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淮北綠金產業投資股份有限公司
(Huaibei GreenGold Industry Investment Company Ltd.)*
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2450)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

FINANCIAL HIGHLIGHTS

- Operating revenue amounted to RMB407.71 million, representing an increase of 10.09% as compared to RMB370.33 million in 2021.
- Consolidated profit attributable to shareholders of the Company amounted to RMB67.41 million, representing an increase of 4.17% as compared to RMB64.71 million in 2021.
- Gross profit margin amounted to 48%, which is comparable to that in 2021 (2021: 48%).
- Basic earnings per share were RMB0.34, representing an increase of RMB0.01 as compared to RMB0.33 in 2021.
- The Board does not recommend any payment of final dividend.

The board of directors (the “**Board**”) of Huaibei GreenGold Industry Investment Co., Ltd. (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022 (the “**Reporting Year**”), together with the comparable figures for the year ended 31 December 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

(Expressed in Renminbi (“RMB”))

	Note	2022 RMB'000	2021 RMB'000
Revenue	4	407,709	370,327
Cost of sales		<u>(212,893)</u>	<u>(191,978)</u>
Gross profit		194,816	178,349
Other income		9,855	20,887
Administrative expenses		(19,414)	(18,193)
Impairment reversal on trade receivables		<u>25,807</u>	<u>6,075</u>
Profit from operations		211,064	187,118
Finance costs		<u>(71,007)</u>	<u>(54,347)</u>
Profit before taxation	6	140,057	132,771
Income tax	7	<u>(34,999)</u>	<u>(33,877)</u>
Profit and total comprehensive income for the year		105,058	98,894
Attributable to:			
Equity shareholders of the Company		67,410	64,706
Non-controlling interests		<u>37,648</u>	<u>34,188</u>
Profit and total comprehensive income for the year		105,058	98,894
Earnings per share			
Basic and diluted	8	<u>0.34</u>	<u>0.33</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2022
(Expressed in RMB)

	<i>Note</i>	2022 RMB'000	2021 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		1,820,219	1,689,208
Deferred tax assets		15,994	14,185
Non-current prepayments and deposits	<i>9</i>	123,530	9,312
		<u>1,959,743</u>	<u>1,712,705</u>
Current assets			
Inventories		4,934	4,733
Trade and other receivables	<i>9</i>	92,519	38,834
Income tax recoverable		21,776	2,397
Cash at bank and on hand		213,680	581,670
		<u>332,909</u>	<u>627,634</u>
Current liabilities			
Trade and other payables	<i>10</i>	442,738	395,171
Contract liabilities		4,454	58,954
Interest-bearing borrowings		36,600	34,500
Current taxation		1,517	2,271
		<u>485,309</u>	<u>490,896</u>
Net current (liabilities)/assets		<u>(152,400)</u>	<u>136,738</u>
Total assets less current liabilities		<u>1,807,343</u>	<u>1,849,443</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2022 (continued)
(Expressed in RMB)

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Non-current liabilities		
Interest-bearing borrowings	863,769	900,369
Long-term payables	357,726	464,345
Deferred tax liabilities	27,089	11,978
Accrual for reclamation costs	16,012	15,262
	<u>1,264,596</u>	<u>1,391,954</u>
NET ASSETS	<u>542,747</u>	<u>457,489</u>
CAPITAL AND RESERVES		
Share capital	198,000	198,000
Reserves	173,534	106,124
	<u>371,534</u>	<u>304,124</u>
Total equity attributable to equity shareholders of the Company	<u>371,534</u>	<u>304,124</u>
Non-controlling interests	<u>171,213</u>	<u>153,365</u>
TOTAL EQUITY	<u>542,747</u>	<u>457,489</u>

NOTES TO THE 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 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 Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRSs**”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and interpretations issued by the International Accounting Standards Board (the “**IASB**”) and the applicable disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

3 Changes in accounting policies

The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

- Amendments to IAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to IAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 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 5.

(i) Disaggregation of revenue

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue from contracts with customers within the scope of IFRS 15		
– Revenue from sales of aggregate products and others	283,925	255,888
– Revenue from sales of concrete products	123,784	114,439
	<u>407,709</u>	<u>370,327</u>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic information is disclosed in Notes 5(a) and 5(c), respectively.

The Group customers base is diversified. Revenue from customers contributing over 10% of the total revenue of the Group are as follows.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Customer A	121,645	114,037
Customer B	#	49,917

Transactions from these customers did not exceed 10% of the Group's revenue in the respective year.

The Group applies the practical expedient in paragraph 121 of IFRS 15 of not disclosing the transaction price allocated to the remaining performance obligation as the original expected duration of substantially all the contracts of the Group are within one year or less.

