

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

# 2024 INTERIM REPORT

*\* For identification purposes only*

# CONTENTS

	<i>Page</i>
Corporate Information	2
Management Discussion and Analysis	3
Other Information	11
Consolidated Statement of Profit or Loss and Other Comprehensive Income	14
Consolidated Statement of Financial Position	15
Consolidated Statement of Changes in Equity	17
Condensed Consolidated Cash Flow Statement	18
Notes to the Unaudited Interim Financial Report	19

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Liu Yong (*Chairman*)  
Mr. Qin Jiapeng  
Ms. Lu Junzhe (*appointed on 15 January 2024*)  
Mr. Zhao Song (*Chief financial officer/appointed on 15 January 2024*)  
Mr. Zhang Zhengguang (*appointed on 25 June 2024*)  
Mr. Mao Hongxian (*resigned on 28 March 2024*)

### Independent Non-Executive Directors

Mr. Gao Wei  
Mr. Liu Chaotian  
Ms. Xing Mengwei

## SUPERVISORS

Ms. Zhao Mingling (*Chairperson*)  
Ms. Li Chi  
Ms. Dong Jing

## JOINT COMPANY SECRETARIES

Ms. Lu Junzhe  
Mr. Li Kin Wai (*ACG, HKACG*)

## AUDIT COMMITTEE

Mr. Gao Wei (*Chairman*)  
Mr. Liu Chaotian  
Ms. Xing Mengwei

## REMUNERATION COMMITTEE

Mr. Liu Chaotian (*Chairman*)  
Mr. Gao Wei  
Mr. Liu Yong

## NOMINATION COMMITTEE

Mr. Liu Yong (*Chairman*)  
Mr. Gao Wei  
Mr. Liu Chaotian

## ESG COMMITTEE

Mr. Liu Yong (*Chairman*)  
Mr. Qin Jiapeng  
Mr. Zhang Zhengguang (*appointed on 25 June 2024*)  
Mr. Mao Hongxian (*resigned on 28 March 2024*)

## AUTHORISED REPRESENTATIVES

Ms. Lu Junzhe (*appointed on 15 January 2024*)  
Mr. Li Kin Wai (*ACG, HKACG*)  
Mr. Liu Yong (*resigned on 15 January 2024*)

## INTERNATIONAL AUDITOR

CHENG & CHENG LIMITED  
*Certified Public Accountants*  
Public Interest Entity Auditor  
registered in accordance with the Accounting and Financial Reporting Council Ordinance  
Level 35, Tower 1,  
Enterprise Square Five  
38 Wang Chiu Road,  
Kowloon Bay  
Kwun Tong, Kowloon,  
Hong Kong

## LEGAL ADVISORS

**as to Hong Kong laws**  
DeHeng Law Offices (Hong Kong)  
LLP

### **as to PRC laws**

Beijing Deheng Law Offices

## COMPLIANCE ADVISER

China Everbright Capital Limited

## REGISTERED OFFICE AND HEADQUARTERS IN THE PRC

4/F  
Shuangchuang Service Centre  
No. 3 Taobo Road  
Song Tuan Town, Lieshan District  
Huaibei City  
Anhui Province  
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Manulife Place  
348 Kwun Tong Road  
Kowloon, Hong Kong

## PRINCIPAL BANKERS

Industrial and Commercial Bank of China Co., Ltd. (Huaibei Huaihai Road Branch)

## HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## STOCK NAME

HUAIBEI GD CO

## STOCK CODE

2450

## COMPANY'S WEBSITE

<http://www.ljgfjt.com/>

# 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 of the Company, 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 of the Company, 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 six months ended 30 June 2024 ("**Reporting Period**"), Tongming Mining maintained a stable market share 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

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 improving product quality and increasing sales channels, it effectively mitigated risks and challenges. At present, the Company's Phase II production lines of Tongming Mining has been put into operation. The Phase II products are composed of 3 types of concentrates and 4 types of general materials, which provide stone products for the construction of expressways and high-speed railways. The Company entered into key stone sales agreements with two companies in June 2024 to sell at least 1.2 million tons of aggregate products within one year.

## OVERVIEW OF THE CONSTRUCTION MARKET

In December 2023, the Central Economic Work Conference proposed to resolve the risks of real estate and local debts, advance the renovation of urban villages, and accelerate the "three major projects", i.e. the construction of affordable housing, the construction of public infrastructure for "both leisure and emergency", and the renovation of urban villages. According to the Interim Measures for Urban Update of Huaibei City (《淮北市城市更新暫行辦法》) issued by the government of Huaibei City in April 2023 and the data released by the Housing and Urban-Rural Development Bureau of Huaibei City, Huaibei City plans to renovate 63 old communities with an area of approximately 2,449,800 square meters in 2024.

In May 2024, the Housing and Urban-Rural Development Bureau of Huaibei City issued the Notice on Several Policies and Measures for Further Promotion of the Real Estate Market in Huaibei City (《淮北市關於進一步促進房地產市場的若干政策措施》). Several measures were taken such as issuing periodic consumption vouchers for housing purchase, increasing the housing provident fund loan amount, optimizing house purchase and enrollment policies, implementing preferential personal income tax policies for housing exchanges and implementing diversified resettlement, to accelerate the establishment of a new real estate development model, better satisfy diversified housing needs of people and promote the stable and sound development of the real estate market.

# Management Discussion and Analysis

The construction of West Railway Station of Huaibei City, Huaibei-Suzhou-Bengbu Intercity Railway and Wuhe-Mengcheng Expressway continues in 2024. Based on the aforementioned government policies, in the first half of 2024, the China's real estate market has shown an overall adjustment state and is still facing significant downward pressure. Central and local government regulatory policies have become more precise. The government will continue to implement differentiated regulatory policies tailored to the city. Key cities may further tighten housing purchase restrictions, loan check and other measures, while some third- and fourth-tier cities may moderately deregulate to stimulate real estate market demand. Real estate policy shows a certain adjustment state, aiming to promote the stability and development of the market. Although the real estate market is weak, with the keynote of the Central Economic Work Conference in 2023, the implementation and construction of infrastructure and key projects in 2024 is accelerated, the real estate market is expected to pick up. With the continued advancement of national environmental protection policies, some small and illegal gravel pits have been shut down, reducing the market supply, the market demand for sand and aggregate has been safeguarded. The Board believes that although the positive effects brought by the favourable policies have not been evident during the Reporting Period, these policies may 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). The Group will closely monitor the market dynamics and reasonably arrange the procurement plan to cope with the possible market fluctuations.

