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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 2019

The Board announces the audited consolidated results of the Group for the year ended 31 December 2019, together with the restated comparative figures for the previous financial year ended 31 December 2018, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	NOTES	**2019** **HK$'000**	2018 HK$'000 (Restated)
Revenue	*4*	**2,076,688**	1,625,974
Cost of sales		**(1,932,783)**	(1,494,150)
Gross profit		**143,905**	131,824
Other operating income	*4*	**20,497**	29,481
Selling and distribution expenses		**(7,573)**	(10,489)
Administrative expenses		**(37,251)**	(43,241)
Changes in fair value of investment properties		**272**	390
Share of results of a joint venture		**64,872**	51,943
Share of results of an associate		**11,916**	12,715
Finance costs	*6*	**(20,466)**	(32,110)
Profit before taxation		**176,172**	140,513
Income tax expenses	*7*	**(16,163)**	(18,447)
Profit for the year attributable to owners of the Company	*8*	**160,009**	122,066
Earnings per share	*10*		
– Basic		**HK2.42 cents**	HK1.85 cents
– Diluted		**HK2.42 cents**	HK1.85 cents

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

For the year ended 31 December 2019

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Profit for the year	**160,009**	122,066
Other comprehensive income (expenses):		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries	**(1,662)**	(2,637)
Exchange differences on translation of financial statements of a joint venture	**(3,313)**	(22,517)
Exchange differences on translation of financial statements of an associate	**20,046**	(41,854)
	15,071	(67,008)
Items that will not be reclassified subsequently to profit or loss:		
Gain on revaluation of property	**5,412**	–
Income tax relating to items that will not be reclassified subsequently	**(1,353)**	–
	4,059	–
Other comprehensive income (expenses) for the year	**19,130**	(67,008)
Total comprehensive income for the year	**179,139**	55,058

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	NOTES	31 December 2019 HK$'000	31 December 2018 HK$'000 (Restated)	1 January 2018 HK$'000 (Restated)
Non-current assets				
Property, plant and equipment		**160**	14,466	16,871
Right-of-use assets		**3,836**	–	–
Investment properties		**48,595**	30,359	31,427
Interest in a joint venture		**237,775**	190,706	161,280
Interest in an associate		**553,522**	521,538	550,202
Deferred tax assets		**–**	496	737
Rental deposits		**387**	–	–
		844,275	757,565	760,517
Current assets				
Inventories		**1,441,980**	703,300	796,889
Trade and other receivables	11	**126,706**	76,483	131,932
Amount due from an intermediate holding company		**3,875**	5,375	1,546
Income tax recoverable		**1,737**	8,728	4,280
Bank balances and cash	12	**676,793**	1,123,056	1,182,240
		2,251,091	1,916,942	2,116,887
Total assets		**3,095,366**	2,674,507	2,877,404
Current liabilities				
Trade and other payables	13	**36,382**	30,476	93,260
Loans from a fellow subsidiary		**422,559**	527,560	354,483
Lease liabilities		**1,703**	–	–
Amount due to an intermediate holding company		**8,373**	6,132	6,490
Amount due to a joint venture		**5,513**	5,513	5,513
Amounts due to fellow subsidiaries		**1,421**	1,668	1,212
Income tax payable		**9,555**	4,246	4,063
		485,506	575,595	465,021
Net current assets		**1,765,585**	1,341,347	1,651,866
Total assets less current liabilities		**2,609,860**	2,098,912	2,412,383

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
As at 31 December 2019

	31 December 2019 *HK$'000*	31 December 2018 *HK$'000* (Restated)	1 January 2018 *HK$'000* (Restated)
Capital and reserves			
Share capital	**66,007**	66,007	66,007
Reserves	**1,878,234**	1,798,411	1,756,079
Total equity	**1,944,241**	1,864,418	1,822,086
Non-current liabilities			
Deferred tax liabilities	**19,104**	18,126	13,106
Loans from a fellow subsidiary	**644,494**	216,368	577,191
Lease liabilities	**2,021**	–	–
	665,619	234,494	590,297
	2,609,860	2,098,912	2,412,383

NOTES

1. GENERAL

The Company was incorporated in Cayman Islands as an exempted company with limited liability. The shares of the Company are listed on the Stock Exchange. Its parent 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 of the Company. Both CGNPC-URC and CGNPC were state-owned enterprises established in the PRC.

The addresses 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.

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$.

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 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018.

Merger accounting for business combination involving entities under common control

The consolidated financial statements include the financial statements items of the combining entities or businesses in which the common control combination occurs as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period unless the combining entities or businesses first came under common control at a later date.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average cost method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Application of new and amendments to HKFRSs

In the current year, the Group has applied, for its first time, the following new and amendments to HKFRSs issued by the HKICPA.

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

The adoption of HKFRS 16 resulted in the changes in the Group's accounting policies and adjustments to the amounts recognised in the consolidated financial statements.

Impact on adoption of HKFRS 16 Leases

HKFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating lease and finance lease and requiring the recognition of right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new accounting policies are described in note 3 to the consolidated financial statements. The Group has applied HKFRS 16 Leases retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of equity, where appropriate, at 1 January 2019, and has not restated comparatives for the 2018 reporting period as permitted under the specific transitional provisions in the standard. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 17 Leases.

On transition to HKFRS 16, the Group elected to apply the practical expedient to the assessment of which arrangements are, or contain, leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

The Group as lessee

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases (except for lease of low value assets and lease with remaining lease term of twelve months or less). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.80%.

The Group recognises right-of-use assets and measures them at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group as lessor

The Group leases some of the properties. The accounting policies applicable to the Group as lessor are not different from those under HKAS 17.

The following table summarises the impact of transition to HKFRS 16 at 1 January 2019. Line items that were not affected by the adjustments have not been included.

	Note	Carrying amount previously reported at 31 December 2018 *HK$'000*	Impact on adoption of HKFRS 16 *HK$'000*	**Carrying amount as restated at 1 January 2019** ***HK$'000***
Right-of-use assets	*a*	–	3,409	**3,409**
Lease liabilities	*a*	–	3,409	**3,409**

Note a: As at 1 January 2019, right-of-use assets were measured at an amount equal to the lease liabilities of approximately HK$3,409,000.

Differences between operating lease commitment as at 31 December 2018, the date immediately preceding the date of initial application, discounted using the incremental borrowing rate, and the lease liabilities recognised as at 1 January 2019 are as follow:

	HK$'000
Operating lease commitment disclosed as at 31 December 2018	3,538
Less: Short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(6)
	3,532
Discounting using the incremental borrowing rate at 1 January 2019	(123)
Lease liabilities as at 1 January 2019	3,409
Current portion	1,520
Non-current portion	1,889
	3,409

Practical expedients applied

On the date of initial application of HKFRS 16, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases; and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

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

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

4. REVENUE AND OTHER OPERATING INCOME

Revenue represents amount received and receivable from sales 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:

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Sales of goods	**2,073,449**	1,623,859
Rental income (net of direct outgoings: nil)	**3,239**	2,115
	2,076,688	1,625,974

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

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Other operating income		
Interest income	**19,965**	25,995
Management fee income	**–**	2,846
Others	**532**	640
	20,497	29,481

5. SEGMENT INFORMATION

Information reported to the chief executive officer, 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.

