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淮北綠金產業投資股份有限公司

(Huaibei GreenGold Industry Investment Co., Ltd.*)

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2450)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

- Operating revenue amounted to RMB151.5 million, representing a decrease of 26.0% as compared to RMB204.8 million for the corresponding period of last year.
- Consolidated profit attributable to shareholders of the Company amounted to RMB16.4 million, representing a decrease of 44.1% as compared to RMB29.4 million for the corresponding period of last year.
- Gross profit margin amounted to 44.8%, representing a decrease of 3.3 percentage points as compared to 48.1% for the corresponding period of last year.
- Basic earnings per share were RMB0.06, representing a decrease of RMB0.09 as compared to RMB0.15 for the corresponding period of last year.
- The Board does not recommend any payment of interim dividend.

The board of directors (the “**Board**”) of Huaibei GreenGold Industry Investment Co., Ltd.* (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023 (the “**Reporting Period**”), together with the comparative figures for the corresponding period of last year.

* For identification purposes only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023 – unaudited
(Expressed in Renminbi (“RMB”))

	Note	Six months ended 30 June	
		2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
Revenue	4	151,538	204,783
Cost of sales		(83,626)	(106,382)
Gross profit		67,912	98,401
Other income		11,000	7,213
Administrative expenses		(15,998)	(13,943)
Impairment reversal on trade receivables		1,130	4,353
Profit from operations		64,044	96,024
Finance costs		(33,132)	(37,034)
Profit before taxation	5	30,912	58,990
Income tax	6	(7,246)	(14,500)
Profit and total comprehensive income for the period		23,666	44,490
Attributable to:			
Equity shareholders of the Company		16,429	29,413
Non-controlling interests		7,237	15,077
Profit and total comprehensive income for the period		23,666	44,490
Earnings per share			
Basic and diluted	7	0.06	0.15

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2023 – unaudited

(Expressed in RMB)

		At 30 June 2023 (unaudited) RMB'000	At 31 December 2022 (audited) RMB'000
Non-current assets			
Property, plant and equipment		1,865,359	1,820,219
Deferred tax assets		19,229	15,994
Non-current prepayments and deposits		89,735	123,530
		<u>1,974,323</u>	<u>1,959,743</u>
Current assets			
Inventories		3,420	4,934
Trade and other receivables	8	39,707	92,519
Income tax recoverable		–	21,776
Cash at bank and on hand		167,683	213,680
		<u>210,810</u>	<u>332,909</u>
Current liabilities			
Trade and other payables	9	415,717	442,738
Contract liabilities		4,681	4,454
Interest-bearing borrowings		546,869	36,600
Current taxation		5,022	1,517
		<u>972,289</u>	<u>485,309</u>
Net current liabilities		<u>(761,479)</u>	<u>(152,400)</u>
Total assets less current liabilities		<u>1,212,844</u>	<u>1,807,343</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2023 – unaudited (continued)

(Expressed in RMB)

	At 30 June 2023 (unaudited) RMB'000	At 31 December 2022 (audited) RMB'000
Non-current liabilities		
Interest-bearing borrowings	288,500	863,769
Long-term payables	238,139	357,726
Deferred tax liabilities	35,458	27,089
Accrual for reclamation costs	16,408	16,012
	<u>578,505</u>	<u>1,264,596</u>
NET ASSETS	<u>634,339</u>	<u>542,747</u>
CAPITAL AND RESERVES		
Share capital	264,000	198,000
Reserves	191,889	173,534
Total equity attributable to equity shareholders of the Company	<u>455,889</u>	<u>371,534</u>
Non-controlling interests	<u>178,450</u>	<u>171,213</u>
TOTAL EQUITY	<u>634,339</u>	<u>542,747</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 GENERAL INFORMATION

Huaibei GreenGold Industry Investment Co., Ltd.* (“**the Company**”) was incorporated in the People’s Republic of China (the “**PRC**”) on 21 December 2018, as a limited liability company. The address of the Company’s registered office is 4/F Shuangchuang Service Centre, No. 3 Taobo Road, Song Tuan Town, Lieshan District, Huaibei City, Anhui Province, the PRC. The H shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) on 20 January 2023. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in production and sales of aggregate products and others and concrete products.