## **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 at the date of this report, Phase II of the Gaoloushan Renovation and Expansion Project with an annual capacity of 8 million tons has been completed and put into operation. The total reserves of the Phase II of mining rights are 164 million tons, and the estimated mine life of the Gaoloushan Mine is 17 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.

## **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. For details and further details of the Capital Injection (as defined below) and deemed disposal of equity interest in Tongming Mining, please refer to the section headed "EVENTS AFTER THE REPORTING PERIOD – 1. Capital Injection in Tongming Mining" below and the announcement of the Company dated 9 August 2024.

## **FINANCIAL REVIEW**

During the Reporting Period, the revenue of the Group amounted to RMB110.8 million, representing a decrease of 26.9% from RMB151.5 million for the corresponding period of 2023. 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.

# Management Discussion and Analysis

## Revenue from Principal Business

The following table illustrates the details of sales by products of the Group for the six months ended 30 June 2024 and 30 June 2023, respectively:

	Six months ended 30 June 2024			Six months ended 30 June 2023		
	Revenue	Sales volume	Unit price	Revenue	Sales volume	Unit price
	<i>RMB'000</i>	<i>Thousand tonnes/m<sup>3</sup></i>	<i>RMB per tonne/m<sup>3</sup></i>	<i>RMB'000</i>	<i>Thousand tonnes/m<sup>3</sup></i>	<i>RMB per tonne/m<sup>3</sup></i>
	(unaudited)			(unaudited)		
<b>Sales of aggregate products and others</b>						
– Aggregate products and others	88,021	1,732.2	50.8	106,340	1,818.8	58.5
<b>Sales of concrete products</b>						
– Ready-mixed concrete	22,384	65.3	342.8	36,647	91.1	402.4
– Cement-stabilised macadam	347	3.2	108.4	2,944	26.8	109.9
– Asphalt concrete	/	/	/	5,607	12.7	442.2
	22,731			45,198		
<b>Total</b>	<b>110,752</b>			<b>151,538</b>		

During the Reporting Period, the revenue from sales of aggregates products and others of the Group amounted to RMB88.02 million, representing a decrease of 17.2% as compared to RMB106.34 million for 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 1,818.8 thousand tonnes for the six months ended 30 June 2023 to 1,732.2 thousand tonnes for the corresponding period of 2024, representing a decrease of 4.8%; and (ii) the decrease in the average selling price of aggregate products and others from RMB58.5 per tonne for the six months ended 30 June 2023 to RMB50.8 per tonne for the corresponding period of 2024, representing a decrease of 13.2%.

During the Reporting Period, the revenue from sales of ready-mixed concrete of the Group amounted to RMB22.38 million, representing a decrease of 38.94% as compared to RMB36.65 million for 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 91.1 thousand m<sup>3</sup> for the six months ended 30 June 2023 to 65.3 thousand m<sup>3</sup> for the corresponding period of 2024, representing a decrease of 28.32%; and (ii) the decrease in the average selling price of ready-mixed concrete of the Group from RMB402.4 per m<sup>3</sup> for the six months ended 30 June 2023 to RMB342.8 per m<sup>3</sup> for the corresponding period of 2024, representing a decrease of 14.81%.

# Management Discussion and Analysis

During the Reporting Period, the revenue from sales of cement-stabilised macadam of the Group amounted to RMB0.3 million, representing a decrease of 89.8% as compared to RMB2.94 million for the corresponding period of last year. Such decrease is due to the combined effect of (i) the decrease in the sales volume of cement-stabilised macadam of the Group from 26.8 thousand tonnes for the six months ended 30 June 2023 to 3.2 thousand tonnes for the corresponding period of 2024, representing a decrease of 88.1%; and (ii) the decrease in the average selling price of cement-stabilised macadam of the Group from RMB109.9 per tonne for the six months ended 30 June 2023 to RMB108.4 per tonne for the corresponding period of 2024, representing a decrease of 1.36%.

During the Reporting Period, the revenue from sales of asphalt concrete of the Group was zero, representing a significant decrease as compared to the corresponding period of last year. Due to the shrinking market for asphalt concrete products and slow return of funds and in order to avoid market risks, invest prudently and consolidate the development direction of the Company, the business was not conducted during the Reporting Period.

## **COST OF SALES**

During the Reporting Period, the Group's cost of sales amounted to RMB70.3 million, representing a decrease of RMB13.3 million from RMB83.6 million for the corresponding period of 2023. The decrease was attributable to the decrease in both the sales volume of the Company's products and unit cost of the major raw materials as compared to the corresponding period of last year, and the unit cost of raw materials decreased to a much lesser extent compared with the unit price of products.

## **GROSS PROFIT AND GROSS PROFIT MARGIN**

During the Reporting Period, the gross profit of the Group amounted to RMB40.4 million, representing a decrease of RMB27.5 million from RMB67.9 million for the corresponding period of 2023. The gross profit margin during the Reporting Period was 36.5%, representing a decrease of 8.3 percentage points from 44.8% for the corresponding period of last year.

## **OTHER INCOME**

During the Reporting Period, the Group's other income was approximately RMB4.7 million, representing a decrease of approximately 57.3% from RMB11.0 million for the corresponding period of 2023. The decrease in other income was mainly due to the decrease in government grants and exchange gains.

## **ADMINISTRATIVE EXPENSES**

During the Reporting Period, the administrative expenses incurred by the Group amounted to RMB15.6 million. The administrative expenses were basically the same as that of the corresponding period of last year.

## **IMPAIRMENT REVERSAL ON TRADE RECEIVABLES**

During the Reporting Period, the Group's impairment loss on trade receivables amounted to approximately RMB4.0 million, representing an increase of 455.6% from impairment reversal of RMB1.1 million for the corresponding period of 2023. The increase was mainly due to the provision for overdue bad debts.

## **FINANCE COSTS**

For the Reporting Period, the finance costs of the Group amounted to RMB35.2 million, representing an increase of RMB2.1 million from RMB33.1 million for the corresponding period of 2023 due to the increase in interest-bearing borrowings. Although such interest-bearing borrowings increased significantly during the Reporting Period, the new borrowings carried lower interest rates. As a result, the finance costs increased slightly.

