670tU with an average sales price of US$49.62/lb$U_3O_8$ and an average sales cost of US$48.38/lb$U_3O_8$ and realized trading revenue of HK$5,672 million. In 2023, Russia-Ukraine conflict, continuous interest rate hikes by the US Federal Reserve and procurement of the fund of natural uranium remain as the main factors on affecting the market price. CGN Global took prevention and control of market risks as its top operational priority, studied the market trends carefully and overachieve its performance indicators despite the complex and changing market environment.

As at 31 December 2023, the Group held 697tU of natural uranium at a weighted average cost of US$49.61/lb$U_3O_8$, and had 3,303tU contracted for sale but not yet delivered, at a weighted average selling price of US$56.78/lb$U_3O_8$.

**Acquisition of new uranium resources project**

During the Reporting Period, the Group did not have significant investments save for its interests in Semizbay-U, Ortalyk and Fission disclosed above.

## BUSINESS PROSPECTS

## BUSINESS ENVIRONMENT OUTLOOK

***Nuclear power market analysis***

First, in terms of its own advantages and necessity for nuclear power, nuclear energy is unaffected by global climate change, has high capacity factor, is efficient and stable in power generation, and low carbon emission, which can effectively complement the shortcomings of current new energy sources such as wind and solar power as a baseload energy source.

Second, in terms of global future estimated installed capacity, in 2023, the WNA mid-case forecasted a 12% increase in the highest nuclear power capacity growth prior to 2040 from the previous forecast, with global nuclear power production capacity anticipated to increase to 686GWe by 2040; meanwhile, according to the forecast of UxC, global natural uranium demand for nuclear power plants will total 103,808tU by 2035, representing a 36% increase from the end of 2023, so nuclear fuel demand will continue to rise significantly in the future.

Third, in terms of forecast on China's development, under the background of firmly promoting "Carbon Peaking and Carbon Neutrality", China's nuclear power development will meet unprecedented opportunities. Since 2013, the proportion of nuclear power generation in China has steadily increased from 2.11% in 2013 to 4.22% before the approval of recommissioning of nuclear power in 2018 and to the current 4.86%, while the average proportion of nuclear power generation in emerging countries is 10%, which indicates that there is still huge room for improvement in China. According to the China Nuclear Energy Association and third party research institutions, it is expected that China will approve new nuclear power generating units at a rate of 6 to 8 units per year, reaching a proportion of 10% for nuclear power generation by 2035.

In addition, in terms of the attitude of the global major countries towards nuclear power deployment, a number of countries around the world have continued to put forward policies in favor of the nuclear power industry during the year to cope with the energy instability brought about by geopolitics, overlaid with uncertain risks such as banking risk events in Europe and the United States, as well as the complexity and volatility of the international situation, which are mainly centered on the following aspects: delaying the decommissioning time of nuclear power stations, constructing newly built/approved new nuclear power units, restarting more nuclear power stations, researching and developing new generation nuclear power technologies, and providing financial support. The above measures will have a long-lasting and far-reaching impact on the global supply and demand relationship of nuclear power.

***Natural uranium market analysis***

First, in terms of the trend of spot and long-term trade, the volume of long-term trade rose rapidly in 2023 and it is expected to maintain growth in the future. Following the Fukushima accident, uranium prices were kept low for extended periods and no new long-term contracts were signed for a long period of time, with power plant owners procuring in the spot market to meet demand not covered by long-term contracts, while most natural uranium producers supported their sales with long-term contracts signed prior to the Fukushima accident. However, from 2022 to 2023, the number of long-term contract signed started to rebound, and the signing of new long-term contracts represents that under the stimulation of rising spot uranium prices, the long-term demand from nuclear power plant owners will gradually become prominent, and the fundamentals of the natural uranium market will improve, injecting true strength of recovery to the natural uranium market. However, it should be noted that the number of long-term contracts has not yet returned to the level before 2010 and there is still room for growth in the future. Under such circumstances, in 2023, a number of producers announced to restart mines that had been shut down, such as Paladin announcing that 85% of the restarting works of the Langer Heinrich project has been completed; a number of natural uranium explorers stepped up their exploration efforts, such as Denison completed the Recovered Solution Management Phase test of the site feasibility test of the Phoenix ground leach project, the first field test was completed for the THT ground leach uranium project, Forum Resources discovered high-grade mineralisation at the Thelon Basin project, and CNNC's Rossing uranium mine is scheduled to start the development of the Phase IV project in 2027.