2 BASIS OF PREPARATION

These unaudited interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange, including compliance with International Accounting Standard (“**IAS**”) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (the “**IASB**”). It was authorised for issue on 29 August 2023.

The unaudited interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

These unaudited interim financial statements contain consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The unaudited consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“**IFRSs**”). The interim financial statements are unaudited.

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following new and amended IFRSs issued by the IASB to these unaudited consolidated interim financial statements for the current accounting period:

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform-Pillar Two model rules*

* *For identification purposes only*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

None of these new and amended IFRSs have had a material effect on how the Group's unaudited results and financial position for the current period have been prepared or presented.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in the production and sale of aggregate products and others and concrete products. Further details regarding the Group's principal activities are disclosed in Note 4(b).

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products is as follows:

	Six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
– Revenue from sales of aggregate products and others	106,340	147,798
– Revenue from sales of concrete products	45,198	56,985
	151,538	204,783

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic information is disclosed in Notes 4(b)(i) and 4(b)(iii), respectively.

(b) Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Aggregate products and others: this segment includes production and sale of aggregate products and others;
- Concrete products: this segment includes production and sale of concrete products to be used in building and road construction.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all assets with the exception of deferred tax assets and unallocated head office and corporate assets. Segment liabilities include all liabilities with the exception of current taxation, deferred tax liabilities and unallocated head office and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments.

Segment profit represents revenue less cost of sales, and includes selling expenses and administrative expenses directly attributable to the segment. Items that are not specifically attributable to individual segments, such as unallocated head office and corporate expenses, depreciation and amortisation, interest income and finance costs are not included in segment profit. In addition to receiving segment information concerning segment profit, management is also provided with segment information concerning depreciation, amortisation, interest income and finance costs.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2023 and 2022 is set out below.

	Six months ended 30 June 2023		
	Aggregate products and others (unaudited) RMB'000	Concrete products (unaudited) RMB'000	Total (unaudited) RMB'000
Disaggregated by timing of revenue recognition			
Point in time	<u>106,340</u>	<u>45,198</u>	<u>151,538</u>
Revenue from external customers and reportable segment revenue	<u>106,340</u>	<u>45,198</u>	<u>151,538</u>
Reportable segment profit (adjusted EBITDA)	<u>82,537</u>	<u>5,292</u>	<u>87,829</u>
Depreciation and amortisation	(24,908)	(3,487)	(28,395)
Interest income	2,126	89	2,215
Amortisation of unrealised financing income of non-current portion of other receivables	274	–	274
Finance costs	(32,709)	(423)	(33,132)
As at 30 June 2023			
Reportable segment assets	2,006,933	130,245	2,137,178
Reportable segment liabilities	1,578,640	33,624	1,612,264

	Six months ended 30 June 2022		
	Aggregate products and others (unaudited) <i>RMB '000</i>	Concrete products (unaudited) <i>RMB '000</i>	Total (unaudited) <i>RMB '000</i>
Disaggregated by timing of revenue recognition			
Point in time	147,798	56,985	204,783
Revenue from external customers	147,798	56,985	204,783
Inter-segment revenue	83	–	83
Reportable segment revenue	147,881	56,985	204,866
Reportable segment profit (adjusted EBITDA)	109,190	12,919	122,109
Depreciation and amortisation	(26,582)	(3,985)	(30,567)
Interest income	2,949	57	3,006
Amortisation of unrealised financing income of non-current portion of other receivables	260	–	260
Finance costs	(36,961)	(73)	(37,034)
As at 30 June 2022			
Reportable segment assets	2,166,445	131,214	2,297,659
Reportable segment liabilities	1,754,195	58,773	1,812,968

