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淮北綠金產業投資股份有限公司

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

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

(Stock Code: 2450)

CONTINUING CONNECTED TRANSACTIONS

(1) EXCEEDED THE 2023 ANNUAL CAP

AND

**(2) REVISION OF ANNUAL CAPS FOR THE TWO YEARS ENDING 31
DECEMBER 2024**

As disclosed in the Prospectus, Leiming Blasting entered into the Blasting Services Procurement Framework Agreement on 21 December 2022 with the Company, pursuant to which Leiming Blasting shall provide blasting services to the Group for an initial term commencing from the Listing Date and ending on 31 December 2024, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

(1) EXCEEDED THE 2023 ANNUAL CAP

In November 2023, during a regular review of certain continuing connected transactions of the Company, it came to the attention of the Company that the actual transaction amount of the continuing connected transactions contemplated under the Blasting Services Procurement Framework Agreement for the year ending 31 December 2023 up to the date of this announcement reached approximately RMB27.3 million, which exceeded the 2023 Annual Cap. The 2023 Annual Cap was exceeded because of the additional cost for blasting services incurred during the development of Phase II of the Gaoloushan Mine, which was not included in the existing 2023 Annual Cap.

Pursuant to Rule 14A.54(1) of the Listing Rules, the Company must re-comply with the announcement requirement under Chapter 14A of the Listing Rules before the cap is exceeded. The delay in publication of an announcement by the Company before the 2023 Annual Cap was exceeded constituted a breach of Rule 14A.54(1) of the Listing Rules. The delay was due to inadvertent oversight of the Company. This oversight was not discovered until during the regular review on the status as to continuing connected transactions. The Company has taken steps to rectify the breach as soon as practicable by way of this announcement.

(2) REVISION OF ANNUAL CAPS FOR THE TWO YEARS ENDING 31 DECEMBER 2024

As disclosed in the Prospectus, the previous annual caps for the continuing connected transactions contemplated under the Blasting Services Procurement Framework Agreement were determined after arm's length negotiations between the parties with reference to:

- (i) the historical transaction amounts between the Group and Leiming Blasting;
- (ii) estimated sales volume of aggregate products for each of the three years ending 31 December 2024, which amounts to 3.5 million tonnes, 4.0 million tonnes, and 4.5 million tonnes, respectively, based on the existing sales volume of aggregate products as of 30 September 2022 and the Group's aggregate products production plan and targets; and
- (iii) prevailing market rates for the provision of blasting services similar in nature.

In view of the 2023 Annual Cap having been exceeded and considering (i) the actual future business need of the Company; (ii) the additional costs for blasting services incurred during the development of Phase II of the Gaoloushan Mine, which is expected to be completed by the end of 2023 or early 2024; and (iii) the expected increase in production volume pursuant to the commencement of operation of Phase II of the Gaoloushan Mine once its development has been completed, the annual caps under the Blasting Services Procurement Framework Agreement for the two years ending 31 December 2024 are revised (collectively, the "**Revised Annual Caps**").

Set out below are the (i) original annual caps under the Blasting Services Procurement Framework Agreement for each of the two years ending 31 December 2024; (ii) actual transaction amount (unaudited) for the year ending 31 December 2023; and (iii) the Revised Annual Caps:

Original annual caps for the years ending 31 December		Actual transaction amount for the year ending 31 December 2023 up to the date of this announcement (unaudited)	Revised Annual Caps for the years ending 31 December	
2023	2024	2023	2023	2024
<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
19.1	21.5	27.3	32.8	30.0

The Directors (including the independent non-executive Directors) consider that the transactions are and will continue to be conducted in the ordinary course of business of the Group and on arm's length basis, the terms of the Blasting Services Procurement Framework Agreement have been determined on an arm's length basis and are on normal commercial terms, and the revised annual cap are fair and reasonable and are in the interests of the Group and the shareholders of the Company taken as a whole.

