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 2022

The Board announces the audited consolidated results of the Group for the year ended 31 December 2022, together with the comparative figures for the previous financial year ended 31 December 2021, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Notes	**2022** **HK$'000**	2021 *HK$'000*
Revenue	*5*	**3,648,680**	3,859,530
Cost of sales		**(3,500,648)**	(3,771,251)
Gross profit		**148,032**	88,279
Other operating income	*6*	**22,305**	9,479
Selling and distribution expenses		**(13,244)**	(13,793)
Administrative expenses		**(48,707)**	(41,711)
Changes in fair value of investment properties		**(2,903)**	(1,073)
Share of results of a joint venture		**209,412**	138,311
Share of results of associates		**313,947**	66,755
Finance costs	*7*	**(61,699)**	(49,683)
Profit before taxation		**567,143**	196,564
Income tax expenses	*8*	**(52,228)**	(18,066)
Profit for the year attributable to owners of the Company	*9*	**514,915**	178,498
Earnings per share	*11*		
– Basic		**7.18 cents**	2.70 cents
– Diluted		**7.18 cents**	2.70 cents

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

For the year ended 31 December 2022

	2022	2021
	HK$'000	*HK$'000*
Profit for the year	**514,915**	178,498
Other comprehensive (expenses)/income:		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries	**(780)**	3,872
Exchange differences on translation of financial statements of a joint venture	**(38,906)**	(9,205)
Exchange differences on translation of financial statements of associates	**(62,696)**	(17,030)
	(102,382)	(22,363)
Total comprehensive income for the year	**412,533**	156,135

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment		**1,262**	887
Right-of-use assets		**2,327**	3,970
Investment properties		**45,785**	53,082
Interest in a joint venture		**433,995**	358,011
Interests in associates		**3,935,248**	3,994,894
Other receivables	*12*	**367**	367
Deferred tax assets		**9**	5,161
		4,418,993	4,416,372
Current assets			
Inventories		**2,048,471**	1,743,152
Trade and other receivables	*12*	**343,396**	99,390
Amount due from an intermediate holding company		**1,679**	2,392
Amount due from a fellow subsidiary		**18**	20
Income tax recoverable		**760**	6,956
Bank balances and cash	*13*	**52,390**	81,293
		2,446,714	1,933,203
Total assets		**6,865,707**	6,349,575
Current liabilities			
Trade and other payables	*14*	**1,043,828**	1,103,368
Loans from a fellow subsidiary		**–**	236,530
Loan from immediate holding company		**47,694**	2,400,197
Bank borrowings		**957,752**	–
Lease liabilities		**1,560**	1,445
Amount due to an intermediate holding company		**1,120**	1,117
Amounts due to fellow subsidiaries		**1,060**	2,188
Income tax payable		**10,697**	9,270
		2,063,711	3,754,115
Net current assets/(liabilities)		**383,003**	(1,820,912)
Total assets less current liabilities		**4,801,996**	2,595,460

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

As at 31 December 2022

	2022	2021
	HK$'000	*HK$'000*
Non-current liabilities		
Loans from a fellow subsidiary	**1,395,914**	–
Bank borrowings	**–**	387,754
Lease liabilities	**662**	2,417
Deferred tax liabilities	**57,281**	50,066
	1,453,857	440,237
Net assets	**3,348,139**	2,155,223
Capital and reserves		
Share capital	**76,007**	66,007
Reserves	**3,272,132**	2,089,216
Total equity	**3,348,139**	2,155,223

NOTES

1. GENERAL

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES

Except as described below, the accounting policies and methods of computation used in the consolidated financial statements for the year ended 31 December 2022 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021.

(a) Adoption of new or amended HKFRSs

The amended standards impacting the Group that have been adopted in the annual financial statements for the year ended 31 December 2022:

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

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or the disclosures set out in these consolidated financial statements.

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

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

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

- Disclosure of Accounting Policies (Amendments to HKAS 1 and HKFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to HKAS 8); and

- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to HKAS 12).

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to HKFRS 10 and HKAS 28).

The following amendments are effective for the period beginning 1 January 2024:

- HKAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current and Non-current)

- HKAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants)

- HK Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (Amendment to HKAS 1 – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants)

In August 2020, the HKICPA issued amendments to HKAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

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

The Group is currently assessing the impact of these new accounting standards and amendments. Given that HKFRS is fully converged with International Financial Reporting Standards, the Group will assess the impact of the final amendments to IAS 1 on classification of its liabilities once those are issued by the IASB. The Group does not believe that the amendments to IAS 1, in their present form, will have a significant impact on the classification of its liabilities.

The Group does not expect any other standards issued by the HKICPA, but not yet effective, to have a material impact on the Group.

3. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentation currencies

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

4. SEGMENT INFORMATION

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

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

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

b) property investment segment engages in leasing; and

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

For the year ended 31 December 2021

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

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

	2022 ***HK$'000***	2021 *HK$'000*
Natural uranium trading	**2,387,660**	1,845,309
Property investment	**46,566**	55,496
Other investments	**4,369,243**	4,352,906
	6,803,469	6,253,711
Unallocated corporate assets	**62,238**	95,864
Total assets	**6,865,707**	6,349,575

Segment liabilities

	2022 *HK$'000*	2021 *HK$'000*
Natural uranium trading	**3,437,657**	4,131,397
Property investment	**535**	314
Other investments	**–**	–
	3,438,192	4,131,711
Unallocated corporate liabilities	**79,376**	62,641
Total liabilities	**3,517,568**	4,194,352

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

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)**

2021

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

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$38,488,000 (2021: HK$32,831,000) is included in the share of results of associates.