(ii) Reconciliation of reportable segment profit or loss

	Six months ended 30 June	
	2023 (unaudited) <i>RMB '000</i>	2022 (unaudited) <i>RMB '000</i>
Profit		
Total reportable segment profit	87,829	122,109
Depreciation and amortisation	(28,398)	(30,570)
Interest income	2,847	3,144
Amortisation of unrealised financing income of non-current portion of other receivables	274	260
Unallocated head office and corporate other income	7,754	2,263
Unallocated head office and corporate expenses	(6,262)	(1,182)
Finance costs	(33,132)	(37,034)
Consolidated profit before taxation	30,912	58,990

(iii) Geographic information

The Group's revenue is generated from sales of aggregate products and others and concrete products in the PRC. The Group does not have material assets or operations outside the PRC, no segment analysis based on geographical locations of the customers and assets is presented.

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Depreciation and amortisation charge		
– owned property, plant and equipment	26,551	29,482
– right-of-use assets	1,847	1,088
Cost of inventories sold	83,626	106,382

6 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Current tax	2,112	10,371
Deferred tax	5,134	4,129
	7,246	14,500

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on profit attributable to ordinary equity shareholders of the Company of RMB16,429,000 for the six months ended 30 June 2023 (2022: RMB29,413,000) and the weighted average number of ordinary shares in issue during the six months ended 30 June 2023 of 258,500,000 shares (2022: 198,000,000 shares).

(b) Diluted earnings per share

The Company did not have any potential dilutive shares during the six months ended 30 June 2023 and 2022. Accordingly, diluted earnings per share is the same as the basic earnings per share.

8 TRADE AND OTHER RECEIVABLES

	At 30 June 2023 (unaudited) RMB'000	At 31 December 2022 (audited) RMB'000
Current		
Trade and bills receivables, net of loss allowance	35,570	52,378
Other receivables	400	400
	<hr/>	<hr/>
Financial assets measured at amortised cost	35,970	52,778
VAT recoverables	1,334	2,025
Deposits and prepayments	2,403	37,716
	<hr/>	<hr/>
	39,707	92,519
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Non-current		
Reclamation deposit	10,117	9,843
Prepayment for engineering equipment	79,618	113,687
	<hr/>	<hr/>
	89,735	123,530
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	129,442	216,049
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Current portion of trade and bills receivables, prepayments, deposits and other receivables are expected to be recovered within one year.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade and bills receivables, based on the invoice date (or date of revenue recognition, if earlier) and net of loss allowance, are as follows:

	At 30 June 2023 (unaudited) RMB'000	At 31 December 2022 (audited) RMB'000
Within 3 months	25,340	35,033
3 to 6 months	4,019	10,365
6 to 12 months	6,211	6,980
	<hr/>	<hr/>
	35,570	52,378
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Trade and bills receivables are due within 10-90 days from the date of billing.

9 TRADE AND OTHER PAYABLES

	At 30 June 2023 (unaudited) RMB'000	At 31 December 2022 (audited) RMB'000
Trade payables to		
– related parties	8,098	4,526
– third parties	<u>28,160</u>	<u>35,447</u>
	36,258	39,973
Interest payables	719	719
Payables for staff related costs	5,641	5,640
Payables for other taxes	8,760	9,578
Payables for capital expenditure	129,398	144,182
Dividends payables	19,800	19,800
Other accruals and payables	<u>3,041</u>	<u>10,746</u>
Financial liabilities measured at amortised cost	203,617	230,638
Cash advances from a related party (<i>Note i</i>)	<u>212,100</u>	<u>212,100</u>
	<u>415,717</u>	<u>442,738</u>

Note:

- (i) Pursuant to a series of agreements among the Company, non-controlling shareholder of Huaibei Tongming Mining Co., Ltd. (“**Tongming Mining**”) and Huaibei Leiming Kehua Co., Ltd. (“**Leiming Kehua**”) in 2021, Leiming Kehua intended to acquire 11.9% equity interest in Tongming Mining by way of capital injection. The balance represented the down payment made by Leiming Kehua. The valuation of equity interests in Tongming Mining is subject to further negotiation among parties.