5 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.

(a) **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 years ended 31 December 2022 and 2021 is set out below.

	Year ended 31 December 2022		
	Aggregate products and others RMB'000	Concrete products RMB'000	Total RMB'000
Disaggregated by timing of revenue recognition			
Point in time	283,925	123,784	407,709
Revenue from external customers	283,925	123,784	407,709
Inter-segment revenue	83	–	83
Reportable segment revenue	284,008	123,784	407,792
Reportable segment profit (adjusted EBITDA)	225,009	42,918	267,927
Depreciation and amortisation	(53,599)	(7,777)	(61,376)
Interest income	4,208	76	4,284
Amortisation of unrealised financing income of non-current portion of other receivables	531	–	531
Finance costs	(71,007)	(676)	(71,683)
Reportable segment assets	2,103,063	159,847	2,262,910
Reportable segment liabilities	1,704,741	63,439	1,768,180

	Year ended 31 December 2021		
	Aggregate products and others RMB' 000	Concrete products RMB' 000	Total RMB' 000
Disaggregated by timing of revenue recognition			
Point in time	255,888	114,439	370,327
Revenue from external customers	255,888	114,439	370,327
Inter-segment revenue	3,659	–	3,659
Reportable segment revenue	259,547	114,439	373,986
Reportable segment profit (adjusted EBITDA)	203,630	19,076	222,706
Depreciation and amortisation	(44,830)	(6,859)	(51,689)
Interest income	18,187	103	18,290
Amortisation of unrealised financing income of non-current portion of other receivables	502	–	502
Finance costs	(51,938)	(2,914)	(54,852)
Reportable segment assets	2,202,077	122,454	2,324,531
Reportable segment liabilities	1,829,420	57,612	1,887,032
(b) Reconciliation of reportable segment revenues and profit or loss, assets and liabilities			
	2022	2021	
	RMB' 000	RMB' 000	
Revenue			
Reportable segment revenue	407,792	373,986	
Elimination of inter-segment revenue	(83)	(3,659)	
Consolidated revenue (<i>Note 4</i>)	407,709	370,327	
Profit			
Total reportable segment profit	267,927	222,706	
Depreciation and amortisation	(61,381)	(51,689)	
Interest income	3,858	17,981	
Amortisation of unrealised financing income of non-current portion of other receivables	531	502	
Unallocated head office and corporate other income	2,275	–	
Unallocated head office and corporate expenses	(2,146)	(2,382)	
Finance costs	(71,007)	(54,347)	
Consolidated profit before taxation	140,057	132,771	

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Assets		
Reportable segment assets	2,262,910	2,324,531
Elimination of inter-segment receivables	<u>(61,864)</u>	<u>(21,793)</u>
	2,201,046	2,302,738
Deferred tax assets	15,994	14,185
Unallocated head office and corporate assets	<u>75,612</u>	<u>23,416</u>
Consolidated total assets	<u><u>2,292,652</u></u>	<u><u>2,340,339</u></u>
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Liabilities		
Reportable segment liabilities	1,768,180	1,887,032
Elimination of inter-segment payables	<u>(61,864)</u>	<u>(21,793)</u>
	1,706,316	1,865,239
Current taxation	1,517	2,271
Deferred tax liabilities	27,089	11,978
Unallocated head office and corporate liabilities	<u>14,983</u>	<u>3,362</u>
Consolidated total liabilities	<u><u>1,749,905</u></u>	<u><u>1,882,850</u></u>

(c) 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.

6 Profit before taxation

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Salaries, wages and other benefits	24,674	23,547
Contributions to defined contribution retirement scheme (<i>Note</i>)	<u>1,970</u>	<u>1,921</u>
	<u><u>26,644</u></u>	<u><u>25,468</u></u>

Note: The employees of the Group participate in a defined contribution retirement benefit plan managed by the local government authority in the PRC. Employees are entitled to retirement benefits, calculated based on a percentage of the defined salaries level in the PRC, from the above mentioned retirement plan at their normal retirement age.

In addition, the Company and its subsidiaries have implemented a supplementary defined contribution retirement scheme (the "PRC Schemes") for the certain staffs on the voluntary basis. Under the scheme, the Company and its PRC subsidiaries are required to make contribution to the PRC Schemes at 8% of average basic salaries of the certain employees in the cities where the Group operates.

The Group has no other material obligation for payment of other retirement benefits beyond the above contributions.

7 Income tax in the consolidated statements of profit or loss

Taxation in the consolidated statements of profit or loss represent:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax		
Provision for the year	21,697	24,103
Deferred tax		
Origination and reversal of temporary differences	13,302	9,774
	<u>34,999</u>	<u>33,877</u>

8 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 RMB67,410,000 for the year ended 31 December 2022 (2021: RMB64,706,000) and the weighted average number of ordinary shares in issue during the year of 198,000,000 shares (2021:198,000,000 shares).