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 an associate.

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 2019

	Natural uranium trading *HK$'000*	**Property investment** *HK$'000*	**Other investments** *HK$'000*	**Total** *HK$'000*
Revenue	**2,073,449**	**3,239**	**–**	**2,076,688**
Segment profit	**104,416**	**2,490**	**76,788**	**183,694**
Other income and gains				**20,497**
Finance costs				**(92)**
Central administration costs				**(27,927)**
Profit before taxation				**176,172**

For the year ended 31 December 2018

	Natural uranium trading *HK$'000* (Restated)	Property investment *HK$'000* (Restated)	Other investments *HK$'000* (Restated)	Total *HK$'000* (Restated)
Revenue	1,623,859	2,115	–	1,625,974
Segment profit (loss)	73,684	(4,001)	64,658	134,341
Other income and gains				29,481
Central administration costs				(23,309)
Profit before taxation				140,513

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3 to the consolidated financial statements. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of other income and gains, certain finance costs and central administration costs. This is the measure reported to the chief executive officer 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

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Natural uranium trading	**1,565,737**	768,772
Property investment	**52,492**	49,425
Other investments	**791,297**	712,244
	2,409,526	1,530,441
Unallocated corporate assets	**685,840**	1,144,066
Total assets	**3,095,366**	2,674,507

Segment liabilities

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Natural uranium trading	**1,103,004**	774,548
Property investment	**3,536**	1,698
Other investments	**–**	–
	1,106,540	776,246
Unallocated corporate liabilities	**44,585**	33,843
Total liabilities	**1,151,125**	810,089

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 rental deposits, 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 corproate use including certain other payables and lease liabilities.

Other segment information

2019

	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)*	**2,227**	**–**	**–**	**14**	**2,241**
Depreciation of property, plant and equipment	**132**	**55**	**–**	**585**	**772**
Depreciation of right-of-use assets	**181**	**–**	**–**	**1,551**	**1,732**
Interest expenses on loans from a fellow subsidiary	**20,352**	**–**	**–**	**–**	**20,352**
Interest expenses on lease liabilities	**22**	**–**	**–**	**92**	**114**
Provision for inventories	**1,768**	**–**	**–**	**–**	**1,768**
Changes in fair value of investment properties	**–**	**(272)**	**–**	**–**	**(272)**
Share of results of a joint venture	**–**	**–**	**(64,872)**	**–**	**(64,872)**
Share of results of an associate *(Note b)*	**–**	**–**	**(11,916)**	**–**	**(11,916)**
Amounts regularly provided to the chief executive officer but not included in the measure of segment profit or loss or segment assets:					
Income tax expenses	**–**	**–**	**–**	**16,163**	**16,163**
Interest income	**–**	**–**	**–**	**(19,965)**	**(19,965)**

2018

	Natural uranium trading *HK$'000* (Restated)	Property investment *HK$'000* (Restated)	Other investments *HK$'000* (Restated)	Unallocated *HK$'000* (Restated)	Total *HK$'000* (Restated)
Amounts included in the measure of segment profit or loss or segment assets after charging (crediting):					
Depreciation of property, plant and equipment	203	929	–	658	1,790
Interest expenses on loans from a fellow subsidiary	32,110	–	–	–	32,110
Reversal of provision for inventories	(7,166)	–	–	–	(7,166)
Changes in fair value of investment properties	–	(390)	–	–	(390)
Share of results of a joint venture	–	–	(51,943)	–	(51,943)
Share of results of an associate *(Note b)*	–	–	(12,715)	–	(12,715)
Amounts regularly provided to the chief executive officer but not included in the measure of segment profit or loss or segment assets:					
Income tax expenses	–	–	–	18,447	18,447
Interest income	–	–	–	(25,995)	(25,995)
Management fee income	–	–	–	(2,846)	(2,846)

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

Note b: A reversal of an impairment loss of interest in an associate of approximately HK$18,267,000 (2018: HK$19,021,000) is included in the share of results of an associate.

Geographical information

The Group's operations are located in HKSAR, the 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	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)
US	**749,877**	186,769	**–**	–
PRC	**380,492**	549,709	**48,616**	44,051
Europe (Other than UK)	**281,982**	621,206	**–**	–
UK	**206,860**	245,684	**2,062**	147
Kazakhstan	**196,591**	–	**237,775**	190,706
Canada	**146,657**	22,606	**553,522**	521,538
HKSAR	**93,255**	–	**1,913**	627
Japan	**20,974**	–	**–**	–
	2,076,688	1,625,974	**843,888**	757,069

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:

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Customer A[1]	**377,253**	547,594
Customer B[1]	**N/A[2]**	199,949
Customer C[1]	**N/A[2]**	172,403
Customer D[1]	**220,640**	N/A[2]

1 Revenue from natural uranium trading segment

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

6. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Interest expenses on loans from a fellow subsidiary	**20,352**	32,110
Interest expenses on lease liabilities	**114**	–
	20,466	32,110

7. INCOME TAX EXPENSES

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Hong Kong Profits Tax		
– current year	**12,341**	9,416
– under (over) provision in prior years	**118**	(55)
	12,459	9,361
UK Corporation tax		
– current year	**3,178**	3,032
	15,637	12,393
Deferred tax	**526**	6,054
	16,163	18,447

On 21 March 2018, the Hong Kong Legislative Council passed the Bill which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. 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 years ended 31 December 2019 and 2018, 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 EIT Law and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both years.

For the years ended 31 December 2019 and 2018, the PRC subsidiary was in loss-making position and accordingly did not have any assessable income.

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 2018 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, therefore 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.

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

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.

8. PROFIT FOR THE YEAR

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Profit for the year has been arrived at after charging (crediting):		
Auditors' remuneration	**1,652**	1,370
Carrying amount of inventories sold	**1,931,015**	1,501,316
Impairment loss (reversed) in respect of inventories	**1,768**	(7,166)
Cost of inventories recognised as an expense and included in cost of sales	**1,932,783**	1,494,150
Depreciation of property, plant and equipment	**772**	1,790
Depreciation of right-of-use assets	**1,732**	–
Staff costs (including Directors' emoluments)	**13,413**	19,341
Share of income tax expense of a joint venture	**15,620**	8,311
Net exchange gain	**(464)**	(195)

9. DIVIDENDS

During the year ended 31 December 2019, a final dividend of HK0.5 cents (2018: HK0.2 cents) per share in respect of the year ended 31 December 2018 has been declared and paid.

Subsequent to the end of the Reporting Period, a final dividend of HK1 cent (2018: HK0.5 cents) per share in respect of the year ended 31 December 2019 has been proposed by the Board and is subject to approval by the Shareholders in the forthcoming AGM.

10. 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:

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Earnings for the year attributable to the owners of the Company for the purpose of basic earnings per share	**160,009**	122,066
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**6,600,682,645**	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.

11. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Trade receivables *(Note a)*	**120,882**	65,325
Prepayments, deposits and other receivables *(Note b)*	**5,824**	11,158
	126,706	76,483

The Group did not hold any collateral over these balances. At 31 December 2019 and 2018, there was no loss allowance provided.

Note a: Trade receivables of HK$7,387,000 (2018: HK$9,186,000) represents amount due from the immediate holding company, China Uranium Development.

Note b: Included in prepayments, deposits and other receivables, approximately HK$472,000 (2018: HK$5,842,000) and HK$54,000 (2018: HK$24,000) are interest receivables due from CGNPC Huasheng and CGN Finance, respectively, fellow subsidiaries 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.

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.

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Within 30 days	**113,495**	55,534
31 to 60 days	**7,387**	9,791
	120,882	65,325

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix 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.

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

12. BANK BALANCES AND CASH

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Bank deposits:		
Cash at bank and on hand	**676,793**	1,123,056
Analysis of bank balances and cash at the end of the year:		
Cash at bank and on hand *(Note a)*	**28,625**	14,853
Cash placed at CGNPC Huasheng and CGN Finance *(Note b)*	**648,168**	1,108,203
	676,793	1,123,056

Notes:

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

b. The balance is unsecured, interest bearing at ranging from 0.15% to 3.66% (2018: 0.82% to 3.66%) per annum and recoverable on demand. On 6 December 2016, the Company entered into the Former Financial Service Framework Agreement with CGNPC Huasheng for a terms of three years commencing from 1 January 2016 and ending on 31 December 2019 and on 5 September 2017, the Company and CGN Finance entered into the Domestic Financial Services Framework Agreement in respect of the provision of domestic financial services by CGN Finance to the Group in the PRC commencing from 5 September 2017 and ending on 31 December 2019 (collectively referred as the "Agreements"). Under the Agreements, the Directors consider that these deposits made to CGNPC Huasheng and CGN Finance are qualified as cash as the Group can withdraw the deposits without giving any notice and without suffering any penalty.

13. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Trade payables *(Note a)*	**23,889**	19,140
Accrued expenses and other payables *(Note b)*	**11,020**	8,945
Contract liabilities *(Note c)*	**1,473**	2,391
	36,382	30,476

Note a: Trade payables of HK$5,994,000 (2018: HK$8,306,000) represented amount due to a joint venture of the Company, namely, Semizbay-U.

Note b: Included in other payables, approximately HK$1,219,000 (31 December 2018: HK$940,000) are interest payables due to CGNPC Huasheng, a fellow subsidiary of the Company.

Note c: Contract liabilities include the upfront deposits from the customer to deliver the natural uranium.

Revenue recognised during the year ended 31 December 2019 that was included in the contract liabilities at the beginning of the year is approximately HK$2,391,000 (2018: nil). There was no revenue recognised in the current year that related to performance obligations that were satisfied in a prior year.

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

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Within 30 days	**23,889**	10,834
31 to 60 days	**–**	8,306
	23,889	19,140

The average credit period on purchases of goods was ranging from 15 days to 120 days after delivery date. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

14. BUSINESS COMBINATION UNDER COMMON CONTROL

The Group adopts merger accounting for common control combinations in respect of the acquisition of CGN Global during the year ended 31 December 2019. On 16 November 2018, the Company entered into a share transfer agreement with China Uranium Development to acquire 100% equity interest of CGN Global at a consideration of approximately USD8,553,800 (equivalent to approximately HK$66,335,000). The acquisition was completed on 17 January 2019. The ultimate parent of the Company and CGN Global is CGNPC and the aforesaid transactions are regarded as business combinations under common control. No significant adjustments were made to the net assets and net results of the above entities as a result of the common control combination to achieve consistency of accounting policies.

Statements of adjustments for business combinations under common control occurred during the year ended 31 December 2019 on the Group's consolidated financial position as at 31 December 2019, 31 December 2018 and 1 January 2018 and the results for the year ended 31 December 2019 and 31 December 2018 are summarised as follows:

	The Group excluding CGN Global *HK$'000*	CGN Global *HK$'000*	Adjustments *(Note i)* *HK$'000*	The Group including CGN Global *HK$'000*
Year ended 31 December 2019				
Revenue	**380,492**	**1,696,196**	**–**	**2,076,688**
Profit before tax	**157,800**	**18,372**	**–**	**176,172**
Income tax expenses	**(12,762)**	**(3,401)**	**–**	**(16,163)**
Profit for the year	**145,038**	**14,971**	**–**	**160,009**
Other comprehensive income for the year	**19,130**	**–**	**–**	**19,130**
Total comprehensive income for the year	**164,168**	**14,971**	**–**	**179,139**
As at 31 December 2019				
Non-current assets	**908,548**	**2,062**	**(66,335)**	**844,275**
Current assets	**1,091,552**	**1,715,299**	**(555,760)**	**2,251,091**
Total assets	**2,000,100**	**1,717,361**	**(622,095)**	**3,095,366**
Current liabilities	**(36,963)**	**(1,004,303)**	**555,760**	**(485,506)**
Total assets less current liabilities	**1,963,137**	**713,058**	**(66,335)**	**2,609,860**
Capital and reserves				
Share capital	**66,007**	**23,265**	**(23,265)**	**66,007**
Reserves	**1,877,609**	**43,695**	**(43,070)**	**1,878,234**
Total equity	**1,943,616**	**66,960**	**(66,335)**	**1,944,241**
Non-current liabilities	**19,521**	**646,098**	**–**	**665,619**
	1,963,137	**713,058**	**(66,335)**	**2,609,860**

	The Group excluding CGN Global *HK$'000*	CGN Global *HK$'000*	Adjustments *(Note ii)* *HK$'000*	The Group including CGN Global *HK$'000*
Year ended 31 December 2018				
Revenue	362,031	1,263,943	–	1,625,974
Profit before tax	118,234	22,279	–	140,513
Income tax expenses	(16,826)	(1,621)	–	(18,447)
Profit for the year	101,408	20,658	–	122,066
Other comprehensive expenses for the year	(67,008)	–	–	(67,008)
Total comprehensive income for the year	34,400	20,658	–	55,058
As at 31 December 2018				
Non-current assets	756,922	643	–	757,565
Current assets	1,104,970	811,972	–	1,916,942
Total assets	1,861,892	812,615	–	2,674,507
Current liabilities	(31,337)	(544,258)	–	(575,595)
Total assets less current liabilities	1,830,555	268,357	–	2,098,912
Capital and reserves				
Share capital	66,007	23,265	(23,265)	66,007
Reserves	1,746,422	28,724	23,265	1,798,411
Total equity	1,812,429	51,989	–	1,864,418
Non-current liabilities	18,126	216,368	–	234,494
	1,830,555	268,357	–	2,098,912
As at 1 January 2018				
Non-current assets	759,438	1,079	–	760,517
Current assets	1,151,837	965,050	–	2,116,887
Total assets	1,911,275	966,129	–	2,877,404
Current liabilities	(107,414)	(357,607)	–	(465,021)
Total assets less current liabilities	1,803,861	608,522	–	2,412,383
Capital and reserves				
Share capital	66,007	23,265	(23,265)	66,007
Reserves	1,724,748	8,066	23,265	1,756,079
Total equity	1,790,755	31,331	–	1,822,086
Non-current liabilities	13,106	577,191	–	590,297
	1,803,861	608,522	–	2,412,383

Notes:

(i) The adjustment represents elimination of the share capital of CGN Global against their investment costs, other receivables and the loan to a subsidiary. The differences have been recorded in other reserve as at 31 December 2019.