Second, in terms of global energy security and supply landscape, the impact of the Russia-Ukraine conflict since February 2022 has caused the price of traditional fossil energy to skyrocket, and energy security and energy independence to be emphasized to an unprecedented level. Over time, the impact of the Russia-Ukraine conflict has eased, but the ensuing geopolitical events such as the coup in Niger have further triggered fears of an energy crisis. At the same time, in order to reduce dependence on Russia's nuclear fuel supply, North American and European countries have adopted a strategy of supply diversification, such as the EU's launch of the "Europeanisation" of Russia's VVER Fuel supply program, the US House of Representatives passed the sanctions bill to prohibit the imports of Russian nuclear fuel, while allowing the obtainment of temporary exemption of Russian fuel imports by January 2028. Following such conditions, global nuclear fuel supply landscape will be changed accordingly.

Third, in terms of multilateral cooperation on nuclear fuel, many countries have started multilateral cooperation based on the attitude of embracing nuclear energy and for ensuring the safety and stability of their fuel supply, such as France and Sweden signed a letter of intent to strengthen cooperation in the nuclear energy industry, and Kazakhstan will cooperate with France in the field of nuclear fuel.

Finally, for financial institutions' purchases for investment, the procurement and purchase slightly decreased as compared to 2022, but the overall trend for physical natural uranium holding are on an upward trend. At the end of 2021, financial institutions including Sprott and Yellow Cake Plc purchased large volume of natural uranium in the spot market, chose to hold for long term instead of selling in the spot market in 2022 and continued to increase purchases in 2023, and mentioned in its announcement that it "maintains a business model of buying without selling, and continues to build up a physical inventory of natural uranium", with a total of 33,188tU held by the financial institution at the end of 2023 which may further give pressure to the secondary supply formed by the spot commercial inventory in the future. In addition, following the joint establishment of the ANU Physical Natural Uranium Fund in 2022 by Kazatomprom and Kazakh National Bank and the establishment of a new junior uranium maker ETF by Sprott in New York, the release of Zuri-Invest's physical natural uranium AMC (Actively Managed Certificate) product in 2023 will also put pressure on the balance of spot supply-demand relationships.

In summary, the natural uranium market is expected to continue its recovery in 2024.

## BUSINESS DEVELOPMENT OUTLOOK

### *Operation of Semizbay-U*

In accordance with the production plan of Kazatomprom, Semizbay-U will continue to operate in accordance with its production reduction plan in 2024. The Company will continue to actively participate in the governance of Semizbay-U through its board of directors to ensure that Semizbay-U completes its annual production plan and product sales tasks and achieves its annual profit target. At the same time, the Company is actively promoting work on new projects for the development of sandstone-type uranium resources, so as to prepare for the development of Sino-Kazakh cooperation. The despatch team will continue to strengthen the supervision on the implementation of annual production and operation plan and annual budget, especially the completion of the preparation work for mines in newly developed region and natural uranium processing work on time with good quality to ensure the enterprise can accomplish its operational goals with safe production.

### *Operation of Ortalyk*

In 2024, the Company will continue to participate in the governance of Ortalyk through its board of directors to ensure Central Mynkuduk Deposit and Zhalpak Deposit can complete their annual production plans and product sales tasks and achieve their annual profit targets. On the other hand, the annual mine construction missions of Zhalpak are to be completed on time and with high quality. The despatch team will actively participate in the production and operation management of the mine, inspect and supervise the implementation of the annual production and operation plan and annual budget, to ensure the enterprise complete the annual operation targets with safe production and efficient operation. At the same time, the despatch team shall check and monitor the progress and quality of the mine construction of Zhalpak Deposit to ensure completion of the mine construction plan under the premise of safe construction.