(b) *Diluted earnings per share*

The Company did not have any potential dilutive shares throughout the years of 2022 and 2021. Accordingly, diluted earnings per share is the same as the basic earnings per share.

9 Trade and other receivables

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current		
Trade and bills receivables, net of loss allowance	52,378	13,608
Other receivables	400	738
	<u>52,778</u>	<u>14,346</u>
Financial assets measured at amortised cost	2,025	7,154
VAT recoverables	37,716	17,334
	<u>92,519</u>	<u>38,834</u>
Non-current		
Reclamation deposit	9,843	9,312
Prepayment for engineering equipment (<i>Note</i>)	113,687	–
	<u>123,530</u>	<u>9,312</u>
	<u>216,049</u>	<u>48,146</u>

Note: Among the balance, as directed by the contractor of the Group, prepayments amounted to RMB35,060,000 was paid to the ultimate controlling party of the contractor, which is also the ultimate controlling party of the Company.

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 analyses 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:

	2022 RMB'000	2021 RMB'000
Within 3 months	35,033	9,841
3 to 6 months	10,365	3,133
6 to 12 months	6,980	634
	52,378	13,608

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

10 Trade and other payables

	2022 RMB'000	2021 RMB'000
Bills payable	–	9,917
Trade payables to		
– related parties	4,526	6,452
– third parties	35,447	9,748
	39,973	26,117
Interest payables	719	719
Payables for staff related costs	5,640	5,409
Payables for other taxes	9,578	7,478
Payables for capital expenditure	144,182	135,089
Dividends payables	19,800	–
Other accruals and payables	10,746	8,259
Financial liabilities measured at amortised cost	230,638	183,071
Cash advances from a related party (<i>Note i</i>)	212,100	212,100
	442,738	395,171

- (i) Pursuant to a series of agreements among the Company, non-controlling interest holder of Huaibei Tongming Mining Co., Ltd. (“**Tongming Mining**”) and Anhui 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 Huaibei 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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 12 months	39,578	25,796
Over 12 months	395	321
	39,973	26,117

11 Dividends

(a) *Dividends payable to equity shareholders of the company attributable to the year:*

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Final dividend proposed after the end of the reporting period of Nil per ordinary share (2021: Nil per ordinary share)	–	–

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(b) *Dividends payable to equity shareholders of the company attributable to the previous financial year, approved and paid during the year:*

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of Nil per ordinary share (2021: RMB0.49 per ordinary share)	–	96,888

12 Non-adjusting events after the reporting period

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.

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. According to a report from China Insights Industry Consultancy Limited, an industry expert, Tongming Mining is the third largest construction aggregates producer in the markets of Huaibei City and its surrounding cities including Suzhou City and Bozhou City with the market share of approximately 12.9% in 2021 in terms of sales volume. Liantong Municipal is the fifth largest asphalt concrete supplier in Huaibei City with the market share of approximately 7.4% in 2020 in terms of sales volume.

The Gaoloushan Project is located in Gaoloushan in Song Tuan Town, Lieshan District Huaibei City, Anhui Province. The Phase I Processing Plant of aggregate products is connected to other parts of Huaibei City via the Anhui Provincial Highway S101. Apart from Huaibei City, we have access to Suzhou City in the south via the G3 Expressway and other roads, and Bozhou City in the west via National Expressway G237 and other paved roads. Such transportation network provides a convenient network for the transportation of the aggregate products to Huaibei City and the surrounding areas, including Suzhou City and Bozhou City. In addition, the production premises of the concrete products are located in Xiangshan District, Huaibei City.

BUSINESS REVIEW

In 2022, through the efforts of the management and its staff, the Group was successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 20 January 2023. The proceeds from the Global Offering will be used in respect of the Gaoloushan Project (Phase II) so as to expand the permitted extraction volume and our mining capacities as well as to fund our working capital.

Looking forward in 2023, the Group will continue to adopt its business strategies of expanding the production volume by implementing the Gaoloushan Project (Phase II), and achieved quantitative and qualitative growth in business expansion throughout the year.