Reasons for the transactions

Pursuant to the shareholders' agreement dated 18 April 2016 of Tongming Mining entered into between Huaibei City Construction Investment Transportation Investment Co., Ltd.* (淮北市建投交通投资有限公司), which was the then shareholder of Tongming Mining and Leiming Blasting, Leiming Blasting undertook to provide blasting-related services to Tongming Mining on terms no less favourable to the Group than terms available to or from independent third parties. Through years of cooperation, the Company believe that Leiming Blasting has understanding of our way of quality control as well as safety requirements, which will enable smooth cooperation and operation and costs saving. Also, Leiming Blasting is one of the major blasting service providers in Huaibei City and it possesses the necessary technical capability.

Measures adopted by the Company

In order to avoid any recurrence of similar events in the future and to ensure the applicable Listing Rules requirements will be complied with going forward, the Company has taken the following steps to further strengthen its internal monitoring procedures:

- (a) enhancing supervision over and designating a dedicated personnel to closely monitor the actual transaction amounts incurred under the continuing connected transactions of the Company on a regular basis. If the actual transaction amount reaches 90% or more of the relevant annual cap at any time of the year, the dedicated personnel will inform the Board as soon as possible. The Board would then consider taking appropriate measures in accordance with the requirements of the Listing Rules, including, but not limited to, publishing announcement for an increase annual cap amount and seeking approval from the shareholders of the Company, if applicable; and
- (b) arranging regular trainings for the Directors, senior management and employees of the Group on a regular basis, to strengthen their knowledge of the Listing Rules and enhance their awareness of the importance of compliance with the Listing Rules.

The Directors are of the view that the above enhanced internal control measures could strengthen the internal control procedures of the Company and effectively prevent the occurrence of similar non-compliance in the future. The Board considers that the 2023 Annual Cap under the Blasting Services Procurement Framework Agreement having been exceeded was an isolated event and was not systematic in nature, and believes that it does not bring about any material impact on the business and operations of the Company, nor does it have a material financial impact on the Company.

Internal control system for the transactions contemplated under the Blasting Services Procurement Framework Agreement

The Group has established a series of internal control measures in order to ensure that the pricing mechanism and terms of the transactions contemplated under the Blasting Services Procurement Framework Agreement are fair and reasonable and no less favourable than the terms provided by any independent third party, so as to ensure that they serve the interest of the Group and its shareholders as a whole. Such measures mainly include:

- (1) The transactions arrangements contemplated under the Blasting Services Procurement Framework Agreement are conducted on a non-exclusive basis.
- (2) The Group has formulated a series of measures and policies on, among others, contract policies, project management policies and administrative measures for connected transactions. The Blasting Services Procurement Framework Agreement and the transactions contemplated thereunder, in particular the fairness and reasonableness of the pricing terms thereof, would be examined and approved by the audit committee of the Company, the Board and various internal departments of the Company (including but not limited to the finance department of the Company) to ensure that the terms of Blasting Services Procurement Framework Agreement are in compliance with relevant regulations and guidelines (if applicable) and market practices and would not deviate from the terms of the Blasting Services Procurement Framework Agreement disclosed in the Prospectus.
- (3) The Group usually makes enquiries on relevant prices to not less than two other independent third party suppliers providing similar services, and makes reference to the pricing and terms to make sure that the pricing and terms offered by Leiming Blasting are fair, reasonable and are not less favourable than those offered by independent suppliers.
- (4) The external auditor of the Group will be engaged to report on the continuing connected transactions of the Group for each year in accordance with the requirements of Rule 14A.56 of the Listing Rules. In addition, according to the Listing Rules, the independent non-executive Directors will also conduct an annual review with respect to the continuing connected transactions of the Group throughout the preceding financial year and confirm on the transaction amounts and terms of the agreements in relation to the continuing connected transactions set out in the annual report of the Group.
- (5) The supervisory committee of the Group is also responsible for, among others, supervising on the continuing connected transactions of the Group and reviewing the fairness of the transactions and whether the pricing of the transactions is fair and reasonable.