# Management Discussion and Analysis

## Income tax expenses

During the Reporting Period, the Group's income tax expenses amounted to RMB1.4 million, representing a decrease of RMB5.8 million as compared to RMB7.2 million for the corresponding period of 2023. The Group incurred a net loss as compared to the net profit during corresponding period of 2023. During the Reporting Period, corporate income tax within the territory of the PRC has been provided at a rate of 25% (corresponding period of 2023: 25%) on the taxable income (except for the high and new technology enterprises and western-region-development subsidiaries of the Group in Mainland China, which are taxed at a preferential rate of 15%). Hong Kong profits tax has been provided at the rate of 16.5% (corresponding period of 2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the Reporting Period. The Group did not incur any Hong Kong profits tax during the Reporting Period. The effective tax rate of the Group is approximately 25% during the Reporting Period (corresponding period of 2023: 25%).

## NET LOSS

During the Reporting Period, the Group incurred a net loss of approximately RMB11.1 million (corresponding period of 2023: net profit of approximately RMB23.7 million), representing a decrease of approximately 146.8% as compared to the corresponding period of last year. The decrease in net profit was mainly due to a significant decrease in revenue, while operating costs did not change much.

## Loss attributable to the equity shareholders of the Company

During the Reporting Period, the Group recorded a loss attributable to the equity shareholders of the Company of approximately RMB7.7 million, representing a decrease of approximately 146.9% from a profit attributable to the equity shareholders of the Company of approximately RMB16.4 million for the corresponding period of 2023.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and cash equivalents increased from RMB73.7 million as at 31 December 2023 to RMB566.7 million as at 30 June 2024. The increase of RMB493.0 million was mainly due to net cash generated from operating activities of RMB56.1 million and an increase of RMB437.9 million in net cash generated from financing activities.

As at 30 June 2024, the Group has not provided guarantees to related parties.

## FINANCIAL CONDITION

As at 30 June 2024, total equity decreased from RMB666.3 million as at 31 December 2023 to RMB647.8 million, mainly due to the impact of loss in 2024. Total assets increased from RMB2,383.0 million as at 31 December 2023 to RMB2,576.9 million, mainly due to the increase in monetary capital from external borrowings of Tongming Mining.

## Cash flows and working capital

The Group's cash and cash equivalents have increased from approximately RMB73.7 million as at 31 December 2023 to RMB566.7 million as at 30 June 2024. The increase was mainly due to the net cash generated from operating activities of RMB56.1 million and an increase of RMB437.9 million in net cash generated from financing activities.

As at 30 June 2024, the cash and cash equivalents of the Group amounted to approximately RMB566.7 million (31 December 2023: RMB73.7 million).

# Management Discussion and Analysis

## **BORROWINGS**

As at 30 June 2024, the Group had outstanding bank loans of approximately RMB1,360.0 million (31 December 2023: RMB1,007.4 million), of which RMB64.2 million must be repaid within one year, RMB145.4 million must be repaid after one year but within two years, RMB513.3 million must be repaid after two years but within five years and RMB637.1 million will be repayable in more than five years.

As at 30 June 2024, the bank loans were denominated in RMB. As at 30 June 2024, the interest-bearing bank loans and other borrowings held by the Group were at floating interest rates.

## **CAPITAL EXPENDITURES**

During the Reporting Period, the Group's capital expenditures were approximately RMB0.9 million, representing a decrease of approximately 98.1% from RMB48.5 million for the corresponding period of 2023. Due to the completion of Phase II construction, there was a decrease in capital expenditures.

## **Dividend**

During the Reporting Period, the Group recognized dividends for ordinary shareholders. Final dividends for the year ended 31 December 2023 were RMB0.028 per share, totaling RMB7.39 million. The Board proposed that no payment of interim dividend for the Reporting Period is to be made by the Company.

## **Gearing ratio**

The Group monitors capital by gearing ratio, which is total liabilities divided by total assets as at the end of the year/period and multiplied by 100%. As at 30 June 2024, the gearing ratio of the Group increased by 2.9 percentage points to 74.9% (31 December 2023: 72.0%), mainly due to the combined effect of the increase in borrowings and operating loss.

## **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.

The Group also faces raw materials price and other commodities price risk. The Group's competitiveness, costs and profitability depend, in part, 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. 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.

# Management Discussion and Analysis

## **Funding and financial policy**

The Group utilises cash flows generated from operating activities and bank loans to finance its operations, construction and capital expenditure, to discharge its debt and to ensure the continuous growth of the Group's business.

## **Exposure to fluctuations in exchange rates and related hedges**

The Group's present operations are carried on in the PRC and generally all of the Group's monetary assets, loans and transactions are principally denominated in Renminbi ("RMB"). As at 30 June 2024, the Group was not exposed to any significant foreign currency exchange risk in its operations. The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its statement of financial position exposure 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.

## **Capital structure**

The H shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20 January 2023 (the "Listing Date"). There has been no change in the capital structure of the Company since the Listing Date.

## **Information on employees**

As at 30 June 2024, the Group had 151 employees (31 December 2023: 151), including the executive Directors. Total staff costs (including Directors' emoluments) were approximately RMB11.9 million, representing a decrease of approximately 20.0% from RMB14.9 million for the corresponding period of 2023. Remuneration is determined with reference to market norms and individual employees' performance, qualifications and experience.

The Company regularly provides induction training, vocational skills training, management skills training and other tailor-made internal trainings for new employees, ordinary employees and management, or arranges for suitable personnel to participate in third-party training, with the aim of improving the vocational skills and management ability of employees, and selecting suitable personnel to participate in the management of the Company through the competition for positions.

## **Future Plans for Material Investments and Capital Assets**

Save as disclosed in the prospectus of the Company dated 30 December 2022 (the "Prospectus") and in the section headed "Use of Proceeds from the Global Offering" in this report, the Group did not have plans for material investments and capital assets as at the date of this report.

## **Charges on Group assets**

As at 30 June 2024, the Group has pledged assets of RMB1,360 million (31 December 2023: RMB267 million).

## **Contingent liabilities**

The Group had no material contingent liabilities as at 30 June 2024 (31 December 2023: Nil).

# Management Discussion and Analysis

## OUTLOOK

During the Reporting Period, the Group has been focusing on the implementation of its development plan. Under the circumstance that the Phase II production line of Gaoloushan Project is put into operation, the Group will increase the production scale and strive to reach 6.0 million tonnes for the year, and plans to gradually increase the annual production volume in 2025.