(ii) The adjustment represents transfer the share capital of CGN Global to capital reserves as at 31 December 2018 and 1 January 2018.

The effects of adopting merger accounting for common control combination on the Group's basic earnings per share for the years ended 31 December 2019 and 2018 are as follows:

	2019	2018
	HK cents	*HK cents*
		(Restated)
Figures before adjustment	**2.20**	1.54
Adjustment arising on common control combination	**0.22**	0.31
Restated figures after adjustments	**2.42**	1.85

Certain comparative figures have been restated to conform with current year's classification and presentation as a result of merger accounting.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in natural uranium investment and trading. As of 31 December 2019, the Group held 49% equity interest and 49% off-take rights of products in Semizbay-U and 19.88% equity interest in Fission, as well as wholly-owned subsidiaries CGN Global, Beijing Sino-Kazakh Uranium Resources Investment Company Limited* (北京中哈鈾資源投資有限公司) and CGNM UK Limited.

In 2019, the Company realised revenue of HK$2,077 million and HK$160 million in profits attributable to owners of the Company.

Analysis of Business Environment

The nuclear power market and its industrial development

The year 2019 marks a new start in the development of nuclear power, with total global nuclear power generation now exceeding the level prior to the Fukushima accident. China – the globe's main engine for the growth in nuclear power – ended a three-year (2016-2018) period, in which no nuclear power projects were approved. Several units of the Shandong Rongcheng, Fujian Zhangzhou and Guangdong Huizhou Taipingling nuclear power projects were approved for construction, bringing new vigour to global nuclear power development. Meanwhile, several US companies applied to its government to extend the life of nuclear power units in order to avoid their early retirements. Russia has entered a cooperative agreement with India which is expected lead to six additional nuclear power plants constructed in India. Uzbekistan, Saudi Arabia and other countries have begun preparations for the construction of their first nuclear power plants. In summary, the trend for nuclear power is steadily progressing. Furthermore, the 2019 WNA report upgraded the expected nuclear power installed capacity by 2040, in particular, significantly raised its forecast in resepct of low growth scenario from an annual decrease of 0.4% in its previous report to an annual increase of 0.4%. We remain confident in the development of nuclear power and the growth of nuclear fuel demand.

The natural uranium market and its industrial development

Throughout 2019, the spot price of natural uranium in the international market, as quoted by UxC, generally turned negative after a favourable start, fluctuated between US$24-29/lb and with an average price of US$25.72/lb, while the long-term price stablised at US$32/lb*. Since the fundamentals of oversupply in the international natural uranium market remained unchanged, the increase in uranium prices was restricted. Under the combined effect of uncertainties such as the pending results of the Section 232 Investigation of the US and the extension of sanctions exemption for Iran's nuclear facilities, most major market players (nuclear power companies, investment funds, etc.) have adopted a wait-and-see attitude, resulting in lower spot demand in 2019. As a consequence, the spot transaction volume has dropped by 40% compared to 2018. The long-term market transaction volume increased by 6.6% compared to 2018. Five non-US nuclear power companies purchased 64% of the long-term market during the year, and it is expected that nuclear power companies in emerging markets will be the main players in long-term market transactions in the future.

* Long term price quoted by TradeTech is US$33/lb.

Nuclear fuel cycle market and its industry development

The final product of natural uranium for civil use is mainly in the form of nuclear fuel assembly sold to nuclear power plants. Therefore, continual attention should be paid to the market of various parts in the nuclear fuel industry chain (including conversion and uranium enrichment).

The international conversion prices have been continously depressed in the long run. However, due to the combined effect of the closure of the Metropolis conversion plant and the unsatisfactory slow growing production of the Orano's COMURHEX II conversion plant, a supply shortage began to appear in the conversion market in 2019, and spot prices continued to climb. By the end of December 2019, the purchases from intermediate traders had driven the spot prices and long-term prices to US$22.25/kgU and US$18/kgU, representing a year-on-year increase of US$8.75/kgU and US$2.5/kgU, respectively.

Meanwhile, the enrichment market was also showing signs of recovery in 2019. Nuclear power companies have locked low-cost of SWU through spot and mid-term purchases in the past two years, resulting in a significant reduction of the currently available SWU. Coupled with the purchases of other market participants, the price of SWU increased, and the spot price and long-term price of enriched uranium increased by US$6/SWU and US$6.5/SWU from the beginning of the year, to US$47/SWU and US$49/SWU respectively, at the end of the year.

It is noteworthy that although the prices of conversion and SWU are gradually picking up, as nuclear power companies in China, South Korea and Japan as well as certain traders and producers still hold a relatively large amount of stock, the increase in prices would be restricted.

BUSINESS PERFORMANCE AND ANALYSIS

Uranium mines under production – production of Semizbay-U

Due to the production reduction policy of Kazatomprom, the production volume of both Semizbay Mine and Irkol Mine, owned by Semizbay-U, continued to be reduced in 2019. The total annual production of the two mines was 960tU, of which Semizbay Mine and Irkol Mine respectively produced 400tU and 560tU, fulfilling their 2019 production plans. The Company kept its off-take rights in natural uranium products from Semizbay-U at 588tU after negotiations.

During the Reporting Period, Semizbay Mine opened up three new faultblocks with 316 boreholes drilled and approximately 546tU reserves expanded; and Irkol Mine opened up seven new faultblocks with 333 boreholes drilled and approximately 573tU reserves expanded. The accumulated exploration expenses and total mining production cost of the two mines were 2.81 billion tenge (equivalent to approximately HK$57.7 million) and 15.25 billion tenge (equivalent to approximately HK$313.19 million), respectively.

As at 31 December 2019, the uranium reserves of Semizbay-U were as follows:

	Semizbay Mine	Irkol Mine
Average Grade	0.055%	0.0422%
tU	10,472	15,716

Uranium mine project pending for development – exploration by Fission

During the Reporting Period, Fission continued its winter exploration commenced in 2018, completing 32 drillholes with a total length of 3,872 meters. The exploration cost was approximately CA$8.40 million (equivalent to approximately HK$4,826 million). The exploration achievements during the year include: (a) part of the inferred resources in R780 area were transferred to indicated category, thereby increasing the mineable reserves of the mine and improving the project's economical feasibility; (b) further identified the geoengineering and exploitation conditions of the deposit development through a series of additional geological studies, and created a basis for the selection of mining methods and the reasonable design of a tailing storage facility in the PLS Project feasibility study. Fission released a pre-feasibility study report of open pit/underground hybrid operation of the PLS Project in May 2019, which indicated total project resources of approximately 62,034t U_3O_8 with an average grade of 1.64%, total reserves of 41,062t U_3O_8 with a hydrometallurgical recovery rate of 96.7%, and a total investment in mine construction of CA$1,498 million. Based on the "selling price at US$50 per pound of U_3O_8, exchange rate at CA$1/US$0.75, discount rate at 8%" model hypothesis, the production cost of PLS Project is US$6.77 per pound of U_3O_8, the internal rate of return is 21%, net present value is CA$132 million, and the project payback period is 2.3 years.