- (6) The Group's audit committee of the Board and the supervisory committee will respectively organise internal testing and financial sample survey to check the completeness and effectiveness of the relevant internal control measures relating to the connected transactions from time to time, and will convene meetings at least twice a year to discuss and assess the implementation of continuing connected transactions. Meanwhile, the legal and contract management departments of the Group shall conduct prudent review and appraisal of the contracts, and the departments implementing the relevant contracts shall monitor the transaction amounts of the connected transactions in a timely manner and the business departments shall monitor and manage the compliance during the process of business operations.

By implementing the above procedures and internal control measures, the Directors consider that the Group has established sufficient internal control measures to ensure the pricing basis of transactions contemplated under the Blasting Services Procurement Framework Agreement will be on market terms and on normal commercial terms and will be fair and reasonable to the Group and its shareholders as a whole.

Implications under the Listing Rules

As at the date of this announcement, Tongming Mining is owned as to 33% by Leiming Blasting. Therefore, Leiming Blasting is a substantial shareholder of our subsidiary and hence is considered as a connected person at the subsidiary level of our Group under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(1) of the Listing Rules, as the actual transaction amount under the Blasting Services Procurement Framework Agreement exceeded the 2023 Annual Cap, the Company is required to re-comply with the announcement requirement under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.101 of the Listing Rules, as the Board (including all the independent non-executive Directors) has approved the Blasting Services Procurement Framework Agreement and the Revised Annual Caps and confirmed that the terms therein are fair and reasonable, and the transactions thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, the transactions contemplated under the Blasting Services Procurement Framework Agreement are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and shareholders' approval requirements. Accordingly, the Revised Annual Caps were exempt from the shareholders' approval requirements.

None of the Directors has a material interest in the transactions contemplated under the Blasting Services Procurement Framework Agreement and hence no Director is required to abstain from voting on the relevant Board resolutions approving the Blasting Services Procurement Framework Agreement, the transactions contemplated thereunder and the Revised Annual Caps.

DEFINITION

In this announcement, unless the context requires otherwise, the following glossaries used shall have the following meaning:

“2023 Annual Cap”	the annual cap for continuing connected transactions contemplated under the Blasting Services Procurement Framework Agreement for the year ended 31 December 2023 of RMB19.1 million
“Blasting Services Procurement Framework Agreement”	the blasting services procurement framework agreement entered into between the Company and Leiming Blasting on 21 December 2022 in relation to blasting services provided by Leiming Blasting to the Group
“Board” or “Board of Directors”	the board of Directors
“Company”	Huaibei GreenGold Industry Investment Co., Ltd. *(淮北綠金產業投資股份有限公司), a joint stock company established in the PRC with limited liability and its H shares are listed on the Main Board (Stock Code: 2450), which principally engaged in the production and sale of aggregate products and concrete products
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	directors of the Company
“Gaoloushan Mine”	our mine located at Gaoloushan in Lieshan District, Huaibei City, Anhui Province, PRC
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“H Share”	overseas listed foreign invested ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board and are subscribed for and traded in Hong Kong dollars
“Leiming Blasting”	Anhui Leiming Blasting Engineering Co., Ltd.* (安徽雷鳴爆破工程有限責任公司), a company established in the PRC with limited liability on 1 April 2004 and mainly engages in the business of, among others, blasting-related services, which holds 33% of the equity interest of Tongming Mining, and a connected person of our Company at the subsidiary level as at the date of this announcement
“Listing Date”	20 January 2023
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited

“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus issued by the Company dated 30 December 2022
“RMB”	the lawful currency of the PRC
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Tongming Mining”	Huaibei Tongming Mining Co., Ltd.* (淮南通鳴礦業有限公司), a company established in the PRC with limited liability on 29 April 2016, which is a non-wholly owned subsidiary of our Company

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

Anhui, the PRC, 29 November 2023

As at the date of this announcement, the Board comprises Mr. Liu Yong, Mr. Mao Hongxian, and Mr. Qin Jiapeng as executive Directors; and Mr. Gao Wei, Mr. Liu Chaotian and Ms. Xing Mengwei as independent non-executive Directors.

* *for identification purposes only*