All of the trade and other payables are expected to be settled or recognised as income within one year or repayable on demand.

At the end of the reporting period, the ageing analysis of trade payables presented based on the invoice date is as follows:

	At 30 June 2023 (unaudited) RMB'000	At 31 December 2022 (audited) RMB'000
Within 12 months	35,857	39,578
Over 12 months	<u>401</u>	<u>395</u>
	<u>36,258</u>	<u>39,973</u>

10 DIVIDENDS

Dividends payable to equity shareholders of the Company attributable to the interim period:

No interim dividend has been declared and recognised as a liability at the end of the reporting period.

11 EVENTS AFTER THE REPORTING PERIOD

There has been no significant subsequent event after the end of the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is a construction materials provider with state-owned background located in Huaibei City, Anhui Province. The main products of the Group include: aggregate products mined and processed by a subsidiary, Huaibei Tongming Mining Co., Ltd. (“**Tongming Mining**”), in the Gaoloushan Mine located in Lieshan District, Huaibei City and concrete products produced and manufactured by a subsidiary, Huaibei Liantong Municipal Engineering Co., Ltd. (“**Liantong Municipal**”), in Xiangshan District, Huaibei City. The Group mainly sells aggregate products and concrete products to construction companies, building materials companies and wholesalers. Compared with similar market participants during the Reporting Period, Tongming Mining maintained a stable sales volume and is one of the major construction aggregate producers in the market of Huaibei City and its surrounding cities (including Suzhou City and Bozhou City) in terms of sales volume.

BUSINESS REVIEW

In the first half of 2023, through the efforts of the management and its staff, the H share of the Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 20 January 2023.

Affected by the economic downturn, the prices of both aggregate and concrete products decreased significantly, contributing to a decline in the Group’s performance. Faced with numerous difficulties and challenges, the Group has made determined efforts to continuously improve its ability to mitigate risks and seize opportunities. Through the increasing sales effort of the Group, it effectively mitigated risks and challenges. In April 2023, the Company entered into a sales agreement with one of its customers to provide aggregate products of one million tonnes per year. In May 2023, the Company expanded its aggregates product business to Bengbu City, Anhui Province. In August 2023, the Company successfully won an open tender for the procurement of cement-stabilised macadam from 2023 to 2024 and it is estimated that the aggregate procurement volume during the period will be 2 million tonnes. During the Reporting Period, the Gaoloushan Project (Phase II) is also progressing in an orderly manner.

As disclosed in the prospectus of the Company dated 30 December 2022, with respect to the capital increase in Tongming Mining, the Company is still in further negotiation with Huaibei Leiming Kehua Co., Ltd.

OVERVIEW OF THE CONSTRUCTION MARKET

In order to maintain a stable real estate industry, several supportive policies have been adopted by the local government. The Housing and Urban-Rural Development Bureau of Huaibei City (淮北市住房和城鄉建設局) issued the notice on Several Measures to Promote the Stable and Sound Development of the Real Estate Market (關於促進房地產市場平穩健康發展的若干措施) in January 2023, providing policy support to the real estate market in terms of, among others, increasing financial support, and adjusting the housing provident fund policy, so as to better meet the housing needs of buyers and further promote the positive cycle and healthy development of the real estate market. In February 2023, the People's Government of Anhui Province issued the notice on Several Policy Measures to Further Boosting Market Confidence and Promote the Sound and Healthy Development of the Economy to promote (關於進一步提振市場信心促進經濟平穩健康運行的若干政策舉措), proposing policies the healthy development of the construction industry and the real estate industry, which include supporting the competition for various high-tech and specialized projects, satisfying the rigid demand for better housing, and supporting demonstration of urban renewal development zones. In April 2023, the People's Government of Bozhou City issued the Notice on Further Promoting the Sound and Healthy Development of the Real Estate Market (關於進一步促進房地產市場平穩健康發展的若干政策的通知), proposing a number of measures to promote the development of the real estate industry, support real estate enterprises and encourage housing consumption, including increasing financing and supporting the construction of new real estate projects. The notice issued in July 2023 on the Implementation Rules of the Incentive Policy for the Development of the Construction Industry in Huaibei City (淮北市建築業發展獎勵政策實施細則) provided for implementation of incentive policy for construction companies from five aspects, in order to encourage expansion, encourage strengthening, provide rewards, encourage entry, and participate prefabricated construction projects, so as to support the high-quality development of the construction industry.