In order to further improve the economical fesibility of the project, reduce investment in mining construction and shorten the construction period, Fission commissioned a third-party technical adviser to conduct a pre-feasibility study on underground-only mining method in July 2019. On 7 November 2019, Fission officially released the pre-feasibility study report on the underground-only mining method of the PLS Project. Compared with the pre-feasibility study results on the open pit/underground hybrid operation released in May: 1) capital expenditure decreased from CA$1,498 million to CA$1,177 million and the mine construction period reduced from four to three years; 2) geological reserves decreased from 41,062t U_3O_8 to 36,923t U_3O_8 and the mine life decreased from eight to seven years; 3) unit operating cost slightly increased from US$6.77 per pound of U_3O_8 to US$7.18 per pound of U_3O_8; 4) the internal rate of return was 34%, net present value was CA$133 million, and the project payback period was 2.2 years. The two pre-feasibility study reports indicated that the project mining methods can be flexible and the underground-only mining method has potential advantages, which provide a good foundation for future feasibility studies of the PLS Project.

During the Reporting Period, the Company reviewed and expressed its technical comments on the two pre-feasibility study reports released by Fission on the open pit/underground hybrid operation plan and underground-only mining plan for the PLS Project. Based on adequate communication with its directors, the Company also conducted special studies on Fission's subsequent operating strategies.

Natural uranium trading business

For the year ended 31 December 2019, the Group realised revenue of HK$2,073 million from natural uranium trading.

Trading revenue from sales of natural uranium products from mines owned by Semizbay-U was HK$377 million, representing an increase of 5% compared to 2018 (2018: HK$360 million). Pursuant to the Former Sales Framework Agreements, natural uranium transactions between the Company and CGNPC-URC Group were conducted under a pricing mechanism of referencing to the long-term price index of natural uranium published by third-party index agencies with a floor price and a ceiling price. During the Reporting Period, all the Company's off-take of natural uranium products from Semizbay-U were sold to CGNPC-URC Group. Based on the stable long-term cooperation between the parties, the Company maintained a good relationship with this major customer.

During the Reporting Period, CGN Global delivered a total 8.08 million lbs of natural uranium and realised trading revenue of US$219 million, with a profit of US$1.93 million and total cost of sales of US$211 million. Despite the sluggish natural uranium market, CGN Global made an active effort to grasp the short window of opportunities and successfully realised significant increases in delivery volume and trading revenue as compared to 2018.

Developing new projects

The New Kazakhstan Uranium Project has been the key work of the Company for these two years. During the Reporting Period, the Company continued to proceed with the project and launched multiple rounds of negotiations with its Kazakhstan partners. Due to the disagreement between two parties on some specific issues, progress of the New Kazakhstan Uranium Project was behind the original schedule. However, the Company and Kazatomprom have reached an agreement on an updated timetable and agreed to work together to push forward the project. Meanwhile, the Company also completed a comprehensive due diligence on the project during the Reporting Period, and reached a positive conclusion. The project is still under negotiations and hopefully to be launched in 2020.

BUSINESS PROSPECTS

Business Environment Outlook

Nuclear power market forecast

For the first time since the Fukushima nuclear accident, WNA has raised its expectations for future nuclear power and natural uranium demand – indicating the improving in global nuclear power development. China has broken the "zero approval of nuclear power project situation", with four to six new power units being expected to be approved annually in the future. Japan will continue to pursue its goal of "recovering nuclear power to 20% to 22% by 2030". France's target of 50% nuclear decommissioning has been delayed to 2030-2035. In the US, with increased subsidies for nuclear energy in the 2020 fiscal budget, extensions of lifetime for some nuclear power units are expected to be approved. Generally speaking, nuclear power development is expected to slow down in the European Union, remain stable in North America, and achieve faster growth in East Asia and related regions in the future, marking a gradual shift of the centre of global nuclear power development to Asia.

Natural uranium market forecast

With references to the analyses and forecasts of major international institutions, the Company estimated that the fundamental oversupply situation in the natural uranium market in the next few years will stay unchanged. The market will slowly consume inventories, and the price will increase slightly in the long run. In such environment, the Company will take measures such as controlling production costs and strengthening risk control to ensure stable operation.

Nuclear fuel cycle market and industry analysis

As far as the conversion market is concerned, the price increase in the short term is largely determined by the urgency of conversion purchases by nuclear power companies. In the medium and long term, as the output of the COMURHEX II conversion plant increases and Metropolis conversion plant resumes its production, the conversion price will stabilise.

The uranium enrichment market faces larger uncertainties. The quota provision that Russia is allowed to export nuclear fuel of not more than 20% of the annual demand of the US under the US-Russia suspension agreement will expire in 2020. The current tension between the US and Russia makes it unclear whether the agreement will be extended, and if so, how the quota may be adjusted and what impact this, which will have significant impact on the enrichment price and remains to be seen.

Business Development Outlook

Operation of Semizbay-U, management and control of Fission

The Company will continue to participate in the operation management of Semizbay-U in 2020 to ensure the completion of its annual production, cost control target and the delivery of its committed offtake. Meanwhile, the Company will strengthen control on Semizbay-U's expenses through participation in board meetings and decision-making to ensure that the annual expenditure budget is not exceeded. Base on effective corporate governance and the management through expatriate team, the Company is able to exert its continuous influence on the finance, mining production and the operation of Semizbay-U to ensure its safe production and completion of the production plan. Additionally, in 2020, the Company will actively advocate the adoption of new mine production processes and technologies as well as mine digitalization and to strengthen automated management, and procure Semizbay-U to devote more effort in improving its resources/reserves in 2020 to support its sustainable development.

As to Fission, the Company will participate in and put impact on its decision-making of key issues through being its directors and will gradually strengthen the control over its technology and business management. In 2020, the Company will continue to urge Fission to complete the PLS Project feasibility study as planned and send personnel for technical exchanges with Fission, strengthen the review on the feasibility study report and formulate subsequent development plans for the PLS Project that fit market conditions.

Expanding trade business proactively

The Group will strengthen business contacts with end-customers such as nuclear power plant owners, participate in international market bidding proactively, strengthen its analyses of market conditions and counterparty behaviours, seize market opportunities, develop new business models and explore new trading business opportunities to ensure the achievement of annual trade targets.

Promoting the acquisition of new projects

While moving forward of the New Kazakhstan Uranium Project in 2020, the Company will also continue to identify and track other overseas high-quality and low-cost uranium resources projects, paying special attention to on low-cost projects such as in-situ leachable sandstone uranium mines in Central Asia, and approach potential targets at appropriate timing. At the same time, the Company will seek to establish strategic cooperation relationships with internationally renowned uranium producers and traders, and explore the feasibility of jointly developing uranium mine projects in different modes.

