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中广核矿业有限公司*
CGN Mining Company Limited

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

Continuing Connected Transaction Renewal of Tenancy Agreement

Renewal of Tenancy Agreement

Reference is made to the announcement of the Company dated 9 May 2019 in relation to the continuing connected transaction of the Existing Tenancy Agreement entered into between Beijing Sino-Kazakh, a wholly-owned subsidiary of the Company, as the lessor, and CGNPC-URC, an indirect controlling shareholder of the Company, as the lessee, for a term of three years from 1 January 2019 to 31 December 2021.

The Board is pleased to announce that Beijing Sino-Kazakh and CGNPC-URC entered into the New Tenancy Agreement on 31 December 2021, pursuant to which CGNPC-URC shall continue to lease the Premises for another term of three years from 1 January 2022 to 31 December 2024 at the rent of RMB3.0 million (tax inclusive) per annum.

Listing Rules Implications

As at the date of this announcement, CGNPC, the controlling shareholder of the Company is indirectly holding 66.35% of the issued Shares, among which 64.82% of the issued Shares is held by China Uranium Development, its wholly-owned indirect subsidiary. CGNPC-URC is the intermediate holding company, being a subsidiary of CGNPC and the sole shareholder of China Uranium Development. Accordingly, CGNPC-URC is a connected person of the Company.

As the highest applicable percentage ratio of the proposed annual caps of the transaction contemplated under the New Tenancy Agreement exceeds 0.1% but is less than 5% and the New Tenancy Agreement is on normal commercial terms (or better to the Group), the transaction contemplated under the New Tenancy Agreement is exempted from the circular and independent shareholders' approval requirements but subject to the announcement, annual reporting and annual review requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 9 May 2019 in relation to the continuing connected transaction of the Existing Tenancy Agreement entered into between Beijing Sino-Kazakh,

a wholly-owned subsidiary of the Company, as the lessor, and CGNPC-URC, an indirect controlling shareholder of the Company, as the lessee, for a term of three years from 1 January 2019 to 31 December 2021.

The Board is pleased to announce that Beijing Sino-Kazakh and CGNPC-URC entered into the New Tenancy Agreement on 31 December 2021, pursuant to which CGNPC-URC shall continue to lease the Premises for another term of three years from 1 January 2022 to 31 December 2024.

THE NEW TENANCY AGREEMENT

The principal terms of the New Tenancy Agreement are as follows:

Date:	31 December 2021
Parties:	Beijing Sino-Kazakh, as the lessor CGNPC-URC, as the lessee
Premises:	29/F, Tower A, International Center of Times, 101 Shao Yao Ju Bei Li, Chaoyang District, Beijing, PRC
Total gross area:	1,035.14 sq. m.
Usage:	Office use
Rent (tax inclusive):	RMB9,000,000 in aggregate (RMB3,000,000 per annum)
Payment:	The annual rent shall be paid in two equal trenches of RMB1.5 million before 30 May and 30 October each year during the term of the New Tenancy Agreement
Utility fees:	CGNPC-URC shall be responsible for the payment of the utility fees, including the fees for water, cleaning and property management
Early termination:	Beijing Sino-Kazakh has the right to notify CGNPC-URC to terminate the New Tenancy Agreement (i) with effect from 1 January 2023 before 30 November 2022, or (ii) with effect from 1 January 2024 before 30 November 2023
Sublease restriction:	CGNPC-URC shall not sublease all or part of the Premises to any third party

HISTORIC ANNUAL CAPS AND TRANSACTION AMOUNTS

The annual caps and actual transaction amounts of the transaction under the Existing Tenancy Agreement for each of the years ended/ending 31 December 2019, 2020 and 2021 were as follows:

	For the year ended/ending 31 December		
	2019	2020	2021
Annual cap (RMB)	3.0 million	3.0 million	3.0 million
Transaction amount (RMB)	3.0 million	3.0 million	3.0 million

PROPOSED ANNUAL CAPS

The proposed annual caps for each of the three years ending 31 December 2024 shall be RMB3.0 million which was determined based on the annual rent under the New Tenancy Agreement.

BASIS OF DETERMINATION OF THE ANNUAL RENT

The annual rent under the New Tenancy Agreement was determined with reference to (i) the annual rent under the Existing Tenancy Agreement and (ii) the current market rentals for similar properties in the proximity of the Premises, having taken into consideration of the impact of COVID-19 on the rental market and the length of the New Tenancy Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE NEW TENANCY AGREEMENT

The Premises is currently leased to CGNPC-URC under the Existing Tenancy Agreement and the term of the Existing Tenancy Agreement will end on 31 December 2021. As the Group has no immediate use on the Premises, the Board considers that continue to lease out the Premises can better utilise the Premises by providing a stream of stable cash flow to the Group. The Group intends to utilise the rent to be received under the New Tenancy Agreement for general working capital use. In addition, by continuing to lease the Premises to CGNPC-URC, the Group is able to save the agency fees in procuring a new tenant and avoid the time gap between the two tenancy agreements and/or providing rent-free period to such new tenant.

