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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)**

## **SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

### **THE SUBSCRIPTION AGREEMENT**

On 8 November 2016 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, being an Independent Third Party, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 659,400,000 Subscription Shares at the Subscription Price of HK\$0.52 per Subscription Share.

Assuming that there will be no change in the number of issued Shares between the date of this announcement and completion of the Subscription, the Subscription Shares represent (i) approximately 11.10% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.99% of the total enlarged issued share capital of the Company immediately following completion of the Subscription.

The gross proceeds from the Subscription are estimated to be approximately HK\$342,888,000 and the net proceeds from the Subscription, after deduction of the related expenses, are estimated to be approximately HK\$339,756,340. The Company intends to utilise the net proceeds from the Subscription in the manner set out in the paragraph headed “Reasons for the Subscription and Use of Proceeds” of this announcement.

The Subscription is conditional upon, among other things, the Stock Exchange having granted the listing of, and the permission to deal in, the Subscription Shares.

**Shareholders and potential investors should note that completion of the Subscription is subject to fulfillment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **INTRODUCTION**

On 8 November 2016 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, being an Independent Third Party, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 659,400,000 Subscription Shares at the Subscription Price of HK\$0.52 per Subscription Share.

## **THE SUBSCRIPTION AGREEMENT**

### **Date:**

8 November 2016 (after trading hours)

### **Parties:**

- (1) the Company (as issuer); and
- (2) the Subscriber (as subscriber)

### **The Subscriber**

The Subscriber is a company incorporated in Hong Kong with limited liability and is principally engaged in the business of iron ore mining. The Subscriber is a wholly-owned subsidiary of Hainan Mining Co., Ltd., a company which is listed on the Shanghai Stock Exchange.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are Independent Third Parties, and the Subscriber and its associates do not hold any Shares as at the date of this announcement.

### **Subscription Shares**

Subject to the fulfilment of the conditions of the Subscription and the terms set out in the Subscription Agreement, the Company has agreed to allot and issue and the Subscriber has agreed to subscribe for the 659,400,000 Subscription Shares at the Subscription Price.

Assuming that there will be no change in the number of issued Shares between the date of this announcement and completion of the Subscription, the Subscription Shares represent:

- (i) approximately 11.10% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 9.99% of the total enlarged issued share capital of the Company immediately following completion of the Subscription.

The aggregate nominal value of the Subscription Shares is HK\$6,594,000.

## **Subscription Price**

The Subscription Price represents:

- (i) a discount of 17.46% to the closing price of HK\$0.63 per Share as quoted on the Stock Exchange on 8 November 2016, being the date of the Subscription Agreement; and
- (ii) a discount of 19.25% to the average of the closing prices of HK\$0.644 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 7 November 2016 immediately prior to the date of the Subscription Agreement.

The gross proceeds from the Subscription are estimated to be approximately HK\$342,888,000 and the net proceeds from the Subscription, after deduction of the related expenses, are estimated to be approximately HK\$339,756,340.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to, among others, (i) the prevailing market price of the Shares; (ii) the recent trading volume of the Shares; (iii) the long term value to be brought by the Subscriber to the Group's business development; and (iv) the current conditions of the uranium market. The Board (including the independent non-executive Directors) consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and that the Subscription is in the interest of the Company and the Shareholders as a whole.

The aggregate Subscription Price will be payable by the Subscriber in cash upon completion of the Subscription Agreement.

## **Ranking of the Subscription Shares**

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with all of the Shares in issue as at the date of allotment and issuance of the Subscription Shares.