Enhancing investor relationship

In 2020, the Company will continue to put efforts in optimising investor relationships, presenting good corporate image, improving investors' recognition, further enhancing investors on communications through various channels and interacting with more market participants. Additionally, it will reasonably strengthen its voluntary disclosure, striving for more transparent disclosure of information.

Strengthening internal control

In 2020, the Company will continue to improve its internal control system, incorporate internal control requirements into the management procedure documents, and strengthen supervision on systems implementation to reduce internal control risks.

Improving incentive system

To establish a sound long-term incentive and restraint mechanism and support high quality development, the Company is examining the possibility of implementing a mid- to long-term incentive system based on its existing system, which aims to link the growth of employees with the development of the Company, encourage employees to contribute to the Company wholeheartedly, and stimulate overall corporate vitality.

RISK IDENTIFICATION AND MANAGEMENT

Upon systematic analysis, the Company is subject to the following three main risks in 2020:

International natural uranium trade risks

The uncertain price trend of natural uranium and the complex nature of international trade lead to certain risks in the development of the international uranium trade. These include less-than-expected profit or even loss due to fluctuations in the price of natural uranium, breach of contract by the counter party, failure to recover receivables, etc.

To reduce risks in natural uranium trading, the Company has taken measures to strengthen trade risk management and control. Firstly, establish a professional team to closely track and analyse global nuclear power development trends, the production movement of uranium mines and changes in the supply and demand in natural uranium, strengthening the ability on prediction of uranium price, and grasping market opportunities to purchase natural uranium at a lower cost. Secondly, cooperate with international credit rating institutions to comprehensively monitor the qualifications and performance capabilities of counterparties and require those counterparties with lower credit ratings to provide performance guarantees or prepayments to reduce trade risks. Thirdly, continue to strengthen internal management by optimizing the a trade exposure authorisation mechanism, a prevention and control system of counter party default risks and an information system to ensure that trade risks are controllable.

Financial security risks

Currently, the international natural uranium price remains low. However, when taking into account the global nuclear power demand gap and inventory, it is expected that prices will reverse in the medium and long term, and rare opportunities occur for investments in uranium resources globally. Under these circumstances, the Company will continuously track high-quality and high-grade uranium mine projects and conduct mergers and acquisitions when appropriate. Considering that the self-owned capital can hardly meet the mid- to long-term merger and acquisition requirements, the Company will formulate a sound fund and financing plan based on reasonable assessment of the economic and feasibility of potential projects, and introduce new strategic cooperation partners as appropriate to jointly develop and operate projects.

International operation risks

The business and projects of the Company are distributed in Kazakhstan, Canada, UK and other countries. The uncertainties of the operating environment (political and economic situations, policies and regulations) in such countries and changes in the international situation such as Sino-US economic and trade frictions, may create relatively high risks for the Company's operations. Therefore, the Company has established a regular monitoring mechanism for the operating environments of overseas investment projects to track changes in the operating environments of Kazakhstan, Canada and the UK in a timely manner. An analysis report will be generated on major changes at the first instant and notify management and the Board in a timely manner so that an effective and scientific response measure can be taken.

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

	2019	2018 (Restated)
Profitability indicators		
Gross profit margin (%)[1]	**6.93**	8.11
EBITDA (HK$ million)[2]	**199.14**	174.41
EBITDA/Revenue (%)[3]	**9.59**	10.73
Net profit margin(%)[4]	**7.71**	7.51
Operation ability indicator		
Trade receivables cycle – average (Days)[5]	**17**	21
Inventory cycle – average (Days)[6]	**200**	181
Investment return indicators		
Return on equity (%)[7]	**8.40**	6.62
Profit attributable to owners of the Company to revenue ratio (%)[8]	**7.71**	7.51
Return on assets (%)[9]	**5.55**	4.40
Repayment ability indicators		
Bank balances and cash (HK$ million)	**676.79**	1,123.06
Net tangible assets (HK$ million)[10]	**1,940.41**	1,864.42
Gearing ratio (%)[11]	**59.21**	43.45

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. Net 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 (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 (costs divided by 360 days).

7. Profit 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 attributable to owners of the Company divided by the revenue multiplied by 100%.

9. Profit 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. Interests of the Shareholders less intangible assets, net.

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

Financial results

The profit of the Company of 2019 were HK$160 million, representing an increase of 31% as compared to 2018.

REVENUE

	For the year ended 31 December		**Movements**	
	2019	2018	**Increase/ (Decrease)**	**Increase/ (Decrease)**
	HK$'000	*HK$'000* (Restated)	***HK$'000***	*%*
Natural uranium trading	**2,073,449**	1,623,859	**449,590**	**28**
Property investment	**3,239**	2,115	**1,124**	**53**
Total revenue	**2,076,688**	1,625,974	**450,714**	**28**

The revenue of the Group was HK$2,077 million, representing an increase of 28% as compared to that of HK$1,626 million in 2018, primarily because CGN Global aggressively expanded the global market and achieved a significant increase in sales volume and trading revenue of natural uranium as compared with the corresponding period in 2018.

Cost of sales

	For the year ended 31 December		Movements	
	2019	2018	**Increase/ (Decrease)**	**Increase/ (Decrease)**
	HK$'000	*HK$'000* (Restated)	***HK$'000***	***%***
Natural uranium trading cost	**1,932,783**	1,494,150	**438,633**	**29**
Property investment	**–**	–	**–**	**–**
Total cost of sales	**1,932,783**	1,494,150	**438,633**	**29**

The cost of sales of the Group was HK$1,933 million, representing an increase of 29% as compared to that of HK$1,494 million in 2018, primarily because CGN Global aggressively expanded the global market and achieved a significant increase in the sales volume and cost of sales of natural uranium as compared with the corresponding period in 2018.

Gross profit and gross profit margin of natural uranium trading

Due to the increase on the sales volume of CGN Global, the Group recorded a gross profit of natural uranium trading of HK$141 million, representing an increase of 8% as compared to that of HK$130 million in 2018, and the gross profit margin decreased from 8% in 2018 to 7% in 2019.

Other operating income

The other operating income of the Group was HK$20 million, representing a decrease of 31% as compared to that of HK$29 million in 2018, mainly due to the significant decrease in fund deposited in CGNPC Huahseng through optimising the internal utilisation of financial resources of the Group, resulting in decrease in the interest income dramatically.

Selling and distribution expenses

Selling and distribution expenses amounted to HK$8 million, representing a decrease of 20% as compared to that of HK$10 million in 2018, mainly due to the Group's increased effort on the expenditure control.

Administrative expenses

Administrative expenses of the Group were HK$37 million, representing a decrease of 14% as compared to that of HK$43 million in 2018, mainly due to stronger efforts were made on implementing "cost reduction and efficiency improvement" measures and tightening the expenditure control.

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$65 million, representing an increase of 25% as compared to that of HK$52 million in 2018, mainly due to devaluation of Kazakhstan currency and the enhanced cost control of Semizbay-U.