Having taken into consideration of the factors above, the Board (including the independent non-executive Directors) considers that (i) the terms of the New Tenancy Agreement and the transaction contemplated thereunder are on normal commercial terms or better to the Group, fair and reasonable, and (ii) the transaction is in the ordinary and usual course of business of the Group and is in the interests of the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Group

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

Beijing Sino-Kazakh is a wholly-owned subsidiary of the Company incorporated in the PRC and is principally engaged in property investment and is also holding 49% interest in Semizbay-U, which in turn is interested in two natural uranium mines in Kazakhstan.

CGNPC-URC

CGNPC-URC is a company established in the PRC with limited liability and the sole shareholder of China Uranium Development, the controlling shareholder of the Company, holding approximately 64.82% of the issued Shares as at the date of this announcement. CGNPC-URC is a wholly-owned subsidiary of CGNPC which is a large clean energy enterprise under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

The core businesses of CGNPC-URC are to: (i) manage the supply of nuclear fuels for CGNPC; and (ii) deal with the import and export trade of the PRC and overseas natural uranium and related products.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CGNPC, the controlling shareholder of the Company is indirectly holding 66.35% of the issued Shares, among which 64.82% of the issued Shares is held by China Uranium Development, its wholly-owned indirect subsidiary. CGNPC-URC is the intermediate holding company, being a subsidiary of CGNPC and the sole shareholder of China Uranium Development. CGNPC-URC is therefore a connected person of the Company.

Accordingly, the transaction contemplated under the New Tenancy Agreement constitutes continuing connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio of the proposed annual caps exceeds 0.1% but is less than 5% and the New Tenancy Agreement is on normal commercial terms (or better to the Group), the transactions contemplated under the New Tenancy Agreement is exempted from the circular and independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules but subject to the announcement, annual reporting and annual review requirements under Chapter 14A of the Listing Rules.

INTERESTS OF DIRECTORS AND ABSTAIN FROM VOTING

As each of Mr. An Junjing, Mr. Chen Deshao, Mr. Sun Xu and Mr. Yin Xiong is a director of or holds a managerial position in CGNPC-URC, each of Mr. An Junjing, Mr. Chen Deshao, Mr. Sun Xu and Mr. Yin Xiong is considered to have a material interest in the New Tenancy Agreement and has abstained from voting on the relevant board resolution approving the New Tenancy Agreement.

Save as Mr. An Junjing, Mr. Chen Deshao, Mr. Sun Xu and Mr. Yin Xiong, none of the other Directors has a material interest in the New Tenancy Agreement.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings:

“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
“CGNPC”	China General Nuclear Power Corporation* (中國廣核集團有限公司), a company incorporated in the PRC with limited liability and the sole shareholder of CGNPC-URC
“CGNPC-URC”	CGNPC Uranium Resources Co., Ltd* (中廣核鈾業發展有限公司), a company established in the PRC with limited liability and the sole shareholder of China Uranium Development
“China Uranium Development”	China Uranium Development Company Limited (中國鈾業發展有限公司), a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company
“Company”	CGN Mining Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Tenancy Agreement”	the tenancy agreement entered into between Beijing Sino-Kazakh and CGNPC-URC dated 9 May 2019 in relation to the tenancy of the Premises for the term of 1 January 2019 to 31 December 2021

“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Tenancy Agreement”	the tenancy agreement entered into between Beijing Sino-Kazakh and CGNPC-URC dated 31 December 2021 in relation to the tenancy of the Premises for the term of 1 January 2022 to 31 December 2024
“percentage ratio(s)”	has the same meaning as ascribed to it under Chapter 14 of the Listing Rules
“PRC”	the People’s Republic of China
“Premises”	29/F, Tower A, International Center of Times, 101 Shao Yao Ju Bei Li, Chaoyang District, Beijing, PRC
“RMB”	Renmenbi, the lawful currency of the PRC
“Semizbay-U”	Semizbay-U Limited Liability Partnership, a limited liability partnership established in Kazakhstan with the Company holding 49% of its equity interest through Beijing Sino-Kazakh
“Share(s)”	ordinary share(s) in the Company with nominal value of HK\$0.01 each
“Shareholder(s)”	holder(s) of the Share(s)
“sq. m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

* for identification purpose only

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

Hong Kong, 31 December 2021

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