In the second half of 2024, with the successive commencement of projects such as West Railway Station of Huaibei City, Huaibei-Suzhou-Bengbu Intercity Railway and Wuhe-Mengcheng Expressway, Huaibei City and its surrounding areas are expected to experience an infrastructure construction boom. It is expected that there will be thriving demand for construction aggregates in Huaibei City and its surrounding cities, including Suzhou City and Bozhou City. The Group will pay close attention to market needs, develop new sales customers, and explore its internal potential to ensure stable production of aggregates and concrete products of the Group, with a view to meeting the increasing demand of aggregate products from our existing customers and potential customers and driving the steady and robust development of the Group with outstanding financial performance.

## USE OF PROCEEDS FROM THE GLOBAL OFFERING

The H shares of the Company was listed on the Main Board of the Stock Exchange on 20 January 2023. The net proceeds received from the Global Offering, after deducting the underwriting fees and commissions and expenses payable by the Company in connection with the Global Offering, amounted to approximately HK\$78.6 million (equivalent to approximately RMB67.9 million). As at 30 June 2024, the Company has utilised all of the net proceeds from the Global Offering.

	Approximate percentage of the total net proceeds	Net proceeds from the Global Offering <i>(HK\$' million)</i>	Net proceeds utilised as at 30 June 2024 <i>(HK\$' million)</i>	Remaining net proceeds as at 30 June 2024 <i>(HK\$' million)</i>
Settling the payment of the balance acquisition price of the mining right in respect of Phase II Gaoloushan Mine	90%	70.7	70.7	0
Working capital and general corporate purposes	10%	7.9	7.9	0
Total	100.0%	78.6	78.6	0

The Company had used the net proceeds in the same manner and proportion as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

## Other Information

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

During the Reporting Period, there was no purchase, sale or redemption of any listed securities of the Company by the Company or any of its subsidiaries (including sale of treasury shares). As at 30 June 2024, the Company did not hold any of treasury shares.

### **SHARE OPTION SCHEME**

During the Reporting Period and up to the date of this report, the Group has no share option scheme.

### **EVENTS AFTER THE REPORTING PERIOD**

#### **1. Capital Injection in Tongming Mining**

Reference is made to the announcement of the Company dated 9 August 2024. On 9 August 2024 (after trading hours of the Stock Exchange), the Company, Anhui Leiming Blasting Engineering Co., Ltd.\* (安徽雷鳴爆破工程有限責任公司) ("**Leiming Blasting**") and Anhui Leiming Kehua Co., Ltd.\* (安徽雷鳴科化有限責任公司) ("**Leiming Kehua**") entered into the capital injection and share enlargement supplemental agreement, pursuant to which Leiming Kehua agreed to make the capital contribution of RMB83,999,600 to Tongming Mining (the "**Capital Injection**"). Upon completion of the Capital Injection, Tongming Mining will be owned as to 60.1255% by the Company, 29.6141% by Leiming Blasting and 10.2604% by Leiming Kehua. Tongming Mining will remain as a non-wholly owned subsidiary of the Company. For further details of the Capital Injection, please refer to the announcement of the Company dated 9 August 2024.

#### **2. Resignation of Supervisor**

As disclosed in the announcement of the Company dated 13 August 2024, Ms. Zhao Mingling resigned as a shareholders' representative supervisor and the chairman of the board (the "**Board of Supervisors**") of supervisors (the "**Supervisor(s)**") of the Company. Ms. Zhao Mingling's resignation will result in the number of Supervisors of the Board of Supervisors falling below the statutory number required in the relevant rules, regulations and the articles of association of the Company, hence the resignation of Ms. Zhao Mingling will become effective on the date on which the Company's extraordinary general meeting elects a new Supervisor to fill in such vacancy. Before the resignation becomes effective, Ms. Zhao Mingling shall continue to perform her duties as a Supervisor according to the relevant rules, regulations and the articles of association of the Company.

### **DIRECTORS', SUPERVISOR'S AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS**

As at 30 June 2024, none of the Directors, Supervisors and chief executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") contained in Appendix C3 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), to be notified to the Company and the Stock Exchange.

## Other Information

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2024, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholders	Class of Shares	Capacity/ Nature of interest	Number of securities held <sup>(1)</sup>	Approximate percentage of the total issued domestic share capital	Approximate percentage of the total issued H share capital	Approximate percentage of the total share capital
Huaibei City Construction Investment Holding Group Co., Ltd.* (淮北市建投控股集團有限公司) ("Huaibei Construction Investment")	Domestic Shares	Beneficial owner	196,020,000 (L)	99%	–	74.25%
		Interest in controlled corporation <sup>(2)</sup>	1,980,000 (L)	1%	–	0.75%
CHU DAVID (朱偉東)	H shares	Beneficial owner	3,664,500	–	5.55%	1.39%
Huatai Securities Co., Ltd.	H shares	Interest in controlled corporation	3,379,500	–	5.12%	1.28%

Notes:

- (1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Domestic Shares.
- (2) Huaibei Cultural Tourism Investment Development Group Co., Ltd.\* (淮北市文化旅遊投資發展集團有限公司) held 1,980,000 Domestic Shares, representing 0.75% of the total share capital of our Company. Huaibei Construction Investment holds the entire equity interest of Cultural Tourism Investment. Accordingly, by virtue of the SFO, Huaibei Construction Investment is deemed or taken to be interested in all the Shares which are beneficially owned by Cultural Tourism Investment.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any other persons/entities (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### CHANGES IN THE INFORMATION OF DIRECTORS, SUPERVISORS, AND CHIEF EXECUTIVES

As disclosed in the announcement of the Company dated 28 March 2024, Mr. Mao Hongxian resigned as an executive Director with effect from 28 March 2024.

As disclosed in the announcement of the Company dated 25 June 2024, Mr. Zhang Zhengguang was appointed as an executive Director with effect from 25 June 2024.

Ms. Lu Junzhe, an executive Director, was re-designated as (i) a director and deputy general manager of Huaibei City Construction Investment Trading Co., Ltd.\* (淮北市建投商貿有限公司) ("Huaibei Construction Investment Trading") (owned as to 100% by Huaibei Construction Investment, the controlling shareholder of the Company (the "Controlling Shareholder")); (ii) a director of Huaibei Construction Investment Lutong Trading Co., Ltd.\* (淮北建投路通貿易有限公司) (owned as to 51% by Huaibei Construction Investment Trading which is in turn owned as to 100% by the Controlling Shareholder); and (iii) a director and deputy general manager of Huaijian Nanyu International Trading (Hainan Special Economic Zone) Co., Ltd.\* (淮建南煜國際貿易(海南經濟特區)有限公司) (owned as to 100% by Huaibei Financial Holding Group Co., Ltd.\* (淮北市金融控股集團有限公司) which is in turn owned as to 100% by the Controlling Shareholder), and ceased to serve as the deputy general manager of the Company, respectively, with effect from 22 July 2024.