### *Management and Control on Fission*

In respect of Fission, the Company mainly relies on participation in its board of directors to involve in its major decision-making and exert influence, while continuously deepening the technical support to the PLS project and enhancing regular technical exchange. In 2024, the Company will strengthen the communication and exchange with Fission, especially focusing on the discussion on the rating for the environmental impact of PLS project and progress on the application of mining license.

***Active Expansion of Trading Business***

The Group will strengthen its business dealings with end customers, such as global nuclear power plants owners, actively participate in international market bidding, develop new business models and actively explore new trading opportunities under the premise of strict control of operational risk to ensure the achievement of annual trade targets.

***Acquisition of New Uranium Resources Projects***

With the steady development of nuclear power generation worldwide and the natural uranium industry in the ascendant, the Group will continue to follow up on the opportunities of high-quality uranium projects around the world, and approach potential targets at an opportune time, in order to provide continuous and stable uranium resources for nuclear power generation owners. At the same time, the Group will seek to establish strategic partnerships with internationally renowned uranium producers and traders to study the feasibility of developing uranium projects in various modes.

***Implementing equity incentive policy***

In order to improve the medium and long-term incentive and binding mechanism of the Company, to strengthen the benefit-sharing and risk-taking among Shareholders, the Company and employees, to enhance the sense of belonging and loyalty of the management and core staff, to fully mobilize the enthusiasm of the Company's senior and middle management and core staff in achieving strategic objectives, and to realize the joint development of the Company and employees, the Company will continue to promote the implementation medium and long-term incentive plans, such as share option scheme.

## RISK IDENTIFICATION AND MANAGEMENT

Upon systematic assessment and analysis, the Company is subject to the following two main risks in 2024:

**Production and operational risks of the projects in Kazakhstan.** The increase in demand for sulfuric acid due to factors such as rising domestic inflation in Kazakhstan and the increase in production by Kazatomprom. The Company will strengthen procurement management, continue to carry out procurement optimization work, dig deep into the procurement optimisation starting point, complete the major procurement contract sorting, and optimise procurement means. At the same time, the Company will strengthen the awareness of cost reduction and efficiency enhancement, and continuously reduce the production cost by means of "improving the reuse rate of equipment", "repairing instead of building" and "changing instead of purchasing". The Company will also strengthen its procurement management, and continue to carry out procurement optimization.

**Risk of the impact on the operation of the Company caused by international conditions.** Influenced by the high interest rate of the US dollar, rising energy prices and intensified geopolitical conflicts, panic spreads, the global capital market is under pressure and the economy is expected to go down. The Company's capital market performance and subsequent financing, resource development, international trade of natural uranium, and production and operation of participating companies will face certain challenges. The Company will closely track the situation and the changes in Russia, Ukraine and Central Asia, study the impact on the Company's capital market performance and various businesses in a timely manner, and formulate countermeasures to safeguard the Company's interests.

## FINANCIAL PERFORMANCE AND ANALYSIS

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

## OVERVIEW OF FINANCIAL RESULTS AND POSITION

### *Major Financial Indicators*

| | **2023** | 2022 |
|---|---|---|
| **Profitability indicators** | | |
| Gross profit margin *(%)*[1] | **1.79** | 4.06 |
| EBITDA *(HK$ million)*[2] | **692.81** | 630.70 |
| EBITDA/Revenue ratio *(%)*[3] | **9.41** | 17.29 |
| Net profit margin *(%)*[4] | **6.75** | 14.11 |
| **Operation ability indicators** | | |
| Trade receivables cycle – average *(Days)*[5] | **19** | 21 |
| Inventory cycle – average *(Days)*[6] | **69** | 195 |
| **Investment return indicators** | | |
| Return on equity *(%)*[7] | **13.75** | 18.71 |
| Profit attributable to owners of the Company to revenue ratio *(%)*[8] | **6.75** | 14.11 |
| Return on assets *(%)*[9] | **7.30** | 7.79 |
| **Repayment ability indicators** | | |
| Bank balances and cash *(HK$ million)* | **1,017.24** | 52.39 |
| Net tangible assets *(HK$ million)*[10] | **3,879.52** | 3,345.81 |
| Gearing ratio *(%)*[11] | **73.97** | 105.06 |

*Notes:*

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

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

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

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

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

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

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

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

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

10. Total equity less right-of-use assets, net.

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

## FINANCIAL RESULTS

The profit of the Group was HK$497 million in 2023, representing a year-on-year decrease of 3% as compared to that of HK$515 million in 2022.