## **Conditions**

Completion of the Subscription Agreement is conditional upon the fulfillment or waiver (in respect of (ii), (iv) and (vi) only) of the following conditions:

- (i) the Listing Committee granting listing of and permission to deal in the Subscription Shares;
- (ii) the completion of due diligence by the Subscriber against the Company with the Company's reasonable cooperation and the satisfaction of the Subscriber in respect of the results of such due diligence;

- (iii) no issuance, promulgation or taking effect of any laws, regulations, directives, orders or notices by relevant government authorities limiting or prohibiting the completion of the transactions contemplated under the Subscription Agreement, or which may otherwise have a material adverse effect on the business activities of the Group under reasonable circumstances following completion of the Subscription Agreement;
- (iv) the representations, warranties and undertakings given by the Company and the Subscriber in the Subscription Agreement remaining true and accurate in all material respects and having no material misunderstanding or omission;
- (v) that on 14 December 2015, the Company, China General Nuclear Power Group Co. Limited\* (中國廣核集團有限公司), CGNPC Uranium Resources Co. Ltd\* (中廣核鈾業發展有限公司), National Atomic Company Kazatomprom and Ulba Metallurgical Plant entered into a legally binding agreement with respect to the design and construction of fuel assembly plants and joint development of uranium deposits; and
- (vi) trading in the Shares not being suspended for five (5) consecutive Business Days prior to the date of completion of the Subscription Agreement.

Condition (i), (iii) and (v) are not capable of being waived. In the event that the above conditions of the Subscription are not fulfilled or waived (in respect of (ii), (iv) and (vi) only) on or before 31 December 2016 (or such later date as may be agreed between the parties to the Subscription Agreement in writing), the Subscription Agreement shall terminate and neither the Company nor the Subscriber shall have any obligations and liabilities under the Subscription Agreement.

### **Completion**

Completion of the Subscription Agreement shall take place within 5 Business Days after the above conditions have been fulfilled or waived (where applicable) or such other date to be agreed between the Company and the Subscriber in writing.

### **Application for listing**

Application will be made by the Company to the Listing Committee to grant the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

### **Issue of the Subscription Shares under the General Mandate**

All of the Subscription Shares will be allotted and issued under the General Mandate.

## **Lock-up undertaking**

Pursuant to the Subscription Agreement, the Subscriber has undertaken to the Company that it will not and shall procure that none of its nominees, any person controlled by it, any trust associated with it or any person acting on its or their behalf shall, without the prior written consent of the Company, (i) offer, sell, lend, contract to sell, pledge, grant any option over or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Subscriber or any affiliate of the Subscriber or any person in privity with the Subscriber or any affiliate of the Subscriber), directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company, (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (iii) publicly announce an intention to effect any such transaction, for a period beginning on the date of the Subscription Agreement and ending on the date which is 12 months after the date of the Subscription Agreement. The foregoing shall not apply to the sale of the Shares under the Subscription Agreement.

In addition, the Subscriber has undertaken to the Company that, without the prior written consent of the Company, it and its affiliates will not acquire any Shares, such that it and its affiliates will, in aggregate, be directly and indirectly interested in more than 9.99% of the issued share capital of the Company.

## **Board representation**

As long as the Subscriber holds not less than 5% of the issued share capital of the Company, the Subscriber shall, to the extent permitted under the applicable law, the articles of association of the Company and the Listing Rules as from time to time amended, have the right to nominate one person to be a non-executive Director (the “**Investor Director**”).

The Subscriber ensures that it will not become an associate of the Investor Director and thus a connected person of the Company during the office of the Investor Director. In addition, the Subscriber has undertaken to the Company that, should the Subscriber fail to continue to hold not less than 5% of the issued share capital of the Company, the Subscriber shall procure that the Investor Director resign as a Director of the Company.

## EFFECT OF THE SUBSCRIPTION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there being no other change in the shareholding structure of the Company, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issuance of the Subscription Shares:

| Shareholders                                    | As at the date of this announcement |            | Immediately after the allotment and issuance of the Subscription Shares |            |
|---|-------------------------------------|------------|---|------------|
|   | <i>Number of Shares</i>             | <i>%</i>   | <i>Number of Shares</i>   | <i>%</i>   |
| <b>Directors &amp; Substantial Shareholders</b> |                                     |            |   |            |
| China Uranium Development Company Limited       | 4,278,695,652                       | 72.02      | 4,278,695,652   | 64.82      |
| <b>Public Shareholders</b>                      |                                     |            |   |            |
| The Subscriber                                  | –                                   | –          | 659,400,000   | 9.99       |
| Other public Shareholders                       | 1,662,586,993                       | 27.98      | 1,662,586,993   | 25.19      |
| <b>Total</b>                                    | <u>5,941,282,645</u>                | <u>100</u> | <u>6,600,682,645</u>  | <u>100</u> |

## REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Company is incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The principal activities of the Company at present are development and trading of natural uranium resources for use by nuclear energy companies.