As disclosed in the announcement of the Company dated 13 August 2024 and in the section headed "EVENTS AFTER THE REPORTING PERIOD – 2. Resignation of Supervisor" in this report, Ms. Zhao Mingling resigned as a shareholder's representative Supervisor and the chairman of the Board of Supervisors, with effect from the date on which the Company's extraordinary general meeting elects a new Supervisor. Before the resignation becomes effective, Ms. Zhao Mingling shall continue to perform her duties as a Supervisor according to the relevant rules, regulations and the articles of association of the Company.

## Other Information

### **SUFFICIENCY OF PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Main Board Listing Rules during the Reporting Period and as at the date of this interim report.

### **DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE**

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or a Supervisor or his or her connected entity had a material interest, whether directly or indirectly, subsisted during the Reporting Period and as at the date of this interim report.

### **MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES**

The Group had no material acquisition or disposal of subsidiaries during the Reporting Period. For details and further details of the Capital Injection and deemed disposal of equity interest in Tongming Mining, please refer to the section headed "EVENTS AFTER THE REPORTING PERIOD – 1. Capital Injection in Tongming Mining" above and the announcement of the Company dated 9 August 2024.

### **CORPORATE GOVERNANCE**

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of shareholders as a whole. The Company has adopted the Code Provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules 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 during the Reporting Period, 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 in Appendix C3 to the Listing Rules as its own code of conduct for securities transactions by the Directors and 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 during the Reporting Period.

### **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 2024 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.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024 – unaudited (Expressed in Renminbi (“RMB”))

	Note	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
<b>Revenue</b>	4	<b>110,752</b>	151,538
Cost of sales		<b>(70,349)</b>	(83,626)
<b>Gross profit</b>		<b>40,403</b>	67,912
Other income	5	<b>4,651</b>	11,000
Administrative expenses		<b>(15,610)</b>	(15,998)
Impairment (loss)/reversal on trade receivables		<b>(4,018)</b>	1,130
<b>Profit from operations</b>		<b>25,426</b>	64,044
Finance costs	6(a)	<b>(35,164)</b>	(33,132)
<b>(Loss)/profit before taxation</b>	6	<b>(9,738)</b>	30,912
Income tax	7	<b>(1,409)</b>	(7,246)
<b>(Loss and total comprehensive loss)/profit and total comprehensive income for the period</b>		<b>(11,147)</b>	23,666
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(7,678)</b>	16,429
Non-controlling interests		<b>(3,469)</b>	7,237
<b>(Loss and total comprehensive loss)/profit and total comprehensive income for the period</b>		<b>(11,147)</b>	23,666
<b>(Loss)/earnings per share</b>			
Basic and diluted	8	<b>(0.03)</b>	0.06

The notes on pages 19 to 36 are an integral part of this unaudited interim financial report. Details of dividends payable to equity shareholders of the Company are set out in Note 16(a).

# Consolidated Statement of Financial Position

At 30 June 2024 – unaudited (Expressed in RMB)

	Note	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	1,875,387	1,879,603
Deferred tax assets		–	1,250
Non-current prepayments and deposits	11	79,687	102,156
		<b>1,955,074</b>	<b>1,983,009</b>
<b>Current assets</b>			
Inventories	10	2,886	3,275
Trade and other receivables	11	34,053	38,311
Income tax recoverable		18,149	17,748
Cash at bank and on hand	12	566,723	340,671
		<b>621,811</b>	<b>400,005</b>
<b>Current liabilities</b>			
Trade and other payables	13	398,039	414,168
Contract liabilities		4,877	3,876
Interest-bearing borrowings	14	64,210	753,869
Current taxation		–	181
		<b>467,126</b>	<b>1,172,094</b>
<b>Net current assets/(liabilities)</b>		<b>154,685</b>	<b>(772,089)</b>
<b>Total assets less current liabilities</b>		<b>2,109,759</b>	<b>1,210,920</b>

The notes on pages 19 to 36 are an integral part of this unaudited interim financial report.

# Consolidated Statement of Financial Position

At 30 June 2024 – unaudited (Expressed in RMB)

	Note	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
<b>Non-current liabilities</b>			
Interest-bearing borrowings	14	1,295,790	253,500
Long-term payables	15	122,420	245,031
Deferred tax liabilities		26,618	29,238
Accrual for reclamation costs		17,123	16,804
		<b>1,461,951</b>	<b>544,573</b>
<b>NET ASSETS</b>			
		<b>647,808</b>	<b>666,347</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	16	264,000	264,000
Reserves		197,880	212,950
<b>Total equity attributable to equity shareholders of the Company</b>			
		<b>461,880</b>	<b>476,950</b>
<b>Non-controlling interests</b>			
		<b>185,928</b>	<b>189,397</b>
<b>TOTAL EQUITY</b>			
		<b>647,808</b>	<b>666,347</b>

The notes on pages 19 to 36 are an integral part of this unaudited interim financial report.

# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024 – unaudited (Expressed in RMB)

	Attributable to equity shareholders of the Company					Non-controlling interests	Total equity
	Share capital	Capital reserve	Other reserve	Retained profits	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
<b>Balance at 1 January 2023</b>	198,000	1,800	81,755	89,979	371,534	171,213	542,747
<b>Changes in equity for the six months ended 30 June 2023:</b>							
Profit for the period	-	-	-	16,429	16,429	7,237	23,666
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	16,429	16,429	7,237	23,666
Issuance of shares by initial public offering	66,000	1,926	-	-	67,926	-	67,926
Appropriation of maintenance and production funds	-	-	3,477	(3,477)	-	-	-
Utilisation of maintenance and production funds	-	-	(93)	93	-	-	-
	66,000	1,926	3,384	(3,384)	67,926	-	67,926
<b>Balance at 30 June 2023</b>	264,000	3,726	85,139	103,024	455,889	178,450	634,339

	Attributable to equity shareholders of the Company					Non-controlling interests	Total equity
	Share capital	Capital reserve	Other reserve	Retained profits	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
<b>Balance at 1 January 2024</b>	264,000	3,726	92,334	116,890	476,950	189,397	666,347
<b>Changes in equity for the six months ended 30 June 2024:</b>							
Loss for the period	-	-	-	(7,678)	(7,678)	(3,469)	(11,147)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	(7,678)	(7,678)	(3,469)	(11,147)
Dividend payout	-	-	-	(7,392)	(7,392)	-	(7,392)
Appropriation of maintenance and production funds	-	-	3,482	(3,482)	-	-	-
Utilisation of maintenance and production funds	-	-	(31)	31	-	-	-
	-	-	3,451	(10,843)	(7,392)	-	(7,392)
<b>Balance at 30 June 2024</b>	264,000	3,726	95,785	98,369	461,880	185,928	647,808

The notes on pages 19 to 36 are an integral part of this unaudited interim financial report.

# Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2024 – unaudited (Expressed in RMB)

	Note	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
<b>Operating activities</b>			
Cash generated from operations		59,482	136,604
Tax paid		(3,361)	(11,307)
<b>Net cash generated from operating activities</b>		<b>56,121</b>	<b>125,297</b>
<b>Investing activities</b>			
Decrease in deposits with maturities of over three months		–	173,000
Payments for purchase of property, plant and equipment		(939)	(48,527)
<b>Net cash (used in)/generated from investing activities</b>		<b>(939)</b>	<b>124,473</b>
<b>Financing activities</b>			
Proceeds from issuance shares by initial public offering, net of share issuance expenses		–	94,387
Proceeds from bank loans		1,360,000	–
Repayment of bank loans		(800,369)	(65,000)
Repayment of borrowings from a related party		(207,000)	–
Repayment to a related party		(22,000)	–
Repayment of long-term payables		(136,675)	(136,774)
Decrease in restricted deposits for interest-bearing borrowing		267,000	–
Interest paid		(23,086)	(19,136)
<b>Net cash generated from/(used in) financing activities</b>		<b>437,870</b>	<b>(126,523)</b>
<b>Net increase in cash and cash equivalents</b>		<b>493,052</b>	<b>123,247</b>
<b>Cash and cash equivalents at 1 January</b>	12	<b>73,671</b>	40,680
<b>Effect by foreign exchange rate changes</b>		–	3,756
<b>Cash and cash equivalents at 30 June</b>	12	<b>566,723</b>	167,683

The notes on pages 19 to 36 are an integral part of this unaudited interim financial report.

# Notes to the Unaudited Interim Financial Report

*(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 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 aggregates production and engineering material processing and sales.

## 2 BASIS OF PREPARATION

These 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 28 August 2024.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of the 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 interim financial statements contain condensed 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 2023 annual financial statements. The condensed 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.

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 3 CHANGES IN ACCOUNTING POLICIES

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

- Amendments to IAS 7 and IFRS 7, Supplier Finance Arrangements
- Amendments to IAS 1, Classification of Liabilities as Current or Non-current
- Amendments to IAS 1, Non-current Liabilities with Covenants
- Amendments to IFRS 16, Lease Liability in a Sale and Leaseback

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 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:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
– Revenue from sales of aggregate products and others	<b>88,021</b>	106,340
– Revenue from sales of concrete products	<b>22,731</b>	45,198
	<b>110,752</b>	151,538

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.

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 4 REVENUE AND SEGMENT REPORTING (CONTINUED)

### (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.

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 4 REVENUE AND SEGMENT REPORTING (CONTINUED)

### (b) Segment reporting (continued)

#### (i) Segment results, assets and liabilities (continued)

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 2024 and 2023 is set out below.

	Six months ended 30 June 2024		
	Aggregate products and others RMB'000 (unaudited)	Concrete products RMB'000 (unaudited)	Total RMB'000 (unaudited)
<b>Disaggregated by timing of revenue recognition</b>			
Point in time	88,021	22,731	110,752
<b>Revenue from external customers and reportable segment revenue</b>			
	88,021	22,731	110,752
<b>Reportable segment profit/(loss) (adjusted EBITDA)</b>			
	56,921	(3,760)	53,161
Depreciation and amortisation	(24,469)	(3,444)	(27,913)
Interest income	3,329	180	3,509
Amortisation of unrealised financing income of non-current portion of other receivables	291	–	291
Finance costs	(35,164)	–	(35,164)
<b>As at 30 June 2024</b>			
<b>Reportable segment assets</b>	<b>2,426,634</b>	<b>125,100</b>	<b>2,551,734</b>
<b>Reportable segment liabilities</b>	<b>1,897,881</b>	<b>23,473</b>	<b>1,921,354</b>

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 4 REVENUE AND SEGMENT REPORTING (CONTINUED)

### (b) Segment reporting (continued)

#### (i) Segment results, assets and liabilities (continued)

	<b>Six months ended 30 June 2023</b>		
	Aggregate products and others RMB'000 (unaudited)	Concrete products RMB'000 (unaudited)	Total RMB'000 (unaudited)
<b>Disaggregated by timing of revenue recognition</b>			
Point in time	106,340	45,198	151,538
<b>Revenue from external customers and reportable segment revenue</b>	<b>106,340</b>	<b>45,198</b>	<b>151,538</b>
<b>Reportable segment profit (adjusted EBITDA)</b>	<b>82,537</b>	<b>5,292</b>	<b>87,829</b>
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)
<b>As at 30 June 2023</b>			
<b>Reportable segment assets</b>	<b>2,006,933</b>	<b>130,245</b>	<b>2,137,178</b>
<b>Reportable segment liabilities</b>	<b>1,578,640</b>	<b>33,624</b>	<b>1,612,264</b>

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 4 REVENUE AND SEGMENT REPORTING (CONTINUED)

### (b) Segment reporting (continued)

#### (ii) Reconciliation of reportable segment profit or loss

	<u>Six months ended 30 June</u>	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
<b>Profit</b>		
Total reportable segment profit	<b>53,161</b>	87,829
Depreciation and amortisation	<b>(27,916)</b>	(28,398)
Interest income	<b>3,949</b>	2,847
Amortisation of unrealised financing income of non-current portion of other receivables	<b>291</b>	274
Unallocated head office and corporate other income	–	7,754
Unallocated head office and corporate expenses	<b>(4,059)</b>	(6,262)
Finance costs	<b>(35,164)</b>	(33,132)
	<hr/>	<hr/>
Consolidated (loss)/profit before taxation	<b>(9,738)</b>	30,912