### Revenue

| | For the year ended 31 December | | Changes | |
|---|---|---|---|---|
| | | | Increase/ (Decrease) | Increase/ (Decrease) |
| | **2023** | 2022 | | |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *%* |
| Natural uranium trading | **7,359,952** | 3,645,362 | **3,714,590** | **102** |
| Property investment | **3,171** | 3,318 | **(147)** | **(4)** |
| **Total revenue** | **7,363,123** | 3,648,680 | **3,714,443** | **102** |

The revenue of the Group was HK$7,363 million in 2023, representing an increase of 102% as compared to that of HK$3,649 million in 2022, mainly due to CGN Global grasped the opportunities in active natural uranium market with increased annual trade volume.

**Cost of sales**

| | For the year ended 31 December | | Changes | |
|---|---|---|---|---|
| | **2023** | 2022 | **Increase/ (Decrease)** | **Increase/ (Decrease)** |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *%* |
| Natural uranium trading cost | **7,231,197** | 3,500,648 | **3,730,549** | **107** |
| Property investment | **–** | – | **–** | **N/A** |
| **Total cost of sales** | **7,231,197** | 3,500,648 | **3,730,549** | **107** |

The cost of sales of the Group was HK$7,231 million in 2023, representing an increase of 107% as compared to that of HK$3,501 million in 2022, mainly due to CGN Global grasped the opportunities in active natural uranium market with increased business volume, resulting in a corresponding increase in cost of sales.

**Gross profit and gross profit margin of natural uranium trading**

Affected by the narrowing of trading spread in the off-take business and the international trade, the Group recorded a gross profit from natural uranium trading of HK$129 million in 2023, representing a decrease of 11% as compared to that of HK$145 million in 2022, and the gross profit margin of natural uranium trading decrease to 1.75%.

**Other operating income**

The other operating income of the Group was HK$30 million in 2023, representing an increase of 34% as compared to that of HK$22 million in 2022, mainly due to the increase of interest income and exchange gain.

**Selling and distribution expenses**

Selling and distribution expenses of the Group was HK$19 million in 2023, representing an increase of 41% as compared to that of HK$13 million in 2022, mainly due to the increase in purchase amount of CGN Global as compared with the corresponding period of 2022.

**Administrative expenses**

Administrative expenses of the Group was HK$52 million in 2023, representing an increase of 7% as compared to that of HK$49 million in 2022, mainly due to the increase of consultation fee and other administrative costs.

**Share of results of a joint venture**

The joint venture of the Company is Semizbay-U. As at the end of the Reporting Period, the Group held 49% of the equity interest of Semizbay-U, which mainly owns and operates the Semizbay Mine and the Irkol Mine in Kazakhstan. The remaining 51% equity interest of Semizbay-U is held by Kazatomprom.

The Company indirectly acquired 49% interest in Semizbay-U in 2014 at the consideration of USD133.0 million and such 49% interest in Semizbay-U is recognised as interest in a joint venture of the Group which amounted to HK$550 million as at 31 December 2023, representing 8% of the total assets of the Group.

During the Reporting Period, the Group received a total of HK$148 million dividend (net of tax) from Semizbay-U and the Group's share of Semizbay-U result amounted to HK$273 million, representing an increase of 30% as compared to the corresponding period of 2022, which was mainly attributable to the significant increase in revenue of Semizbay-U following the increase in spot price of natural uranium.

**Share of results of associates**

The Company's associates include Ortalyk and Fission.