Based on the aforementioned government policies, the Board believes that support and incentives can be provided for real estate developers and construction companies in terms of supply side, thereby facilitating sustained investment in the real estate market and the construction industry. On the demand side, financial incentives and subsidies, such as increasing the housing provident fund loan amount and reducing the down payment ratio of housing provident fund loans for second-hand housing, are provided to the local and non-local residents or enterprises by the local government, financial institutions and property developers when residents purchase commodity properties in the urban area. While the effect and actual trend from the above governmental measures remain to be seen in the longer term, the Board believes that these measures may have begun to achieve certain positive effects, and help to stimulate and maintain a stable real estate market in the foreseeable future. The construction materials industry would benefit from the future growth in the property market in Huaibei City and its surrounding cities (including Suzhou City and Bozhou City) as concrete is the key construction materials in the PRC and construction aggregate is one of the primary raw materials in producing concrete products.

Operations

In the first half of 2023, China's real estate market was faced with significant downward pressure. The central and local governments continued to release positive signals to stabilize the housing market, favorable policies were continuously being promulgated, and the housing credit environment has been improving. However, the positive effects brought by the favourable policies have not been evident during the Reporting Period. Although there was a decrease in demand for the Group's aggregate products during the Reporting Period, the Group believes that the demand for aggregate products will be continuous and long-term due to the implementation of favourable policies.

Progress of basic construction projects

During the Reporting Period, the Group had been focusing on Phase II of the Gaoloushan Project located in Lieshan District, Huaibei City, Anhui Province. As of the date of this announcement, the cumulative investment in Gaoloushan Project (Phase II) has reached RMB1,175.22 million and the construction progress of Phase II has been completed as to approximately 70%. The Group plans to start trial production in October 2023. The estimated mine life of the Gaoloushan Mine is 18 years based on the probable reserves of the mine and the anticipated annual production of up to 8 million tonnes in 2031 pursuant to the development plan. The Group mines the limestone in the Gaoloushan Mine and process the mined limestone at the nearby production facilities into the aggregate products, which are produced by way of conventional open-pit mining and on-site crushing and screening.

Safety and environmental protection

The Group adheres to the safety and environmental protection policies of "Safety First, Precaution Foremost and Comprehensive Treatment" and "Equal Emphasis on Both Resources Development and Environmental Protection" earnestly to ensure its production safety and environmental protection. During the Reporting Period, the Group achieved its target of production safety. Environmental protection was stringently observed in compliance with the relevant national laws and regulations.

SIGNIFICANT INVESTMENTS, ACQUISITION AND DISPOSAL

During the Reporting Period, there were no significant asset acquisitions or disposals, mergers or equity investments of the Company.

FINANCIAL REVIEW

During the Reporting Period, the revenue of the Group amounted to RMB151.5 million, representing a decrease of 26.0% from RMB204.8 million for the corresponding period of 2022. There were no significant changes to the general business model of the Group during the Reporting Period, and overall business declined due to economic downturn.