Geographical information

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

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

	Revenue from external customers		**Non-current assets**	
	2022	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Europe (other than UK)	**802,621**	746,255	**–**	–
US	**402,079**	1,243,968	**–**	–
PRC	**1,344,348**	614,363	**45,806**	53,104
Canada	**584,074**	134,700	**546,731**	551,209
Kazakhstan	**–**	–	**3,822,512**	3,801,696
UK	**515,558**	550,781	**1,789**	1,800
HKSAR	**–**	57,473	**1,779**	3,035
Czech Republic	**–**	511,990	**–**	–
	3,648,680	3,859,530	**4,418,617**	4,410,844

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:

	2022	2021
	HK$'000	*HK$'000*
Customer A[1]	**1,341,031**	610,918
Customer B[1]	**584,074**	N/A[2]
Customer C[1]	**529,653**	N/A[2]
Customer D[1]	**515,558**	550,781
Customer E[1]	**N/A[2]**	556,912
Customer F[1]	**N/A[2]**	511,990
Customer G[1]	**N/A[2]**	386,392

1 Revenue from natural uranium trading segment

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

5. REVENUE

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

	2022	2021
	HK$'000	*HK$'000*
Sale of goods	**3,645,362**	3,856,085
Rental income (net of direct outgoings: nil)	**3,318**	3,445
	3,648,680	3,859,530

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

6. OTHER OPERATING INCOME

	2022	2021
	HK$'000	*HK$'000*
Interest income	**5,947**	1,654
Government grants	**120**	–
Inventory lease income	**16,122**	7,683
Others	**116**	142
	22,305	9,479

7. FINANCE COSTS

	2022	2021
	HK$'000	*HK$'000*
Interest expenses on loan from immediate holding company	**38,511**	18,679
Interest expenses on loans from a fellow subsidiary	**9,018**	21,821
Interest expenses on loan from an intermediate holding company	**327**	–
Interest expenses on bank borrowings	**13,775**	9,100
Interest expenses on lease liabilities	**68**	83
	61,699	49,683

8. INCOME TAX EXPENSES

	2022	2021
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– current year	**541**	–
– under provision in prior years	**–**	336
	541	336
Other jurisdictions current tax:		
– UK Corporation tax	**14,157**	9,961
– PRC Enterprise Income tax	**4,724**	–
– Kazakhstani withholding tax	**15,065**	–
	34,487	10,297
Deferred tax	**17,741**	7,769
	52,228	18,066

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 2022, the Hong Kong holding company was in 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 year ended 31 December 2022, the PRC subsidiary was in profit making position (2021: loss 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 19% for both years.

Pursuant to the Tax Code (Revised Edition) implemented since January 2021 in the Kazakhstan (the "New Tax Code of Kazakhstan"), dividends paid by subsurface users to foreign shareholders without permanent establishments in Kazakhstan (the "Foreign Shareholders") will be exempted from the Kazakhstani withholding tax if (i) as of the date when the dividends are paid, such Foreign Shareholder has owned shares (interest) in the company for more than three years, and (ii) within 12 months prior to the dividend payment date, subsurface users undertake further processing (after primary processing) of at least prescribed rate of the total extracted minerals, by its own production facilities in Kazakhstan or owned by its affiliated resident entity in Kazakhstan.

The Group has held shareholding in the joint venture for more than three years and all extracted minerals of the joint venture are further processed in its own production facilities, the dividends received by the Group from the joint venture are not subject to the Kazakhstani withholding tax in accordance with the provisions of the New Tax Code of Kazakhstan.

Ortalyk has not satisfied the exemption conditions from the Kazakhstani withholding tax, the dividends received by the Group from Ortalyk are subject to the Kazakhstani withholding tax in accordance with the provisions of the New Tax Code of Kazakhstan.

Pursuant to the EIT Law, the earnings distributed from the joint venture to the PRC subsidiary is subject to a tax rate that is the difference between the tax rate under EIT Law and the tax rate under the New Tax Code of Kazakhstan.

As at the end of the reporting period, the accumulated unrecognisable taxation for undistributable profits of the joint venture is HK$46,822,000 (2021: HK$40,478,000).

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

9. PROFIT FOR THE YEAR

	2022	2021
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Auditors' remuneration	**2,894**	2,072
Carrying amount of inventories sold	**3,500,648**	3,771,251
Depreciation of property, plant and equipment	**210**	128
Depreciation of right-of-use assets	**1,643**	1,715
Short-term lease expenses	**1,334**	1,319
Staff costs (including directors' emoluments)	**20,741**	15,561
Net exchange loss	**3,323**	3,266

10. DIVIDENDS

During the year ended 31 December 2022, no dividend (2021: HK0.5 cent per share) in respect of the year ended 31 December 2021 has been declared and paid.

Since the Group intends to retain sufficient capital for the business expansion, the Board did not recommend the payment of any final dividend for the year 2022 (2021: 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:

	2022 *HK$'000*	2021 *HK$'000*
Earnings		
Earnings for the year attributable to the owners of the Company for the purpose of calculating basic earnings per share	**514,915**	178,498
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**7,169,520,454**	6,600,682,645

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

12. TRADE AND OTHER RECEIVABLES

	2022 *HK$'000*	2021 *HK$'000*
Trade receivables *(Note a)*	**335,621**	92,160
Prepayments, deposits and other receivables *(Note b)*	**8,142**	7,597
	343,763	99,757
Analysed into		
Current portion	**343,396**	99,390
Non-current portion	**367**	367
	343,763	99,757

The Group did not hold any collateral over these balances. At 31 December 2022 and 2021, there was no loss allowance provided.

Note a: Trade receivables of HK$277,148,000 (2021: HK$91,940,000) represents amount due from immediate holding company, China Uranium Development.

Note b: Included in prepayments, deposits and other receivables, approximately HK$197,000 (2021: HK$1,000) are interest receivables due from CGNPC Huasheng, a fellow subsidiary of the Company.

The Group normally grants to its trade customer credit periods for natural uranium segment ranging from 15 days to 120 days after delivery dates for both years 2022 and 2021.

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.