Share of results of an associate

The associate of the Company is Fission. The share of results of an associate was HK$12 million, which includes share of loss for the Reporting Period of HK$6 million and the reversal of long-term investment impairment of HK$18 million.

During the Reporting Period, part of the share options granted by Fission to its directors and employees were exercised and 605,448 ordinary shares were issued. As a result, the equity interests in Fission held by the Company on 31 December 2019 decreased to 19.88% (31 December 2018: 19.90%).

Finance costs

The finance costs of the Group was HK$20 million, which was decreased by 37.5% as compared to the restated finance cost of HK$32 million in 2018, mainly due to the decrease in interest expenses through optimising the utilisation of financial resources of the Group.

Income tax expenses

Income tax expense of the Group was HK$16 million, representing a decrease of 11% as compared to that of HK$18 million in 2018.

Profit for the year

The profit of the Group in 2019 was HK$160 million, representing an increase of 31% as compared to the same period in 2018, mainly due to an increase of gross profits, the significant growth in share of results of the joint venture and the significant decrease in operating expenditures as compared to 2018.

ASSETS CONDITION AND ANALYSIS

Total Assets

As at 31 December 2019, the Group's total assets amounted to HK$3,095 million, representing an increase of HK$420 million as compared to HK$2,675 million as at 31 December 2018, mainly due to the significant increase in natural uranium inventories of the Group.

Total Liabilities

As at 31 December 2019, the Group's total liabilities amounted to HK$1,151 million, representing an increase of 42% as compared to 31 December 2018, mainly due to the increase of loan from a fellow subsidiary.

Net current Assets

As at 31 December 2019, the Group's net current assets was HK$1,766 million, representing an increase of 32% as compared to HK$1,341 million as at 31 December 2018, mainly due to the significant increase of inventory and trade receivables.

Current Assets

	As at 31 December		Movements	Percentage change
			Increase/	Increase/
	2019	2018	**(Decrease)**	**(Decrease)**
	HK$'000	*HK$'000*	***HK$'000***	*%*
		(Restated)		
Inventories	**1,441,980**	703,300	**738,680**	**105**
Trade and other receivables	**126,706**	76,483	**50,223**	**66**
Amount due from an intermediate holding company	**3,875**	5,375	**(1,500)**	**(28)**
Income tax recoverable	**1,737**	8,728	**(6,991)**	**(80)**
Bank balances and cash	**676,793**	1,123,056	**(446,263)**	**(40)**
Total current assets	**2,251,091**	1,916,942	**334,149**	**17**

As at 31 December 2019, the Group's current assets was HK$2,251 million, representing an increase of HK$334 million as compared to 2018, which was mainly due to the significant increase in natural urarium inventories of the Group.

As at 31 December 2019, the aggregate amount of bank balances and cash of the Group was approximately HK$677 million representing a decrease of HK$446 million year-on-year, among which approximately 32% (31 December 2018: 30%) was denominated in HKD, 67% (31 December 2018: 68%) was denominated in USD, and 1% (31 December 2018: 2%) was denominated in RMB.

As at 31 December 2019, the Group did not have any bank deposits and cash pledged to any banks (31 December 2018: Nil).

As at 31 December 2019, the proportion of current assets of the Group over total assets was 73% (31 December 2018: 72%), and the proportion of bank balances and cash over total assets was 22% (31 December 2018: 42%).

Non-current Assets

	As at 31 December		Movements	Percentage change
	2019	2018	**Increase/ (Decrease)**	**Increase/ (Decrease)**
	HK$'000	*HK$'000* (Restated)	***HK$'000***	*%*
Property, plant and equipment	**160**	14,466	**(14,306)**	**(99)**
Right-of-use assets	**3,836**	–	**3,836**	**N/A**
Investment properties	**48,595**	30,359	**18,236**	**60**
Interest in a joint venture	**237,775**	190,706	**47,069**	**25**
Interest in an associate	**553,522**	521,538	**31,984**	**6**
Deferred tax assets	**–**	496	**(496)**	**(100)**
Rental deposits	**387**	–	**387**	**N/A**
Total non-current assets	**844,275**	757,565	**86,710**	**11**

As at 31 December 2019, the non-current assets of the Group were HK$844 million, representing an increase of 11% year on-year, due to the increase in interests in a joint venture and an associate.

Current Liabilities

	As at 31 December		Movements	Percentage change
	2019	2018	**Increase/ (Decrease)**	**Increase/ (Decrease)**
	HK$'000	*HK$'000* (Restated)	***HK$'000***	*%*
Trade and other payables	**36,382**	30,476	**5,906**	**19**
Loans from a fellow subsidiary	**422,559**	527,560	**(105,001)**	**(20)**
Lease liabilities	**1,703**	–	**1,703**	**N/A**
Amount due to an intermediate holding company	**8,373**	6,132	**2,241**	**37**
Amount due to a joint venture	**5,513**	5,513	**–**	**–**
Amounts due to fellow subsidiaries	**1,421**	1,668	**(247)**	**(15)**
Income tax payable	**9,555**	4,246	**5,309**	**125**
Total current liabilities	**485,506**	575,595	**(90,089)**	**(16)**

As at 31 December 2019, the Group's current liabilities were HK$486 million, representing a decrease of 16% as compared to 2018, mainly due to the decrease in short-term external loans through optimising the utilisation of financial resources of the Group.

Non-current Liabilities

	As at 31 December		Movements	Percentage change
	2019	2018	**Increase/ (Decrease)**	**Increase/ (Decrease)**
	HK$'000	*HK$'000* (Restated)	***HK$'000***	*%*
Deferred tax liabilities	**19,104**	18,126	**978**	**5**
Loans from a fellow subsidiary	**644,494**	216,368	**428,126**	**198**
Lease liabilities	**2,021**	–	**2,021**	**N/A**
Total non-current liabilities	**665,619**	234,494	**431,125**	**184**

As at 31 December 2019, the non-current liabilities of the Group were HK$666 million, representing an increase of 184% as compared to 2018, primarily due to the increase in long term loans from a fellow subsidiary.

Total Equity

	As at 31 December		Movements	Percentage change
	2019	2018	**Increase/ (Decrease)**	**Increase/ (Decrease)**
	HK$'000	*HK$'000* (Restated)	***HK$'000***	*%*
Share capital	**66,007**	66,007	**–**	**–**
Reserves	**1,878,234**	1,798,411	**79,823**	**4**
Total equity	**1,944,241**	1,864,418	**79,823**	**4**

As at 31 December 2019, total equity of the Group amounted to HK$1,944 million, representing an increase of 4% year-on-year, mainly due to the increase of profit during the Reporting Period.

The Group's gearing ratio (total debt divided by total equity multiplied by 100%) was 59% (2018: 43%).

Assets and investments

Prior to the Reporting Period, the Company entered into a sale and purchase agreement with China Uranium Development for the acquisition of 100% equity interest in CGN Global, which was completed on 17 January 2019. The consideration of this acquisition was US$8.55 million in which CGN Global contributed profit of US$1.93 million in 2019. The Company received a favorable return for the acquisition.

Except this transaction, the Group did not have any other significant equity investment, major acquisition or disposal during the Reporting Period.