Revenue from Principal Business

The following table illustrates the details of sales by products of the Group for the six months ended 30 June 2023 and 30 June 2022:

	Six months ended 30 June 2023			Six months ended 30 June 2022		
	Revenue <i>RMB'000</i> (unaudited)	Sales volume <i>Thousand</i> <i>tonnes/m³</i>	Unit price <i>RMB per</i> <i>tonne/m³</i>	Revenue <i>RMB'000</i> (unaudited)	Sales volume <i>Thousand</i> <i>tonnes/m³</i>	Unit price <i>RMB per</i> <i>tonne/m³</i>
Sales of aggregate products and others						
– Aggregate products and others	<u>106,340</u>	<u>1,818.8</u>	<u>58.5</u>	<u>147,798</u>	<u>2,088.9</u>	<u>70.8</u>
Sales of concrete products						
– Ready-mixed concrete	<u>36,647</u>	<u>91.1</u>	<u>402.4</u>	<u>48,865</u>	<u>104.0</u>	<u>470.0</u>
– Cement-stabilised macadam	<u>2,944</u>	<u>26.8</u>	<u>109.9</u>	<u>2,055</u>	<u>17.3</u>	<u>118.6</u>
– Asphalt concrete	<u>5,607</u>	<u>12.7</u>	<u>442.2</u>	<u>6,065</u>	<u>12.9</u>	<u>470.9</u>
	<u>45,198</u>			<u>56,985</u>		
Total	<u><u>151,538</u></u>			<u><u>204,783</u></u>		

During the Reporting Period, the revenue from sales of aggregates products and others of the Group amounted to RMB106.3 million, representing a decrease of 28.1% as compared to the corresponding period of last year, which is due to the combined effect of (i) the decrease in the sales volume of aggregate products and others of the Group from 2,088.9 thousand tonnes for the six months ended 30 June 2022 to 1,818.8 thousand tonnes for the corresponding period of 2023, representing a decrease of 12.9%; and (ii) the decrease in the average selling price of aggregate products and others from RMB70.8 per tonne for the six months ended 30 June 2022 to RMB58.5 per tonne for the corresponding period of 2023, representing a decrease of 17.4%.

During the Reporting Period, the revenue from sales of ready-mixed concrete of the Group amounted to RMB36.6 million, representing a decrease of 25.0% as compared to the corresponding period of last year. Such decrease is due to the combined effect of (i) the decrease in sales volume of ready-mixed concrete of the Group from 104.0 thousand m³ for the six months ended 30 June 2022 to 91.1 thousand m³ for the corresponding period of 2023, representing a decrease of 12.4%; and (ii) the decrease in the average selling price of ready-mixed concrete of the Group from RMB470.0 per m³ for the six months ended 30 June 2022 to RMB402.4 per m³ for the corresponding period of 2023, representing a decrease of 14.4%.

During the Reporting Period, the revenue from sales of cement-stabilised macadam of the Group amounted to RMB2.9 million, representing an increase of 43.3% as compared to the corresponding period of last year. Such increase is due to the combined effect of (i) the increase in the sales volume of cement-stabilised macadam of the Group from 17.3 thousand tonnes for the six months ended 30 June 2022 to 26.8 thousand tonnes for the corresponding period of 2023, representing an increase of 54.9%; and (ii) the decrease in the average selling price of cement-stabilised macadam of the Group from RMB118.6 per tonne for the six months ended 30 June 2022 to RMB109.9 per tonne for the corresponding period of 2023, representing a decrease of 7.3%.

During the Reporting Period, the revenue from sales of asphalt concrete of the Group amounted to RMB5.6 million, representing a decrease of 7.6% as compared to the corresponding period of 2022. Such decrease is mainly due to the decrease in the average selling price of asphalt concrete of the Group from RMB470.9 per tonne for the six months ended 30 June 2022 to RMB442.2 per tonne for corresponding period of 2023, representing a decrease of 6.1%.

GROSS PROFIT AND GROSS PROFIT MARGIN

During the Reporting Period, the gross profit of the Group amounted to RMB67.9 million, representing a decrease of RMB30.5 million from RMB98.4 million for the corresponding period of 2022. The gross profit margin during the Reporting Period was 44.8%, representing a decrease of 3.3 percentage points from 48.1% for corresponding period of last year.