As at the end of the Reporting Period, the Group held 49% of the equity interest of Ortalyk which mainly owns and operates the Central Mynkuduk Deposit and the Zhalpak Deposit in Kazakhstan. The remaining 51% equity interest of Ortalyk is held by Kazatomprom.

The Group acquired 49% interest in Ortalyk on 30 July 2021 at the consideration of USD435.1 million and such 49% interest in Ortalyk is recognised as interest in an associate of the Group which amounted to HK$3,363 million as at 31 December 2023, representing 50% of the total assets of the Group.

During the Reporting Period, the Group received a total of HK$338 million dividend (net of tax) from Ortalyk and the share of results of Ortalyk to the Group amounted to HK$320 million, representing an increase of 12% as compared to the corresponding period in 2022, which was mainly attributable to the significant increase in revenue of Ortalyk following the increase in spot price of natural uranium, and the impact from the compensation by the Ortalyk to the government of Kazakhstan.

As at the end of the Reporting Period, the Group held 12.62% of the equity interest of Fission, which mainly engages in acquisition and development of exploration and evaluation of uranium assets, mainly the PLS project in the south west margin of Saskatchewan's Athabasca Basin in Canada.

The Company acquired 19.99% interest in Fission in 2016 at the consideration of CAD82.2 million which has been subsequently diluted to 12.62% as a result of issuance of new shares by Fission to investors as well as under the share option scheme of Fission. Such 12.62% interest in Fission is recognised as interest in an associate of the Group which amounted to HK$582 million as at 31 December 2023, representing 9% of the total assets of the Group. The Group had not received any dividend from Fission during the Reporting Period.

During the Reporting Period, Fission issued 57,872,492 ordinary shares under subscription of new shares to investors, 4,564,625 ordinary shares upon exercise of share options, 330,000 ordinary shares upon exercise of warrants and 205,601 ordinary shares as part of director remuneration, resulting in a decrease in the percentage of equity interests in Fission held by the Company as at 31 December 2023 to 12.62% (31 December 2022: 13.75%).

The Company's profit in its share in Fission was HK$13 million, which includes share of loss for the Reporting Period of HK$7 million, loss on deemed disposal of HK$4 million and the reversal of impairment of long-term investments of HK$24 million.

During the Reporting Period, the Group did not have significant investments save for its interests in Semizbay-U, Ortalyk and Fission disclosed above.

**Finance costs**

The finance costs of the Group were HK$131 million in 2023, representing an increase of 113% as compared to that of HK$62 million in 2022, mainly due to year-on-year increase in annual average interest-bearing debt scale and the continuous high USD interest rate.

**Income tax expenses**

Income tax expense of the Group was HK$62 million in 2023, representing an increase of 19% as compared to that of HK$52 million in 2022, mainly due to the increase in the amount of tax payable as a result of the increase in share of results of a joint venture and share of results of associates.

**Profit for the year**

The profit of the Group was HK$497 million in 2023, substantially the same as compared to that of HK$515 million in 2022.

## FINANCIAL POSITION AND ANALYSIS

**Total assets**

As at 31 December 2023, the Group's total assets were HK$6,750 million, substantially the same as compared to HK$6,866 million as at 31 December 2022.

**Total liabilities**

As at 31 December 2023, the Group's total liabilities were HK$2,870 million, representing a decrease of 18% as compared to HK$3,518 million as at 31 December 2022, mainly due to the repayment of bank borrowings by the Group during the Reporting Period.

**Net current assets**

As at 31 December 2023, the Group's net current assets were HK$823 million, representing an increase of 115% as compared to HK$383 million as at 31 December 2022, mainly due to the repayment of bank borrowings by the Group during the Reporting Period, resulting in a significant year-on-year decrease in current liabilities.