	2022	2021
	HK$'000	*HK$'000*
Within 30 days	**335,621**	92,160

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

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

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

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

Presented in:	**2022**	2021	**2022**	2021
	HK$'000	*HK$'000*	***RMB'000***	*RMB'000*
Trade and other receivables	**3,978**	100	**1,297**	2,983

13. BANK BALANCES AND CASH

	2022	2021
	HK$'000	*HK$'000*
Bank deposits:		
Cash at bank and on hand	**52,390**	81,293
Analysis of bank balances and cash at the end of the year:		
Cash at bank and on hand *(Note a)*	**1,236**	925
Cash placed at CGNPC Huasheng and CGN Finance *(Note b)*	**51,154**	80,368
	52,390	81,293

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 3.95% to 5.92% (2021: 0.48%) per annum and recoverable on demand.

On 14 June 2019, the Company entered into the new Financial Service Framework Agreements with CGNPC Huasheng and CGN Finance for a terms of three years commencing from 1 January 2020 and ended on 31 December 2022 (the "Agreements").

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

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

	2022	2021
	HK$'000	*HK$'000*
Trade payables *(Note a)*	**655,139**	91,815
Accrued expenses and other payables *(Note b)*	**388,689**	1,011,553
	1,043,828	1,103,368

Note a: Trade payables of HK$10,875,000 (2021: HK$78,110,000) and HK$243,828,000 (2021: HK$13,414,000) 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$7,067,000 (2021: HK$252,000) is interest payable due to CGNPC Huasheng, a fellow subsidiary of the Company and approximately HK$350,948,000 (2021: HK$984,197,000) is the cash received in inventory lease.

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

	2022	2021
	HK$'000	*HK$'000*
Within 30 days	**655,139**	91,815

The average credit period on purchases of goods was within 15 days to 120 days after the delivery date for both years 2022 and 2021. 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 of 31 December 2022, 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 13.75% equity interest in Fission.

In 2022, the Group achieved revenue of HK$3,649 million and profits attributable to owners of the Company of HK$515 million.

Analysis of business environment

The nuclear power market and its development

According to data released by International Atomic Energy Agency ("IAEA"), as of the end of 2022, there were 423 nuclear power units in operation worldwide, with a total installed capacity of 378,754MWe, and 55 units under construction, with a total installed capacity of 58,418MWe, where the nuclear power units in operation and under construction spanned across 32 countries and regions. In 2022, there were 6 new grid-connected units worldwide, with a total installed capacity of 7,360MWe; 7 units with a total installed capacity of 8,197MWe commenced construction; and 5 closed units with a total installed capacity of 2,839MWe. In 2022, against the backdrop of Russo-Ukrainian conflict, the price of conventional fossil energy was soaring. Energy security and energy independence have caught the highest attention ever. As a conventional source of energy that is low-carbon, safe, economical and can provide the base load, nuclear power is receiving renewed attention from many countries around the world. Various favourable policies in many countries were launched one after the other which mainly included: the EU and Korea have included nuclear energy as a sustainable energy investment; the US, the UK, France and Japan are promoting the extension of the life of existing nuclear power plants; Japan and France are encouraging the recommissioning of currently defunct nuclear power plans; China, Iran, India and the UK are approving new power units or announcing new nuclear power plans. Meanwhile, major economies are actively pursuing the development of fourth-generation nuclear power technologies such as ultra-high temperature gas-cooled reactors and advanced small reactor units. With renewed embracement of nuclear power, the IAEA has also revised upwards its forecast for nuclear power growth in the third quarter of 2022.

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 56,993MWe as of 31 December 2022, and 22 power plants were under construction, maintaining its top position in the world in terms of scale of nuclear power plants under construction. In 2022, 2 nuclear power units were loaded for the first time, and the total power generation from nuclear power units was 417.8 billion kWh, accounted for 4.98% of the total power generation in the country. Power generation by nuclear power units in 2022 recorded a year-on-year increase of 2.52% as compared with 2021 and the cumulative on-grid power generation was 319.8 billion kWh, representing a year-on-year increase of 2.45% as compared with 2021.

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 proposed that "nuclear power will be developed in an active and orderly manner while ensuring safety". A total of 10 nuclear power units were approved in 2022, a new high in recent years, of which: in April, the State Council announced the approval of 6 nuclear power units for 3 new nuclear power projects (Sanmen Phase II in Zhejiang, Haiyang Phase II in Shandong and Lufeng in Guangdong); in October, the State Council announced the approval of 4 nuclear power units for 2 nuclear power projects (Zhangzhou Phase II and Lianjiang Phase I). This reflects the positive and clear attitude towards the development of nuclear power in Mainland China, and also opens up room for growth in demand for natural uranium.

In January 2023, CGN Guangxi Fangchenggang Nuclear Power Plant Unit 3, the first "Hualong One" nuclear power unit in western China, was successfully connected to the grid for the first time, marking the unit's ability to generate electricity and another key step towards commercial operation.

According to the Fourteenth Five-year Plan, by 2025, China's installed nuclear power capacity will reach 70 million kW; and according to the China Nuclear Energy Association, it is expected that during the Fourteenth Five-year Plan, the growth of installed nuclear power capacity in China will further accelerate and power generation will increase significantly, and by 2035, nuclear power generation will account for about 10% of China's electricity mix.

Global natural uranium market and industry development

Broadly speaking, the total global natural uranium production increased marginally in 2022. According to the UxC report, global natural uranium production in 2022 amounted to approximately 51,154tU, an increase of 5.8% compared to 2021. Of which, the main producer, Kazatomprom, produced 11,813tU in 2022 (representing 23.1% of global primary supply), decreased of 4% as compared to 2021, and Cameco produced 4,000tU in 2022 (represent 7.8% of global primary supply), increased 70% as compared to 2021. Cameco's McArthur River uranium mine restarted with plans to produce 5,769tU annually from 2024; Paladin announced the restart of its Langer Heinrich mine with initial production planned in the first quarter of 2024; Denison's Phoenix uranium mine successfully conducted an in situ recovery feasibility field test with over 97% uranium recovery.