COST OF SALES

During the Reporting Period, the Group's cost of sales amounted to RMB83.6 million, representing a decrease of RMB22.8 million from RMB106.4 million for the corresponding period of 2022. The decrease was primarily attributable to the decrease in both the sales volume and unit cost of the raw materials as compared to the corresponding period of last year.

ADMINISTRATIVE EXPENSES

During the Reporting Period, the administrative expenses incurred by the Group amounted to RMB16.0 million, representing an increase of 14.7% from RMB13.9 million for the corresponding period of last year, primarily due to the increase in third-party service fees.

FINANCIAL COSTS

For the Reporting Period, the financial costs of the Group amounted to RMB33.1 million, representing a decrease of RMB3.9 million from RMB37.0 million for the corresponding period of 2022, primarily due to the decrease in loan principal.

FINANCIAL CONDITION

As at 30 June 2023, total equity increased from RMB542.7 million as at 31 December 2022 to RMB634.3 million, mainly due to the increase in capital and share as well as the profit in 2023. Total assets decreased from RMB2,292.7 million as at 31 December 2022 to RMB2,185.1 million, mainly due to the decrease in bank deposits of Tongming Mining as a result of the payment for Phase II mining rights, land and prepayment of engineering equipment.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and cash equivalents increased from RMB40.7 million as at 31 December 2022 to RMB 167.7 million as at 30 June 2023, mainly due to the expiry of the pledge over a term deposit of RMB173.0 million and partially offset by the payment for Phase II mining rights, land and prepayment of engineering equipment.

As at 30 June 2023, guarantees provided by the Group to related parties amounted to RMB210.0 million.

MARKET RISKS

The Group is exposed to various types of market risks, including raw materials price and other commodities price risk, changes in interest rates and risk of change in industry policies.

Raw materials price and other commodities price risk: the Group's competitiveness, costs and profitability partly depend on the Group's ability to source and maintain a stable and sufficient supply of raw materials at acceptable prices, particularly for its concrete products. The raw materials that the Group uses in its concrete products primarily include binding materials (such as cement, mineral powder and coal ash), aggregates (such as sand) and admixtures. In the production of asphalt concrete products, the major raw materials include asphalt, aggregates and mineral powder. The Group procures all raw materials in the PRC.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the cash and bank deposits held by the Group, interest-bearing bank and other borrowings and corporate bonds. The Group mainly controls its exposure to interest rate risks associated with certain cash holdings and bank deposits, interest-bearing bank and other borrowings by placing them in appropriate short-term deposits at fixed or floating interest rates and at the same time by borrowing loans at a mixture of fixed or floating interest rates.

The Group had not used any interest rate swaps to hedge its exposure to interest rate risk during the Reporting Period.

Risk of change in industry policies

An array of laws, regulations and rules on the construction industry in China constitute the external regulatory and legal environment for the Company's ordinary and continuous operation and have great influence on the Company's business development, production and operation, domestic and foreign trade, and capital investment etc. Changes in relevant industry policies may have corresponding effects on the Company's production and operation.

OUTLOOK

During the Reporting Period, the Group has been focusing on the implementation of its development plan, with an aim to increase its production volume of aggregate products and promote its sales volume of aggregate products and concrete products in the second half of 2023.

In the second half of 2023, it is expected that the Group's new production plant with a nameplate capacity of 8.0 million tonnes per annum will begin trial production. Looking ahead, the Group plans to gradually increase its annual production volume from 3.5 million tonnes to ultimately 8 million tonnes in 2031 according to its development plan. Leveraging its established presence in the region, the Group is able to capture the market needs by increasing its annual production volume, which will bring positive impact to the business and financial performance of the Group in the future as a result.

In the second half of 2023, the Group will make every effort to implement and accomplish the tasks and goals set by the Board, so as to ensure the stable production of the Group's aggregate and concrete products, strive to create a new phase of improved quality and efficiency, and drive the steady and robust development of the Group with outstanding financial performance.