Investment direction

According to 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 Company.

CORPORATE GOVERNANCE

During the Reporting Period, the Company's corporate governance policy adopted and complied with all the applicable code provisions of the Corporate Governance Code, save for the deviation from the code provisions disclosed below.

Code provision A.6.7 stipulates that, the independent non-executive directors and other non-executive directors, as equal board members, should attend general meetings to gain and and develop a comprehensive and balanced understanding of the views of Shareholders. Due to their other business engagement, Mr. An Junjing, Mr. Sun Xu and Mr. Yin Xiong did not attend the extraordinary general meeting held on 15 January 2019; Mr. Qiu Xianhong did not attend the 2019 AGM held on 14 June 2019; and, except Mr. Chen Deshao, Mr. Yin Xiong, Mr. Gao Peiji and Mr. Lee Kwok Tung Louis, other Directors did not attend the extraordinary general meeting held on 27 September 2019.

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 by the Company, that they have complied with the Model Code during the Reporting Period.

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

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

The Board recommended the payment of a final cash dividend of HK1 cent per share for the year ended 31 December 2019. The ratio of final dividend distribution for the year is determined based on various factors including business performance of the Group in 2019 and that it shall not be lower than 20% of the distributable net profit of the continuous business of the year. Subject to Shareholders' approval at the forthcoming AGM, the proposed final dividend will be paid on or before Friday, 31 July 2020 to Shareholders whose names appeared on the register of members of the Company on Tuesday, 30 June 2020.

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 auditing, internal control and financial reporting matters of the Group, etc.

The annual results of the Group for the year ended 31 December 2019 have also been reviewed by the Audit Committee.

ANNUAL GENERAL MEETING

The forthcoming AGM will be held on Thursday, 18 June 2020. The notice of AGM will be published and despatched to the Shareholders in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 15 June 2020 to Thursday, 18 June 2020, both days inclusive, during which registration of transfer of shares will be suspended. In order to be eligible to attend and vote at the AGM, all transfer of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:30 p.m. on Friday, 12 June 2020.

The record date for qualifying to receive the proposed final dividend, if approved, is Tuesday, 30 June 2020. In order to determine the Shareholders entitled to receive the proposed final dividend, if approved, the register of members of the Company will also be closed from Wednesday, 24 June 2020 to Tuesday, 30 June 2020, both days inclusive, during which registration of transfer of shares will be suspended. In order to be eligible for receiving the proposed final dividend, if approved, all transfer of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F. Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 23 June 2020.

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 2019 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.

EVENTS AFTER THE REPORTING PERIOD

Based on the preliminary assessment of the Board on information available, the coronavirus disease outbreaking in late January 2020 has no significant negative impact on the Group's operation. The Company will closely monitor and evaluate the situation and take appropriate measures as appropriate.

DEFINITION

"2019 AGM"	the annual general meeting of the Company held on 14 June 2019.
"Audit Committee"	the audit committee of the Company.
"AGM"	the annual general meeting of the Company to be held on 18 June 2020.
"Bill"	the Inland Revenue (Amendment)(No.7) Bill 2017.
"Board"	the board of Directors of the Company.
"CAD" or "CA$"	Canadian dollars, the lawful currency of Canada.
"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 at 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 CGN.

"CGN Global"	CGN Global Uranium Ltd（中廣核國際鈾產品銷售有限公司*）, a company incorporated and registered in England and Wales with limited liability.
"CGN Group"	CGNPC and its subsidiaries.
"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 Development Company Limited*（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.
"CGNPC-URC Group"	CGNPC-URC and its subsidiaries, except for members of the Group members.
"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 and Corporate Governance Report set out in Appendix 14 of the Listing Rules.
"Director(s)"	the director(s) of the Company.
"EIT Law"	the Law of the PRC of Enterprise Income Tax.
"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 19.88% by the Company as at the date of this announcement.

"Former Sales Framework Agreement"	the sales framework agreement dated 6 December 2016 entered into between the Company and CGNPC-URC in relation to the sale of natural uranium concentrates by the Group to the CGNPC-URC Group.
"Group"	the Company and its subsidiaries.
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong.
"HKFRSs"	the Hong Kong Financial Reporting Standards issued by HKICPA.
"HKICPA"	the Hong Kong Institute of Certified Public Accountants.
"Hong Kong" and "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 was owned and operated by Semizbay-U.
"Kazakhstan"	The Republic of Kazakhstan.
"Kazatomprom"	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.
"kgU"	kilograms of elemental uranium.
"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 as set out in Appendix 10 of the Listing Rules.
"New Kazakhstan Uranium Project"	the acquisition of not more than 49% interest in new uranium mines in central Mynkuduk and Zhalpak in Kazakhstan through the acquisition of a corresponding equity interest in its holding company.
"PLS Project"	Patterson Lake South project, Fission's primary and wholly-owned asset, which located in Saskatchewan, Canada, with an exploration area of approximately 31,039 hectares.
"PRC" or "China"	The People's Republic of China

"Reporting Period"	From 1 January 2019 to 31 December 2019.
"RMB"	Renminbi, the lawful currency of the PRC.
"Section 232 Investigation of the US"	investigation conducted by the Department of Commerce of US pursuant to the authority under Section 232 of the Trade Exponsion Act of 1962 to determine and report to the president within 270 days the effect of import on the national security to the US and the persident has 90 days to determine whether to use his statutory authority to take action.
"Semizbay Mine"	the Semizbay mine located in the Valihanov District of Akmoltnsk Oblast, which was owned and operated by Semizbay-U.
"Semizbay-U"	Semizbay-U Limited Liability Partnership, a limited liability partnership established in Kazakhstan, the Company owns its 49% equity interest 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).
"Stock Exchange"	The Stock Exchange of Hong Kong Limited.
"subsidiary(s)"	has the meaning ascribed to it under the Listing Rules.
"SWU"	the unit of separation work, is the standard measure of the effort required to separate isotopes of uranium during an enrichment process in nuclear facilities.
"TradeTech"	TradeTech, a leading independent provider of uranium prices and nuclear fuel market information.
"tU"	tons of elemental Uranium.
"UK"	the United Kingdon of Great Britain and Northern Ireland.
"UMP"	Ulba Metallurgical Plant, a joint stock company established according to the laws of Kazakhstan, and a subsidiary of Kazatomprom.
"US"	the United States of America.

"USD" or "US$"	United States dollars, the lawful currency of the US.
"UxC"	The Ux Consulting Company, LLC. one of the leading consulting companies in the nuclear industry.
"WNA"	World Nuclear Association.

By Order of the Board
CGN Mining Company Limited
Yu Zhiping
Chairman

Hong Kong, 26 March 2020

As at the date of this announcement, the Board comprises two executive Directors: Mr. An Junjing (chief executive officer) and Mr. Chen Deshao; three non-executive Directors: Mr. Yu Zhiping (chairman), Mr. Sun Xu and Mr. Yin Xiong; and three independent non-executive Directors: Mr. Qiu Xianhong, Mr. Gao Pei Ji and Mr. Lee Kowk Tung Louis.

* *For identification purposes only*