Spot natural uranium prices experienced short-term sharp fluctuations in the first half of 2022, followed by a stable upward trend in the second half. Driven by new forward trade contracts signed by the nuclear power owners, forward trade prices rose by US$9.5/lb U_3O_8 in the first half of the year before stabilising. In January, due to the doubling of liquefied natural gas prices in Kazakhstan, riots broke out in many parts of the country, triggering market panic over the supply of natural uranium, and uranium prices rose by US$3.25/lb$U_3O_8$; from late February to March, the energy crisis caused by the conflict between Russia and Ukraine aroused much concern, and uranium prices rose rapidly, which also drove the stock price of listed companies in the natural uranium industry went up. In April, uranium price rose steadily in the early part of the month, breaking a high of over US$63.0/lb$U_3O_8$, while at the end of the month, due to the rejection by NYSE for Sprott physical uranium trust's listing application, the uranium price was affected to a certain extent and traded lower; in May, under the influence of continuous interest rate hikes by the US Federal Reserve, the global capital market as a whole went down, and the uranium price also dropped sharply to US$46.0/lb$U_3O_8$; from July to August, with the winter energy crisis approaching, which helped governments pay more attention to the development of nuclear power, the uranium price rose up to US$52.75/lb$U_3O_8$. Meanwhile, the spot price fluctuated around US$50.0/lb$U_3O_8$ as physical uranium investors such as Sprott physical uranium trust and YellowCake slowed down their purchases of natural uranium. The forward trade price rose from US$40.5/lb$U_3O_8$ in January to US$50.0/lb$U_3O_8$ in May and then remained at around that level for many months, before surging to a full year high of US$52.0/lb$U_3O_8$ in December.

In 2022, the global forward trade volume of natural uranium exceeded the spot trade volume: the annual forward trade volume was 43,846tU, an increase of 61.2% compared to the same period last year, while the annual spot trade volume was 23,365tU, a decrease of 14.1% compared to the same period last year, breaking the 2020-2021 trend that the spot trade volume was much higher than the forward trade volume; major uranium producers started to sign forward trade contracts. At the same time, in 2022, many natural uranium developers and explorers have also raised equity financing and prepared funds for their uranium projects through multiple exchange listings and issuance of AIM financial instruments, while also targeting to procure on the market in light of the long-term development opportunities for spot uranium.

BUSINESS PERFORMANCE AND ANALYSIS

Uranium mines under production – Semizbay Mine and Irkol Mine

During the Reporting Period, the total volume of uranium extracted from Semizbay-U was 959tU, completing its annual production tasks by 98.4%, including 385tU from Semizbay Mine and 574tU from Irkol Mine. After deduction of processing loss, the total annual natural uranium production was 940tU. The failure to complete its annual production tasks was mainly related to the limited availability of production support materials at the Semizbay Mine in the third quarter and delays in drilling and pipe connection work. In addition, through stringent cost control measures, and benefiting from higher uranium prices and the continued depreciation of the Tenge, the sales profit from Semizbay-U increased during the Reporting Period compared to 2021, creating the conditions for continued stable growth of the company.

As at 31 December 2022, the remaining geological reserves of Semizbay Mine and Irkol Mine were as follows:

		Semizbay Mine	Irkol Mine
Reserves	Average Grade	0.059%	0.0422%
	tU	9,190[Note]	13,966

Note: Semibay-U is currently progressing with the re-estimation of the Semizbay Mine reserve and the data is subject to the final results of the estimation.

Uranium mine under production – Central Mynkuduk Deposit and Zhalpak Deposit

During the Reporting Period, the total volume of uranium extracted by Ortalyk was 1,639tU, which completed 100% of the annual production tasks, including 1,600tU from Central Mynkuduk Deposit and 39tU from Zhalpak Deposit (on site leach test phase). After deduction of processing loss, the total annual natural uranium production was 1,586tU. Similarly, through the adoption of proactive and effective cost control measures, Ortalyk natural uranium costs were kept within budget, which, together with the increase in uranium prices and the depreciation of the Tenge, resulted in a significant increase in Ortalyk's economic benefit in 2022 compared to the previous year. In addition, the preparation for the mine expansion plan for the Zhalpak Deposit was completed and approved by the Management Committee of Kazatomprom on 19 January 2023 and submitted to the board of directors of Kazatomprom for approval.

As at 31 December 2022, the remaining geological reserves of Central Mynkuduk Deposit and Zhalpak Deposit were as follow:

		Central Mynkuduk Deposit	Zhalpak Deposit
Reserves	Average Grade	0.027%	0.031%
	tU	24,444	14,256

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

During the Reporting Period, Fission focused on preparing feasibility study for its PLS project. The winter exploration in 2022 focused on collecting geotechnical samples from areas such as the R840W section, tailings storage, hydrometallurgical plant and ramp roads. The latest mineral resource estimates were released on 12 September 2022, showing a 21% increase in indicated resource and a corresponding 12.3% increase in metals. Fission completed the main feasibility study at the end of December 2022 and released the results of the feasibility study on 17 January 2023, showing a 10-year mine life for the PLS project 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 NPV of approximately CA$1,204 million, an IRR 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.

In addition, Fission has entered into agreements with various local indigenous communities, outlining the responsibilities and obligations of both parties in mine development and will facilitate future application of the mining permit.

Natural uranium trading business

As of 31 December 2022, the Group achieved revenue of HK$3,645 million from natural uranium trading, decreased by 5% as compared to 2021, among which, trading revenue from sales of off-take natural uranium products from mines of Semizbay-U and Ortalyk was HK$1,341 million, representing an increase of 120% as compared to 2021 (2021: HK$611 million). In 2022, the Company contracted the purchase of a total of 1,321tU of natural uranium products from Semizbay-U and Otralyk, representing an increase of 73% as compared to 762tU of uranium in 2021.

In addition, the Company entered into a new sales framework agreement with CGNPC-URC on 16 June 2022 in relation to the sale of natural uranium by the Group to CGNPC-URC and its subsidiaries (other than members of the Group) from 1 January 2023 to 31 December 2025, with a minimum purchase quantity of 1,200tU per calendar year. The new sales framework agreement and the transactions contemplated thereunder are subject to independent shareholders' approval. For details, please refer to the circular of the Company dated 19 August 2022.