The gross proceeds from the Subscription are estimated to be approximately HK\$342,888,000 and the net proceeds from the Subscription, after deduction of the related expenses, are estimated to be approximately HK\$339,756,340, representing a net subscription price of approximately HK\$0.5153 per Subscription Share. The Company intends to utilise the net proceeds from the Subscription for the purpose of acquiring uranium from overseas at competitive costs during market downturn.

The Directors are of the view that the Subscription is in the interest of the Company and the Shareholders as a whole.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities during the 12 months immediately preceding the date of this announcement.

**Shareholders and potential investors should note that completion of the Subscription is subject to fulfillment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## DEFINITIONS

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

|                                |  |
|--------------------------------|--|
| “associate(s)”                 | has the meaning as ascribed thereto under the Listing Rules  |
| “Board”                        | the board of Directors   |
| “Business Day”                 | a day (other than a Saturday, Sunday or a day on which a tropical cyclone No. 8 or above or a “black” rainstorm warning is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks in Hong Kong are open for business   |
| “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 as ascribed thereto under the Listing Rules  |
| “Director(s)”                  | director(s) of the Company   |
| “General Mandate”              | the general mandate granted to the Directors by an ordinary resolution of the Shareholders passed at the AGM to allot, issue and deal with Shares and to make or grant offers, agreements and options which may require Shares to be allotted, issued or dealt with, which is subject to the limit of 20% of the number of issued Shares as at the date of the AGM |
| “Group”                        | the Company and its subsidiaries   |
| “HK\$”                         | Hong Kong dollar, the lawful currency of Hong Kong   |
| “Hong Kong”                    | the Hong Kong Special Administrative Region of the PRC   |
| “Independent Third Party(ies)” | person(s) who is(are) third party(ies) independent of the Company and its connected persons  |
| “Listing Committee”            | the listing committee of the Stock Exchange  |
| “Listing Rules”                | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “PRC”                          | the People’s Republic of China   |

|                          |  |
|--------------------------|--|
| “Share(s)”               | ordinary share(s) of HK\$0.01 each in the share capital of the Company   |
| “Shareholder(s)”         | holder of the Shares from time to time   |
| “Stock Exchange”         | The Stock Exchange of Hong Kong Limited  |
| “Subscriber”             | Hong Kong Xinmao Investment Co., Limited (香港鑫茂投資有限公司), a company incorporated in Hong Kong with limited liability which is a wholly-owned subsidiary of Hainan Mining Co., Ltd., a company listed on the Shanghai Stock Exchange   |
| “Subscription”           | the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement   |
| “Subscription Agreement” | the agreement entered into between the Company and the Subscriber on 8 November 2016, pursuant to which the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe for the Subscription Shares in accordance with the terms and conditions set out therein |
| “Subscription Price”     | HK\$0.52 per Subscription Share  |
| “Subscription Shares”    | the total of 659,400,000 new Shares to be allotted and issued by the Company to the Subscriber at completion of the Subscription   |
| “%”                      | per cent   |

By order of the Board  
**CGN Mining Company Limited**  
**Zhou Zhenxing**  
*Chairman*

Hong Kong, 9 November 2016

*As at the date of this announcement, the board of Directors of the Company comprises two executive Directors: Mr. Yu Zhiping (chief executive officer) and Mr. Xing Jianhua; three non-executive Directors: Mr. Zhou Zhenxing (chairman), Mr. Fang Chunfa and Mr. Wu Junfeng; and three independent non-executive Directors: Mr. Qiu Xianhong, Mr. Gao Pei Ji and Mr. Lee Kwok Tung Louis.*

\* For identification purpose only