#### (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 OTHER INCOME

	<u>Six months ended 30 June</u>	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Interest income	<b>3,949</b>	2,847
Government grants	–	4,000
Net foreign exchange gain	–	3,756
Others	<b>702</b>	397
	<hr/>	<hr/>
	<b>4,651</b>	11,000

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 6 (LOSS)/PROFIT BEFORE TAXATION

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

### (a) Finance costs

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Interest expenses on:		
– Bank and other borrowings	24,367	19,136
– Long-term payables	10,478	13,600
Unwinding interest of provisions	319	396
	<b>35,164</b>	<b>33,132</b>

No borrowing costs have been capitalised during the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

### (b) Other items

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Depreciation and amortisation charge		
– owned property, plant and equipment	26,182	26,551
– right-of-use assets (Note 9)	1,734	1,847
Cost of inventories sold (Note 10)	<b>70,349</b>	<b>83,626</b>

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Current tax	2,779	2,112
Deferred tax	(1,370)	5,134
	<b>1,409</b>	<b>7,246</b>

The Company and the subsidiaries of the Group established in the PRC are subject to PRC Corporate Income tax rate of 25% during the six months ended 30 June 2024 (six months ended 30 June 2023: 25%).

## 8 (LOSS)/EARNINGS PER SHARE

### (a) Basic (loss)/earnings per share

The calculation of basic loss per share is based on loss attributable to ordinary equity shareholders of the Company of RMB7,678,000 for the six months ended 30 June 2024 (2023: profit of RMB16,429,000) and the weighted average number of ordinary shares in issue during the period of 264,000,000 shares (2023: 258,500,000 shares).

### (b) Diluted (loss)/earnings per share

The Company did not have any potential dilutive shares throughout the period of 2024 and 2023. Accordingly, diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share.

## 9 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group incurred capital expenditure on property, plant and equipment with a cost of RMB23,700,000 (six months ended 30 June 2023: RMB73,488,000).

### Right-of-use assets

(i) The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
	Land use rights (Note 9 (iii))	<b>146,423</b>

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Right-of-use assets (continued)

(ii) The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Depreciation charge of right-of-use assets by class of underlying asset (Note 6(b)):		
– Land use rights	<b>1,734</b>	1,847

(iii) Land use rights represent premiums paid by the Group for land located in the PRC. These land use rights are with an initial period of 50 years.

## 10 INVENTORIES

	<b>At 30 June</b>	At 31 December
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(audited)
Raw materials and others	<b>2,886</b>	3,275

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Carrying amount of inventories sold	<b>70,349</b>	83,626

All of the inventories are expected to be recovered within one year.

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 11 TRADE AND OTHER RECEIVABLES

	<b>At 30 June 2024 RMB'000 (unaudited)</b>	At 31 December 2023 RMB'000 (audited)
<b>Current</b>		
Trade and bills receivables, net of loss allowance	<b>27,854</b>	33,875
Other receivables	<b>1,889</b>	1,329
<hr/>		
Financial assets measured at amortised cost	<b>29,743</b>	35,204
VAT recoverables	<b>1,381</b>	1,196
Deposits and prepayments	<b>2,929</b>	1,911
<hr/>		
	<b>34,053</b>	38,311
<hr/>		
<b>Non-current</b>		
Reclamation deposit	<b>10,695</b>	10,404
Prepayment for engineering equipment	<b>68,992</b>	91,752
<hr/>		
	<b>79,687</b>	102,156
<hr/>		
	<b>113,740</b>	140,467

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:

	<b>At 30 June 2024 RMB'000 (unaudited)</b>	At 31 December 2023 RMB'000 (audited)
Within 3 months	<b>18,191</b>	29,599
3 to 6 months	<b>3,400</b>	1,115
6 to 12 months	<b>6,263</b>	3,161
<hr/>		
	<b>27,854</b>	33,875

Trade and bills receivables are due within 10-90 days from the date of billing.

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 12 CASH AT BANK AND ON HAND

	<b>At 30 June 2024 RMB'000 (unaudited)</b>	At 31 December 2023 RMB'000 (audited)
Cash at bank and on hand	<b>566,723</b>	73,671
Restricted bank deposits (Note)	–	267,000
Cash at bank and on hand in the consolidated statement of financial position	<b>566,723</b>	340,671
Less: restricted bank deposits (Note)	–	267,000
Cash and cash equivalents in the consolidated cash flow statements	<b>566,723</b>	73,671

Note: As at 31 December 2023, bank deposits are pledged as guarantees for the Group's bank loan.

## 13 TRADE AND OTHER PAYABLES

	<b>At 30 June 2024 RMB'000 (unaudited)</b>	At 31 December 2023 RMB'000 (audited)
Trade payables to		
– related parties	<b>15,514</b>	10,572
– third parties	<b>24,898</b>	26,756
	<b>40,412</b>	37,328
Interest payables	<b>587</b>	1,306
Payables for staff related costs	<b>2,141</b>	2,338
Payables for other taxes	<b>5,300</b>	5,264
Payables for capital expenditure	<b>129,398</b>	132,984
Dividends payables	<b>27,192</b>	19,800
Other accruals and payables	<b>2,909</b>	3,048
Financial liabilities measured at amortised cost	<b>207,939</b>	202,068
Cash advances from a related party (Note i)	<b>190,100</b>	212,100
	<b>398,039</b>	414,168

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 13 TRADE AND OTHER PAYABLES (CONTINUED)

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. For further details, please refer to Note 20.

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:

	<b>At 30 June 2024 RMB'000 (unaudited)</b>	At 31 December 2023 RMB'000 (audited)
Within 12 months	<b>31,506</b>	36,884
Over 12 months	<b>8,906</b>	444
	<b>40,412</b>	37,328

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 14 INTEREST-BEARING BORROWINGS

(a) The analysis of the carrying amount of interest-bearing borrowings of the Group is as follows:

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
<b>Current interest-bearing borrowings</b>		
Bank loans		
– Guarantees and/or pledge of assets provided by related parties	–	546,869
– Guarantees provided by a related party and pledge of the Group's mining rights	64,210	–
Borrowings from a related party		
– Unsecured and unguaranteed	–	207,000
<b>Non-current interest-bearing borrowings</b>		
Bank loans		
– Pledge of restricted deposits	–	253,500
– Guarantees provided by a related party and pledge of the Group's mining rights	1,295,790	–
	<b>1,360,000</b>	<b>1,007,369</b>

All of the interest-bearing borrowings are carried at amortised cost. None of the non-current interest-bearing borrowings is expected to be settled within one year.