During the Reporting Period, CGN Global sold a total of 3,055tU and realized trading revenue of approximately US$297 million. In 2022, the Russo-Ukrainian conflict and the continuous interest rate hikes by the US Federal Reserve caused severe fluctuations in spot market price and surging financing costs. CGN Global studied the market trends carefully with its many years of market experience, operated in strict accordance with the risk control system, adopted new business models and expanded financing channels, and met its performance indicators despite the complex and changing market environment.

As of 31 December 2022, the Group held 2,310tU of natural uranium at a weighted average cost of US$43.98/1b$U_3O_8$, and had 4,849tU contracted for sale but not yet delivered, at a weighted average selling price of US$44.62/1b$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.

Equity financing

During the Reporting Period, the Company completed the issuance of a total of 1.0 billion new ordinary shares to 11 investors at the price of HK$0.80 per share, with total proceeds of HK$800 million and net proceeds of HK$776 million after deducting the relevant expenses. The China State-owned Enterprise Mixed Ownership Reform Fund Co., Ltd ("Mixed-ownership Reform Fund"), the lead investor for the issuance of new shares is a state-level fund approved by the State Council, whose main investment direction covers key strategic fields and core technical domains, etc. At present, the Mixed-ownership Reform Fund has assigned a director to participate in corporate governance and provide support in optimizing the Company's brand image and enhancing the Company's value. The Company has introduced investors which are state-level funds, internationally renowned natural uranium funds and local investment institutions in Hong Kong, further increasing the proportion of shareholding held by institutional investors.

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 2022, the IAEA forecasted a 10% increase in the highest nuclear power capacity growth prior to 2050 from the previous forecast, with global nuclear power production capacity anticipated to increase to 873GWe by 2050; meanwhile, according to the forecast of UxC, global nuclear power capacity in operation will reach 543GWe by 2035, representing an increase of 37% as compared to the end of 2022. In addition, currently there are 57 reactors under construction in 18 countries, which are expected to provide approximately 59GWe of additional capacity. These developments will generate significant new nuclear fuel demand in global.

Third, in terms of forecast on China's development, under the background of firmly promoting "Carbon Dioxide Peaking and Carbon Neutrality", China's nuclear power development will meet with 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 4.98%, while the average proportion of nuclear power generation in emerging countries is 10%, which indicates that there are 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 6-8 units per year, reaching an installed capacity of 120GWe (0.12 billion kW) in operation by 2030 and 150GWe (0.15 billion kW) in operation by 2035.

In addition, in terms of the attitude of the global major countries in nuclear power deployment, many countries around the world have been putting forward favorable policies for the nuclear power industry this year in response to the energy insecurity caused by the Russo-Ukrainian conflict and the winter energy crisis, and mainly articulated in the following aspects: delaying the decommissioning of nuclear power plants, restarting more nuclear power plants, developing new generation nuclear power technologies, incorporating into national green financing scope, and providing capital channels. The above measures will have a long lasting and far-reaching impact on the global supply and demand for nuclear power.

Natural uranium market analysis

First, in terms of the trend of spot and forward-trade, the volume of forward trade rose rapidly in 2022 and is expected to maintain growth in the future. Following the Fukushima Daiichi accident, uranium prices were kept low for extended periods and no new long-term contracts were signed for a long time, with power plant owners procuring in the spot market to meet demand not covered by long-term contracts, while most natural uranium producers supported their sales with long-term contracts signed prior to the Fukushima Daiichi accident. However, in 2022, the forward contract volume started rebounce and the signing of new long-term contracts represents that long-term demand from nuclear power plant owners, stimulated by the increase in spot uranium prices, gradually emerges and the fundamentals of the natural uranium market is improving, which brings real strength of recovery to the natural uranium market. However, it should be noted that the volume of long-term contracts has not yet returned to the level in 2010 and there is still room for growth in the future.

Second, in terms of global energy security and supply landscape, the price of conventional fossil fuels rose sharply and energy security and energy independence have reached an unprecedented level of importance since February 2022. As time passes, the conflict between Russia and Ukraine has not abated, and the Zaporizhzhia nuclear power plant has been bombarded, which further triggers the fears on energy crisis. North American and European countries have adopted supply diversification strategies to reduce their dependence on Russian nuclear fuel supply, and the global nuclear fuel supply landscape will change 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, example is the in-depth cooperation between China and Kazakhstan: In October 2022, President Xi Jinping visited Kazakhstan, during which China and Kazakhstan issued a joint statement clearly stated the two countries will deepen their cooperation in the field of oil, gas and natural uranium. In December, Kazakhstan's Ulba-FA delivered the first batch of nuclear fuel components to CGN, which is a typical model of successful multilateral cooperation among leading enterprises in the world's nuclear industry.

In addition, as for natural uranium transportation and delivery routes, due to the impact of the Russo-Ukrainian conflict, some transportation routes may face impediments to smooth passage and the stability of the delivery time of uranium producers may be impaired, for example: in October, Kazatomprom stated that in response to the blockage of the "St. Petersburg route" and the lack of capacity on the "Trans-Caspian Sea route", it was looking for alternative routes to overcome its inability to meet deliveries, and might consider to hold discussions with Turkey to establish a rail line to the port of Mersin, or discuss with China to establish a route from the Kazakhstan-China border to Shanghai. Although this incident did not affect the production and product delivery of the uranium mining enterprises of Kazatomprom, the market is more strongly aware of the concentration on the supply side of the natural uranium industry, and this feature will not change significantly in the short to medium term.

Finally, the trend of financial institutions' purchases for investment was stable throughout the year, which may further increase the pressure on the supply-demand gap. At the end of 2021, financial institutions including Sprott and Yellow Cake Plc purchased large volume of natural uranium in the spot market, and chose to hold for long term instead of selling in the spot market in 2022, which may further give pressure on the secondary supply formed by the spot commercial inventory in the future.