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

Since 20 January 2023 (the "**Listing Date**") up to 30 June 2023, there was no purchase, sale or redemption of any listed securities of the Company by the Company or any of its subsidiaries.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there were no material events occurred after the Reporting Period and up to the date of this announcement.

RESIGNATION OF EXECUTIVE DIRECTOR

As disclosed in the announcement of the Company dated 15 May 2023, Ms.Zhao Li resigned as an executive Director with effect from 15 May 2023.

CONTINUING CONNECTED TRANSACTION

On 27 April 2023, the Group entered into an equipment leasing framework agreement (the "**Equipment Leasing Framework Agreement**") with Huaibei Huaihai Construction Engineering Co., Ltd.* (淮北淮海建設工程有限責任公司) ("**Huaihai Construction Engineering**"), pursuant to which, the Group agreed to lease equipment to Huaihai Construction Engineering for the purpose of its construction business during the period commencing on 27 April 2023 to 31 December 2025.

Huaihai Construction Engineering is a subsidiary of Huaibei City Construction Investment Holding Group Co., Ltd.* (淮北市建投控股集團有限公司) ("**Huaibei Construction Investment**"), a controlling shareholder of the Company. Under Rule 14A.07(4) of the Listing Rules, Huaihai Construction Engineering is a connected person of the Company.

The annual caps for the Equipment Leasing Framework Agreement for each of the three years ending 31 December 2025 are RMB8 million. During the Reporting Period, the rental paid by Huaihai Construction Engineering to the Group was RMB5.72 million.

For details of the aforesaid continuing connected transaction, please refer to the announcement of the Company dated 27 April 2023.

The Company confirmed that it had complied with the relevant requirements in accordance with Chapter 14A of the Listing Rules in relation to the continuing connected transaction to which the Group was a party during the Reporting Period.

* *For identification purposes only*

CORPORATE GOVERNANCE

The Company recognizes the importance of sound corporate governance in enhancing the Company's management and protecting the interests of shareholders as a whole. The Company has adopted the Code Provisions as set out in the Corporate Governance Code as its own code to govern its corporate governance practices. The Board believes that the Company has complied with the relevant Code Provisions set out in the Corporate Governance Code from the Listing Date to the date of this announcement, and no Directors are aware of any information that reasonably shows that the Company has not complied with the Code Provisions at any time during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions by the directors of the Company (the “**Directors**”) and the supervisors of the Company (the “**Supervisors**”). Having made specific enquiries to all the Directors and Supervisors, the Company confirms that all the Directors and Supervisors have complied with the required standards as set out in the Model Code since the Listing Date up to the date of this announcement.

AUDIT COMMITTEE

The Audit Committee of the Company (the “**Audit Committee**”) consists of three members, namely Mr. Gao Wei (Chairman), Mr. Liu Chaotian and Ms. Xing Mengwei, all of whom are independent non-executive Directors. The Company's interim report and interim results announcement for the six months ended 30 June 2023 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the preparation of the financial information complies with the applicable accounting standards, the requirements of the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the Company's website at <http://www.ljgfjt.com/> and the website of the Stock Exchange at www.hkexnews.hk. The interim report of the Company will be published on the Company's and the Stock Exchange's websites and dispatched to shareholders of the Company in due course.

DIVIDEND

The Board proposed that no payment of interim dividend for the six months ended 30 June 2023 would be made by the Company.

By order of the Board
Huaibei GreenGold Industry Investment Co., Ltd.*
Liu Yong
Chairman

Huaibei City, Anhui, the PRC, 29 August 2023

As at the date of this announcement, the executive Directors of the Company are Mr. Liu Yong (Chairman), Mr. Mao Hongxian, Mr. Qin Jiapeng, Mr. Zhang Lizhe and Ms. Shi Yinyan and the independent non-executive Directors of the Company are Mr. Gao Wei, Mr. Liu Chaotian and Ms. Xing Mengwei.

* *For identification purposes only*