(b) The interest-bearing borrowings were repayable as follows:

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Within 1 year or on demand	64,210	753,869
After 1 year but within 2 years	145,420	27,400
After 2 years but within 5 years	513,260	136,200
More than 5 years	637,110	89,900
	<b>1,360,000</b>	<b>1,007,369</b>

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 15 LONG-TERM PAYABLES

	<b>At 30 June 2024 RMB'000 (unaudited)</b>	At 31 December 2023 RMB'000 (audited)
Present value of mining rights payable	<b>251,818</b>	378,015
Less: current portion recorded in trade and other payables (Note 13)	<b>129,398</b>	132,984
Carrying amount	<b>122,420</b>	245,031

It represents consideration for mining rights of RMB683,869,000, which was repayable by five equal instalments per annum. The carrying amounts were discounted at an effective rate of 5.7% per annum.

## 16 CAPITAL, RESERVES AND DIVIDENDS

### (a) Dividends

	<b>Six months ended 30 June</b>	
	<b>2024 RMB'000 (unaudited)</b>	2023 RMB'000 (unaudited)
Dividends for ordinary shareholders of the Company recognised as distribution during the period:		
Final dividend for the year ended 31 December 2023		
RMB0.028 per ordinary share (2022: Nil)	<b>7,392</b>	–

No interim dividend has been declared and recognised as a liability at the end of the reporting period (for the six months ended 30 June 2023: Nil).

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 16 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

### (b) Share capital

On 20 January 2023, the Company's H Shares were listed on the Main Board of the Stock Exchange, where 66,000,000 H Shares were issued and subscribed at an offer price of HKD1.91 per H Share by way of initial public offering to Hong Kong and overseas investors. Gross proceeds from these issues amounted to HKD126,060,000. The over-allotment option described in the prospectus was not exercised and lapsed on 12 February 2023.

Movements of the Company's ordinary shares are set out below:

	At 30 June 2024		At 31 December 2023	
	No. of shares ( '000)	RMB'000	No. of shares ( '000)	RMB'000
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January	264,000	264,000	198,000	198,000
Issuance of shares by initial public offering	–	–	66,000	66,000
At 30 June/31 December	264,000	264,000	264,000	264,000

## 17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial assets and liabilities carried at amortised cost were not materially different from their fair values as at 30 June 2024 and 31 December 2023.

## 18 COMMITMENTS

Capital commitments outstanding at 30 June 2024 not provided for in the financial statements were as follows:

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Contracted for	255	60,407

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 19 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the Group entered into the following significant related party transactions during the six months ended 30 June 2024 and 2023:

### (a) Significant transactions with related parties

	<u>Six months ended 30 June</u>	
	<b>2024</b> <b>RMB'000</b> <b>(unaudited)</b>	2023 RMB'000 (unaudited)
<u>Sales to</u>		
Ultimate controlling party and its affiliates	<b>31,065</b>	51,613
<u>Receiving service from</u>		
Non-controlling equity owner of a subsidiary	<b>7,093</b>	18,963
Ultimate controlling party and its affiliates	<b>24,120</b>	71,038
<u>Purchasing goods from (Note (i))</u>		
Ultimate controlling party and its affiliates	<b>3,217</b>	3,297
<u>Guarantees provided at the end of the period (Note (ii))</u>		
Ultimate controlling party and its affiliates	–	210,000
<u>Guarantees received at the end of the period</u>		
Ultimate controlling party and its affiliates	<b>460,000</b>	835,369

Notes:

- (i) During the period ended 30 June 2024, the Group purchased consumer goods from the ultimate controlling party and its affiliates. The transaction met the conditions stipulated in Rule 14A.97 under Chapter 14A of the Listing Rules, and was considered as fully exempt continuing connected transaction.
- (ii) During the year ended 31 December 2022, a subsidiary of the Company, in substance, provided guarantees to a related party of the Group for its borrowings aggregated amounted to RMB210,000,000. These guarantees expired in November 2023 upon the expiry of primary arrangements of those borrowings.

# Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

## 19 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) Balances with related parties

Details of the outstanding balances with related parties are as follows:

	<b>At 30 June 2024 RMB'000 (unaudited)</b>	At 31 December 2023 RMB'000 (audited)
<b><u>Trade in nature</u></b>		
<i>Trade and other receivables</i>		
Ultimate controlling party and its affiliates	<b>87,438</b>	121,780
<i>Trade and other payables</i>		
Ultimate controlling party and its affiliates	<b>2,611</b>	4,008
Non-controlling equity owner of a subsidiary	<b>13,402</b>	7,318
	<b>At 30 June 2024</b>	At 31 December 2023
<b><u>Non-trade in nature</u></b>		
<i>Trade and other payables</i>		
Parent company of non-controlling equity owner of a subsidiary	<b>190,111</b>	212,104

### (c) Transactions with other state-controlled entities in the PRC

The ultimate controlling party of the Company, 淮北市建投控股集团有限公司 (“Huaibei Construction Investment Holding Group Co., Ltd.”), is a state-controlled enterprise controlled by the PRC government. Apart from transactions with Huaibei Construction Investment and its affiliates, the Group also has transactions with other state-controlled entities, including but not limited to the following:

- the sale of aggregate products and others and concrete products;
- blasting services;
- bank deposits; and
- bank loans.

# Notes to the Unaudited Interim Financial Report

*(Expressed in RMB unless otherwise indicated)*

## 20 EVENTS AFTER THE REPORTING PERIOD

On 9 August 2024, the Company, Anhui Leiming Blasting Engineering Co., Ltd. (“Leiming Blasting”) and Leiming Kehua entered into the Capital Injection and Share Enlargement Supplemental Agreement, pursuant to which Leiming Kehua agreed to make the capital contribution of RMB83,999,600 to Tongming Mining.

Upon completion of the Capital Injection, the equity interest of the Company in Tongming Mining will be diluted from 67% to 60.1255%. Tongming Mining will remain a non-wholly owned subsidiary of the Company and the financial results of Tongming Mining will continue to be consolidated into the consolidated financial statements of the Group.

The Original Capital Contribution represents a liability to the Group as the original capital injection pursuant to the terms of the Tongming Mining Capital Injection Agreements did not proceed and the Capital Injection will reduce the liability of the Group accordingly. Based on preliminary assessment, it is estimated that the Group will not expect to record significant gains or losses on the deemed disposal.

Completion of the Capital Injection is subject to the satisfaction of the Conditions Precedent, and therefore, may or may not proceed to completion.