In summary, the natural uranium market is expected to continue its recovery in 2023.

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 2023. 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. The despatched team will strengthen the supervision on the implementation of annual production and operation plan and annual budget, especially the completion of the mine preparation work and natural uranium processing work on time with good quality to ensure the enterprise accomplish its operational goals with safe production. In 2023, Semizbay-U will continue to promote re-estimation of the geological reserves of its mines, and to explore increasing the reserve of Semizbay-U to prepare for enhancing sustainability.

Operation of Ortalyk

In 2023, the Company will continue to participate in the governance of Ortalyk through its board of directors to ensure Central Mynkuduk Deposit and Zhalpak Deposit complete their annual production plans and product sales tasks and achieve their annual profit targets; on the other hand, the mine construction work of Zhalpak Deposit shall be started on time and the annual mine construction missions are to be completed with high quality. The despatched team will actively participate in the production and operation management of the mine, inspect and supervise the implementation of the annual production and operation plan and annual budget, to ensure the enterprise complete the annual operation targets with safe production and efficient operation. At the same time, the despatched team shall monitor the progress and quality of the mine construction of Zhalpak Deposit to ensure completion of the mine construction plan on time with good quality.

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 2023, the Company will strengthen the communication and exchange with Fission, especially for the discussion of technical solutions referred to in the feasibility study report.

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

The Company is optimistic about the continuous growing trend of natural uranium demand brought by the stable development of global nuclear power. The Company will continue to focus on the world's high-quality mining resources and seek for potential uranium resource investment opportunities to build a sustainable pipeline of low-cost, high-quality uranium resources to achieve continuity of production capacity and provide nuclear power owners with a sustainable and stable uranium resource.

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 explore medium and long-term incentive plans, such as share option scheme.

RISK IDENTIFICATION AND MANAGEMENT

Upon systematic assessment analysis, the Company is subject to the following two main risks in 2023:

Production and operational risks of the projects in Kazakhstan. Due to factors such as the COVID-19 pandemic and the Russo-Ukrainian conflict, the prices of raw materials such as sulfuric acid and casing pipes required for mining production and transportation costs continued to rise, at the same time, mine preparation costs and production costs increased due to inflation. The Company is making progress in the major purchase contract review and optimization plan, launches special actions for cost control, implements refined cost management and strictly controls mine production costs, and prepares reasonable and economical mining plan and adopts refined management to ensure the achievement of production target.

The risk of fluctuation of interest rate and exchange rate on the Company's operation. Starting from 2022, the US Federal Reserve has adopted a more aggressive interest rate hike policy and the increase in USD interest rates will adversely affect the Company's financial cost control and financial profit in 2023. The unstable exchange rate of Tenge against USD may cause the dividends for Shareholders to be adversely affected by the fluctuation of the exchange rate on the Company's operation. Debt structure has been reviewed and risk management on debts has been completed as planned. The Company continues to pay attention to the changes in interest rates and exchange rates and plans in advance to control finance costs. Based on the study of the exchange rate trend of Tenge/USD, the Company has proposed on the dividend strategy for Semizbay-U and Ortalyk for the year 2022.

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

	2022	2021
Profitability indicators		
Gross profit margin *(%)*[1]	**4.06**	2.29
EBITDA *(HK$ million)*[2]	**630.70**	248.09
EBITDA/Revenue ratio *(%)*[3]	**17.29**	6.43
Net profit margin *(%)*[4]	**14.11**	4.62
Operation ability indicators		
Trade receivables cycle – average *(Days)*[5]	**21**	21
Inventory cycle – average *(Days)*[6]	**195**	168
Investment return indicators		
Return on equity *(%)*[7]	**18.71**	8.54
Profit attributable to owners of the Company to revenue ratio *(%)*[8]	**14.11**	4.62
Return on assets *(%)*[9]	**7.79**	3.39
Repayment ability indicators		
Bank balances and cash *(HK$ million)*	**52.39**	81.29
Net tangible assets *(HK$ million)*[10]	**3,345.81**	2,151.25
Gearing ratio *(%)*[11]	**105.06**	194.61

Note:

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

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

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

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

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

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

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

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

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

10. Total equity less intangible assets, net.

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

FINANCIAL RESULTS

The profit of the Group was HK$515 million in 2022, representing a year-on-year increase of 188% as compared to that of HK$178 million in 2021.

REVENUE

	For the year ended 31 December		Movements	
	2022	2021	**Increase/ (Decrease)**	**Increase/ (Decrease)**
	HK$'000	*HK$'000*	***HK$'000***	***%***
Natural uranium trading	**3,645,362**	3,856,085	**(210,723)**	**(5)**
Property investment	**3,318**	3,445	**(127)**	**(4)**
Total revenue	**3,648,680**	3,859,530	**(210,850)**	**(5)**

The revenue of the Group was HK$3,649 million in 2022, representing a decrease of 5% as compared to that of HK$3,860 million in 2021, primarily due to CGN Global reducing its purchase and sales during the year to avoid excessive increase in the average costs of inventories.

Cost of sales

	For the year ended 31 December		Movements	
	2022	2021	**Increase/ (Decrease)**	**Increase/ (Decrease)**
	HK$'000	*HK$'000*	***HK$'000***	***%***
Natural uranium trading cost	**3,500,648**	3,771,251	**(270,603)**	**(7)**
Property investment	**–**	–	**–**	**N/A**
Total cost of sales	**3,500,648**	3,771,251	**(270,603)**	**(7)**

The cost of sales of the Group was HK$3,501 million in 2022, representing a decrease of 7% as compared to that of HK$3,771 million in 2021, mainly due to the corresponding decrease in cost of sales as a result of the decrease of CGN Global's purchase and sale during the year to avoid excessive increase in the average costs of inventories.

Gross profit and gross profit margin of natural uranium trading

Affected by the increase in sales in the off-take business and the broadening of trade spreads of CGN Global, the Group recorded a gross profit from natural uranium trading of HK$145 million in 2022, representing an increase of 71% as compared to that of HK$85 million in 2021, and the gross profit margin of natural uranium trading increased to 3.97%.