| | As at 31 December | | Changes | |
|---|---|---|---|---|
| | | | Increase/ | Increase/ |
| | **2023** | 2022 | **(Decrease)** | **(Decrease)** |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | ***%*** |
| Inventories | **697,245** | 2,048,471 | **(1,351,226)** | **(66)** |
| Trade and other receivables | **461,551** | 343,396 | **118,155** | **34** |
| Amount due from an intermediate holding company | **1,655** | 1,679 | **(24)** | **(1)** |
| Amount due from a fellow subsidiary | **18** | 18 | **–** | **–** |
| Income tax recoverable | **36,300** | 760 | **35,540** | **4,676** |
| Bank balances and cash | **1,017,239** | 52,390 | **964,849** | **1,842** |
| **Total current assets** | **2,214,008** | 2,446,714 | **(232,706)** | **(10)** |

As at 31 December 2023, the Group's total current assets were HK$2,214 million, representing a decrease of 10% as compared to HK$2,447 million as at 31 December 2022, mainly due to the decrease in the inventories as compared with the corresponding period of 2022 as a result of the sales of CGN Global realised during the Reporting Period.

As at 31 December 2023, the aggregate amount of bank balances and cash of the Group was HK$1,017 million (31 December 2022: HK$52 million), among which, approximately 0% (31 December 2022: 43%) was denominated in HKD, approximately 99% (31 December 2022: 31%) was denominated in USD, approximately 1% (31 December 2022: 15%) was denominated in RMB. Due to the amount received from sale of natural uranium of CGN Global at the end of the Reporting Period, the bank balances temporary rose.

As at 31 December 2023, the Group did not have any bank deposits and cash pledged to any banks (31 December 2022: Nil). The ratio of current assets of the Group over total assets was 33% (31 December 2022: 36%), and the ratio of bank balances and cash over total assets was 15% (31 December 2022: 1%).

**Non-current assets**

| | As at 31 December | | Changes | |
|---|---|---|---|---|
| | **2023** | 2022 | **Increase/ (Decrease)** | **Increase/ (Decrease)** |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | ***%*** |
| Property, plant and equipment | **1,076** | 1,262 | **(186)** | **(15)** |
| Right-of-use assets | **673** | 2,327 | **(1,654)** | **(71)** |
| Investment properties | **39,141** | 45,785 | **(6,644)** | **(15)** |
| Interest in a joint venture | **550,389** | 433,995 | **116,394** | **27** |
| Interests in associates | **3,945,017** | 3,935,248 | **9,769** | **–** |
| Other receivable | **50** | 367 | **(317)** | **(86)** |
| Deferred tax assets | **9** | 9 | **–** | **–** |
| **Total non-current assets** | **4,536,355** | 4,418,993 | **117,362** | **3** |

As at 31 December 2023, the total non-current assets of the Group were HK$4,536 million, representing an increase of 3% as compared to that of HK$4,419 million as at 31 December 2022, mainly due to the increase of interests in a joint venture and associates.

**Current liabilities**

| | As at 31 December | | Changes | |
|---|---|---|---|---|
| | **2023** | 2022 | **Increase/ (Decrease)** | **Increase/ (Decrease)** |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | ***%*** |
| Trade and other payables | **999,401** | 1,043,828 | **(44,427)** | **(4)** |
| Loans from an intermediate holding company | **17,656** | – | **17,656** | **100** |
| Loan from immediate holding company | **–** | 47,694 | **(47,694)** | **(100)** |
| Bank borrowings | **348,979** | 957,752 | **(608,773)** | **(64)** |
| Lease liabilities | **537** | 1,560 | **(1,023)** | **(66)** |
| Amount due to an intermediate holding company | **10,938** | 1,120 | **9,818** | **877** |
| Amount due to fellow subsidiaries | **1,598** | 1,060 | **538** | **51** |
| Income tax payable | **12,119** | 10,697 | **1,422** | **13** |
| **Total current liabilities** | **1,391,228** | 2,063,711 | **(672,483)** | **(33)** |

As at 31 December 2023, the Group's total current liabilities were HK$1,391 million, representing a decrease of 33% as compared to HK$2,064 million as at 31 December 2022, mainly due to the Group's repayment of bank borrowings during the Reporting Period.