Other operating income

The other operating income of the Group was HK$22 million in 2022, representing an increase of 135% as compared to that of HK$9 million in 2021, mainly due to CGN Global's inventories leasing business, which was launched in response to market opportunities and customer demand.

Selling and distribution expenses

Selling and distribution expenses of the Group was HK$13 million in 2022, substantially the same as compared to that of HK$14 million in 2021.

Administrative expenses

Administrative expenses of the Group was HK$49 million in 2022, representing an increase of 17% as compared to that of HK$42 million in 2021, mainly due to the increase in UK interest withholding tax.

Share of results of a joint venture

The joint venture of the Company is Semizbay-U. The share of results of a joint venture was HK$209 million in 2022, representing an increase of 51% as compared to that of HK$138 million in 2021, mainly due to the revenue of Semizbay-U significantly increased following the increase in the price of natural uranium.

Share of results of associates

The Company's associates include Fission and Ortalyk. The Company's share of results of Fission was a profit of HK$28 million, which includes share of loss for the Reporting Period of HK$8 million, loss on deemed disposal of HK$2 million and the reversal of long-term investment impairment of HK$38 million.

During the Reporting Period, Fission issued 10,899,300 ordinary shares under subscription of new shares by investors, 1,239,463 ordinary shares upon exercise of share options, 16,627,059 ordinary shares upon exercise of warrants and 121,792 ordinary shares as part of director remuneration, resulting the percentage of equity interests in Fission held by the Company as at 31 December 2022 decreased to 13.75% (31 December 2021: 14.34%).

The Company's share of results of Ortalyk was a profit of HK$286 million in 2022, representing an increase of 292% as compared to that of HK$73 million in 2021, mainly due to the increase of the sales of Ortalyk and the increase in natural uranium price.

Finance costs

The finance costs of the Group was HK$62 million in 2022, representing an increase of 24% as compared to that of HK$50 million in 2021, mainly due to the year-on-year increase in average financial costs as a result of the year-on-year increase in annual average interest-bearing debt scale and the continuous high USD interest rate in 2022.

Income tax expenses

Income tax expense of the Group was HK$52 million in 2022, representing an increase of 189% as compared to that of HK$18 million in 2021, mainly due to the increase in the amount of tax payable as a result of the significant increase in gross profit from natural uranium trading and the significant increase in share of result of a joint venture and share of result of associates.

Profit for the year

The profit of the Group was HK$515 million in 2022, representing an increase of 188% as compared to that of HK$178 million in 2021.

FINANCIAL POSITION AND ANALYSIS

Total assets

As at 31 December 2022, the Group's total assets were HK$6,866 million, representing an increase of 8% as compared to HK$6,350 million as at 31 December 2021, mainly due to the increase in the inventories as a result of the increase in natural uranium prices as compared with the corresponding period of 2021. In addition, the Group's off-take trading to its immediate holding company, China Uranium Development at the end of 2022, resulting in an increase in trade and other receivables as compared with the corresponding period in 2021.

Total liabilities

As at 31 December 2022, the Group's total liabilities were HK$3,518 million, representing a decrease of 16% as compared to HK$4,194 million as at 31 December 2021, mainly due to the repayment of shareholder loans to immediate holding company.

Net current assets

As at 31 December 2022, the Group's net current assets were HK$383 million, representing an increase of 121% as compared to HK$-1,821 million as at 31 December 2021, mainly due to the repayment of shareholder loans to immediate holding company by the Group during the Reporting Period, resulting in a significant year-on-year decrease in current liabilities as compared to 2021.

	As at 31 December		Movements	
			Increase/	**Increase/**
	2022	2021	**(Decrease)**	**(Decrease)**
	HK$'000	*HK$'000*	***HK$'000***	***%***
Inventories	**2,048,471**	1,743,152	**305,319**	**18**
Trade and other receivables	**343,396**	99,390	**244,006**	**246**
Amount due from an intermediate holding company	**1,679**	2,392	**(713)**	**(30)**
Amount due from a fellow subsidiary	**18**	20	**(2)**	**(10)**
Income tax recoverable	**760**	6,956	**(6,196)**	**(89)**
Bank balances and cash	**52,390**	81,293	**(28,903)**	**(36)**
Total current assets	**2,446,714**	1,933,203	**513,511**	**27**

As at 31 December 2022, the Group's total current assets were HK$2,447 million, representing an increase of 27% as compared to HK$1,933 million as at 31 December 2021, mainly due to the increase in the inventories as a result of the increase in natural uranium prices as compared with the corresponding period of 2021. In addition, the Group's off-take trading to its immediate holding company, China Uranium Development at the end of 2022, resulting in an increase in trade and other receivables as compared with the corresponding period in 2021.

As at 31 December 2022, the aggregate amount of bank balances and cash of the Group was HK$52 million (31 December 2021: HK$81 million), among which, approximately 43% (31 December 2021: 28%) was denominated in HKD, approximately 31% (31 December 2021: 47%) was denominated in USD, approximately 15% (31 December 2021: 19%) was denominated in RMB.

As at 31 December 2022, the Group did not have any bank deposits and cash pledged to any banks (31 December 2021: Nil). The ratio of current assets of the Group over total assets was 36% (31 December 2021: 30%), and the ratio of bank balances and cash over total assets was 1% (31 December 2021: 1%).

Non-current assets

	As at 31 December		Movements	
	2022	2021	**Increase/ (Decrease)**	**Increase/ (Decrease)**
	HK$'000	*HK$'000*	***HK$'000***	*%*
Property, plant and equipment	**1,262**	887	**375**	**42**
Right-of-use assets	**2,327**	3,970	**(1,643)**	**(41)**
Investment properties	**45,785**	53,082	**(7,297)**	**(14)**
Interest in a joint venture	**433,995**	358,011	**75,984**	**21**
Interests in associates	**3,935,248**	3,994,894	**(59,646)**	**(1)**
Other receivable	**367**	367	**–**	**–**
Deferred tax assets	**9**	5,161	**(5,152)**	**(100)**
Total non-current assets	**4,418,993**	4,416,372	**2,621**	**–**

As at 31 December 2022, the total non-current assets of the Group were HK$4,419 million, substantially the same as compared to that of HK$4,416 million as at 31 December 2021.

Current liabilities

	As at 31 December		Movements	
	2022	2021	**Increase/ (Decrease)**	**Increase/ (Decrease)**
	HK$'000	*HK$'000*	***HK$'000***	*%*
Trade and other payables	**1,043,828**	1,103,368	**(59,540)**	**(5)**
Loans from a fellow subsidiary	**–**	236,530	**(236,530)**	**(100)**
Loan from immediate holding company	**47,694**	2,400,197	**(2,352,503)**	**(98)**
Bank borrowings	**957,752**	–	**957,752**	**100**
Lease liabilities	**1,560**	1,445	**115**	**8**
Amount due to an intermediate holding company	**1,120**	1,117	**3**	**–**
Amount due to fellow subsidiaries	**1,060**	2,188	**(1,128)**	**(52)**
Income tax payable	**10,697**	9,270	**1,427**	**15**
Total current liabilities	**2,063,711**	3,754,115	**(1,690,404)**	**(45)**

As at 31 December 2022, the Group's total current liabilities were HK$2,064 million, representing a decrease of 45% as compared to HK$3,754 million as at 31 December 2021, mainly due to the repayment of shareholder loans to immediate holding company by the Group during the Reporting Period.

Non-current liabilities

	As at 31 December		Movements	
			Increase/	**Increase/**
	2022	2021	**(Decrease)**	**(Decrease)**
	HK$'000	*HK$'000*	***HK$'000***	*%*
Deferred tax liabilities	**57,281**	50,066	**7,215**	**14**
Loans from a fellow subsidiary	**1,395,914**	–	**1,395,914**	**100**
Bank borrowings	**–**	387,754	**(387,754)**	**(100)**
Lease liabilities	**662**	2,417	**(1,755)**	**(73)**
Total non-current liabilities	**1,453,857**	440,237	**1,013,620**	**230**

As at 31 December 2022, the Group's total non-current liabilities were HK$1,454 million, representing an increase of 230% as compared to HK$440 million as at 31 December 2021, mainly due to the drawdown of loans by CGNM UK during the Reporting Period.

Total equity

	As at 31 December		Movements	
			Increase/	**Increase/**
	2022	2021	**(Decrease)**	**(Decrease)**
	HK$'000	*HK$'000*	***HK$'000***	*%*
Share capital	**76,007**	66,007	**10,000**	**15**
Reserves	**3,272,132**	2,089,216	**1,182,916**	**57**
Total equity	**3,348,139**	2,155,223	**1,192,916**	**55**

As at 31 December 2022, total equity of the Group amounted to HK$3,348 million, representing an increase of 55% as compared to HK$2,155 million as at 31 December 2021, mainly due to completion of issuance of new shares and accumulation of profit during the Reporting Period.

The Group's gearing ratio (total debt divided by total equity multiplied by 100%) was 105% (2021: 195%).

Assets and investments

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 laid 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. Mr. An Junjing has been both the chairman of the Board and the chief executive officer of the Company. The Board believes that Mr. An Junjing has served as both the chairman of the Board and the chief executive officer of the Company to ensure consistent leadership and operation. The Nomination Committee will identify suitable candidate(s) for making recommendations to the Board to be appointed as the chief executive officer of the Company.

Save as disclosed above, the Company 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

The Company completed its acquisition of 49% interest in Ortalyk at the consideration of approximately US$435 million on 30 July 2021 to increase the amount of uranium assets held as well as expanding its natural uranium trading business. In order to replenish its capital for its natural uranium trading business as well as for future acquisition of competitive overseas uranium resource projects as part of the Group's development strategy, the Company entered into share subscription agreements with eleven investors on 26 November 2021 for the subscription of an aggregate of 1 billion new Shares (nominal value: HK$10,000,000) at the subscription price of HK$0.80 per Share.

As at the date of the subscription agreements, being 26 November 2021, the closing price of the Shares as quoted on the Stock Exchange was HK$0.98 per Share. In addition to the largest subscriber, the China State-Owned Enterprise Mixed Ownership Reform Fund Co., Ltd. (中國國有企業混合所有制改革基金有限公司), eight of the remaining subscribers are investment funds that invest in different equity securities and other investments, while the remaining two subscribers are individual professional investors.

Upon completion, the expected net proceeds of approximately HK$776 million (i.e. net proceed of HK$0.776 per Share) will be used as general working capital and for the acquisition of uranium resources projects.

During the Reporting Period, the Company has allotted and issued 240,700,000 Shares and 759,300,000 new shares on 28 March 2022 and 30 June 2022. The subscription has been completed.

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

SUFFICIENCY OF PUBLIC FLOAT

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

DIVIDEND

Since the Group intends to retain sufficient capital for business expansion, the Board did not recommend the payment of any final dividend for the year 2022 (2021: 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 2022 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 2022 annual report containing all information required by the Listing Rules will be dispatched to the Shareholders and available on the websites of the Company and the Stock Exchange in due course.

ANNUAL GENERAL MEETING

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

EVENTS AFTER THE REPORTING PERIOD

On 3 January 2023, the Board of the Company established an Environmental, Social and Governance Committee.

Save as disclosed above, 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.

DEFINITION

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

"Company"	CGN Mining Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange.
"Controlling Shareholder"	has the meaning ascribed to it under the Listing Rules.
"Corporate Governance Code"	Corporate Governance Code set out in Appendix 14 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 13.75% by the Company as at 31 December 2022.
"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.
"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 of Hong Kong Limited.
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.
“MWe”	megawatts of electricity.
“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 2022 to 31 December 2022.
“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, 23 March 2023

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. Lee Kowk Tung Louis.

* *For identification purpose only*