**Non-current liabilities**

| | As at 31 December | | Changes | |
|---|---|---|---|---|
| | | | Increase/ | Increase/ |
| | **2023** | 2022 | **(Decrease)** | **(Decrease)** |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | ***%*** |
| Loans from a fellow subsidiary | **1,395,914** | 1,395,914 | **–** | **–** |
| Lease liabilities | **–** | 662 | **(662)** | **(100)** |
| Deferred tax liabilities | **83,030** | 57,281 | **25,749** | **45** |
| **Total non-current liabilities** | **1,478,944** | 1,453,857 | **25,087** | **2** |

As at 31 December 2023, the Group's total non-current liabilities were HK$1,479 million, substantially the same as compared to HK$1,454 million as at 31 December 2022.

**Capital and Reserves**

| | As at 31 December | | Changes | |
|---|---|---|---|---|
| | | | Increase/ | Increase/ |
| | **2023** | 2022 | **(Decrease)** | **(Decrease)** |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | ***%*** |
| Share capital | **76,007** | 76,007 | **–** | **–** |
| Reserves | **3,804,184** | 3,272,132 | **532,052** | **16** |
| **Total equity** | **3,880,191** | 3,348,139 | **532,052** | **16** |

As at 31 December 2023, total equity of the Group amounted to HK$3,880 million, representing an increase of 16% as compared to HK$3,348 million as at 31 December 2022, mainly due to accumulation of profit.

The Group's gearing ratio (total debt divided by total equity multiplied by 100%) was 74% (2022: 105%).

**Assets and investments**

Save as disclosed above, during the Reporting Period, the Group did not conduct any significant equity investment, major acquisition or disposal in relation to relevant subsidiaries, associates and joint ventures.

### Investment direction

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

## CORPORATE GOVERNANCE

Under code provision C.2.1 of part 2 of the Corporate Governance Code, the responsibilities between the chairman and chief executive officer should be separate and should not be performed by the same individual. During the Reporting Period, Mr. An Junjing was both the chairman of the Board and the chief executive officer of the Company. The Board believes that Mr. An Junjing serving as both the chairman of the Board and the chief executive officer of the Company would ensure consistent leadership and operation. The Nomination Committee will identify suitable candidate(s) for making recommendations to the Board to be appointed as the chief executive officer of the Company.

Save as disclosed above, the Company had adopted and complied with all the applicable code provisions of part 2 of the Corporate Governance Code during the Reporting Period.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

Nether the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the Reporting Period.

## SUFFICIENCY OF PUBLIC FLOAT

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

## DIVIDEND

Since the Group intends to retain sufficient capital for business expansion, the Board did not recommend the payment of any final dividend for the year 2023 (2022: Nil).

## AUDIT COMMITTEE AND REVIEW OF RESULTS

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

The annual results of the Group for the year ended 31 December 2023 have also been reviewed by the Audit Committee.

## PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Company's website (www.cgnmc.com) and the Stock Exchange's website (www.hkexnews.hk). The 2023 annual report containing all information required by the Listing Rules will be dispatched (if necessary) to the Shareholders and published on the websites of the Company and the Stock Exchange in due course.

## ANNUAL GENERAL MEETING

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

## EVENTS AFTER THE REPORTING PERIOD

There is no material event affecting the Group need to be reported to the Shareholders that has occurred after the end of the Reporting Period.

# DEFINITIONS

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

| | |
|---|---|
| "China Uranium Development" | China Uranium Development Company Limited, a company incorporated in Hong Kong with limited liability and the Controlling Shareholder of the Company. |
| "Company" | CGN Mining Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange. |
| "Controlling Shareholder" | has the meaning ascribed to it under the Listing Rules. |
| "Corporate Governance Code" | Corporate Governance Code set out in Appendix C1 to the Listing Rules. |
| "Czech Republic" | the Czech Republic, an inland country in Central Europe. |
| "Director(s)" | the director(s) of the Company. |
| "EU" | European Union, a political and economic union of 27 member states that are located primarily in Europe. |
| "Fission" | Fission Uranium Corp., a Canadian-based resource company of which ordinary shares are listed on the Toronto Stock Exchange under the symbol "FCU", the OTCQX market place in the US under the symbol "FCUUF" and on the Frankfurt Stock Exchange under the symbol "2FU" a company owned as to 12.62% by the Company as at 31 December 2023. |
| "Fourteenth Five-year Plan" | The fourteenth five-year plan for the national economic and social development of the PRC, which covers 2021 to 2025. |
| "Group" | the Company and its subsidiaries. |
| "GWe" | Gigawatts of Electricity. |
| "HK$" or "HKD" | Hong Kong dollars, the lawful currency of Hong Kong. |
| "HKASs" | the Hong Kong Accounting Standards issued by HKICPA. |
| "HKFRSs" | the Hong Kong Financial Reporting Standards issued by HKICPA. |
| "HKICPA" | the Hong Kong Institute of Certified Public Accountants. |
| "Hong Kong" or "HKSAR" | the Hong Kong Special Administrative Region of the People's Republic of China. |

| | |
|---|---|
| "Irkol Mine" | the Irkol mine located in the Kyzylorzhinsk area, 20 kilometres from the town of Chiili, Kazakhstan with limited liability, which is owned and operated by Semizbay-U. |
| "Kazakhstan" | The Republic of Kazakhstan. |
| "Kazatomprom" | Joint Stock Company National Atomic Company "Kazatomprom", a joint stock company established according to the laws of Kazakhstan with limited liability, which holds 51% equity interest of Semizbay-U and Ortalyk. |
| "kWh" | kilowatt hour. |
| "lb" | pound. |
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange. |
| "Model Code" | the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules. |
| "Natural Uranium" | uranium ore concentrates in the form of $U_3O_8$ in this announcement. |
| "Ortalyk" | Mining Company "ORTALYK" LLP, a limited liability partnership established in Kazakhstan, with the Company holding 49% of its equity interest through its wholly-owned subsidiary and recognised as an associate of the Company. |
| "PLS Project" | Patterson Lake South project, Fission's primary and wholly-owned asset. |
| "PRC" or "China" | The People's Republic of China. |
| "Reporting Period" | From 1 January 2023 to 31 December 2023. |
| "RMB" | Renminbi, the lawful currency of the PRC. |
| "Semizbay Mine" | the Semizbay mine located in the Valihanov District of Akmoltnsk Oblast in Kazakhstan, which is owned and operated by Semizbay-U. |
| "Semizbay-U" | Semizbay-U Limited Liability Partnership, a limited liability partnership established in Kazakhstan, with the Company holding 49% of its equity interest through its wholly-owned subsidiary and recognised as a joint venture of the Company. |

| | |
|---|---|
| "share(s)" | ordinary share(s) in the Company with a nominal value of HK$0.01 each. |
| "Shareholder(s)" | holder(s) of the share(s). |
| "Sprott" | The Sprott Asset Management LP, a global leader in precious metals and real assets investments. |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited. |
| "subsidiary(s)" | has the meaning ascribed to it under the Listing Rules. |
| "Tenge" | Tenge, the lawful currency of Kazakhstan. |
| "tU" | tons of elemental Uranium. |
| "$U_3O_8$" | Triuranium octoxide, a compound of uranium present as an olive green to black, odorless solid. It is one of the more popular forms of yellowcake and is shipped between mills and refineries in this form. |
| "UK" | the United Kingdom of Great Britain and Northern Ireland. |
| "US" | the United States of America. |
| "USD" or "US$" | United States dollars, the lawful currency of the US. |
| "UxC" | UxC, LLC, one of the leading providers of uranium prices and an independent third party. |
| "Zhalpak Deposit" | the uranium deposit located in Sozak district, Kazakhstan, which was owned and operated by Ortalyk. |

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

Hong Kong, 21 March 2024

*As at the date of this announcement, the Board comprises two executive Directors: Mr. An Junjing (chairman and chief executive officer) and Ms. Xu Junmei; three non-executive Directors: Mr. Sun Xu, Mr. Yin Xiong and Mr. Liu Guanhua; and three independent non-executive Directors: Mr. Qiu Xianhong, Mr. Gao Pei Ji and Mr. Zhang Yuntao.*

* *For identification purpose only*