OVERVIEW OF THE CONSTRUCTION MARKET

In order to stabilise the real estate sector, several favourable policies have been adopted. The “Implementation Opinions on Preferential Policies for Housing Purchases in Huaibei City” (《關於淮北市購房優惠政策的實施意見》) (“**Implementation Opinions**”) was issued in April 2022, pursuant to which, local and non-local residents or enterprises could enjoy financial incentives and/or subsidies from the local government, financial institutions, and/or property developers when they purchase commodity properties in the urban area of Huaibei City. Such policy aims to support the residents’ need for properties and promote the healthy development of the real estate market in Huaibei City. In May 2022, “Ten Measures for Huaibei City to Respond to the Epidemic Warming and Relief to Help the Real Estate Market Development Steady and Orderly” (《淮北市應對疫情暖

企紓困助力房地產市場平穩有序發展十條措施》) was introduced to provide preferential policies to support aspects including land transfer, provident funds and financing etc. so as to promote the healthy development of the real estate market in Huaibei City. In June 2022, the Bengbu Housing and Urban-Rural Development Bureau (蚌埠市住房和城鄉建設局) issued the “Several Measures to Promote the Stable and Healthy 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), which sets out measures to promote the development of real estate industry, such as the provision of allowances to first-time homeowner who can fulfil the eligibility requirement (i.e. academic or occupational qualifications) and the provision of further credit support for real estate companies. “Several Measures to Continuously Promote the High-quality Development of the Construction Industry in Huaibei City” (《淮北市持續推進建築業高質量發展若干措施》) (“**Several Measures**”) was announced in June 2022, which sets out measures to enhance the competitiveness of construction companies and promotes the development of the city’s construction industry, including encouraging financial institutions to provide financing to major construction companies, providing financial incentives to construction companies reaching certain amount of output value, and optimising the bidding procedure of housing and infrastructure projects etc. On the supply side, the Directors are of the view that the above governmental measures could provide support and incentive to the property developers and construction companies to continue to invest in the real estate market and build properties, while on the demand side, measures such as (i) providing financial incentives and/or subsidies to the local and non-local residents or enterprises by the local government, financial institutions, and/or property developers when residents purchase commodity properties in the urban area of Huaibei City pursuant to the Implementation Opinions; and (ii) providing allowances to first-time homeowner who can fulfil the eligibility requirements (i.e. academic and occupational qualifications) pursuant to the Several Measures could boost up the demand of private properties. While the exact effect and actual trend from these governmental measures remain to be seen in the longer term, the Directors believe that these measures may have begun to generate some positive results. In light of the above, the Directors believe that the above measures could help stimulate and stabilise the real estate market in the foreseeable future and 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

The Group’s business generally maintained a stable growth despite the occurrence of recurrent waves and outbreaks of COVID-19 in 2022.

In 2022, the revenue from sales of aggregate products and others of the Group amounted to RMB283.93 million, representing an increase of 10.96% as compared to that in 2021, mainly due to the increase in the sales volume of aggregate products of the Group from 3,444.5 thousand tonnes in 2021 to 4,204.5 thousand tonnes in 2022, representing an increase of 22.06%. Such increase is mainly due to the aggregate products generated from construction of the infrastructure of our Gaoloushan Project (Phase II).

In 2022, the revenue from sales of ready-mixed concrete of the Group amounted to RMB105.21 million, representing an increase of 6.91% as compared to that in 2021, mainly due to the increase in the sales volume of ready-mixed concrete of the Group from 202.2 thousand m³ in 2021 to 232.8 thousand m³ in 2022, representing an increase of 15.13%. This was mainly due to the increase in property construction projects such as the quarantine facilities in 2022.

In 2022, the revenue from sales of cement-stabilised macadam of the Group amounted to RMB7.39 million, representing an increase of 66.07% as compared to that in 2021, mainly due to the increase in the sales volume of cement-stabilised macadam of the Group from 31.6 thousand tonnes in 2021 to 61.8 thousand tonnes in 2022, representing an increase of 95.57%. Such increase is mainly due to the increase in the road construction projects such as Huili Road, Tonghu Road and Jusheng Road.

In 2022, the revenue from sales of asphalt concrete of the Group amounted to RMB11.18 million, representing a decrease of 3.45% as compared to that in 2021, mainly due to the decrease in the average selling price of asphalt concrete of the Group from RMB471.1 per tonne (exclusive of tax) in 2021 to RMB454.6 per tonne (exclusive of tax) in 2022, representing a decrease of 3.50%.

Progress of basic construction projects

During the Reporting Year, we have been focusing on Phase II of the Gaoloushan Project, which is located in Huaibei City, Anhui Province. We obtained the Phase II Mining Licence, which increased the designated mining area to 0.8777 km² and the permitted maximum production volume to 8 million tonnes per annum. 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. We mine 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. In 2022, the Group achieved its target of production safety. The environmental protection was stringently observed in compliance with the relevant national laws and regulations.

SIGNIFICANT INVESTMENTS, ACQUISITION AND DISPOSAL

During the Reporting Year, there were no significant assets acquisition or disposal, merger or equity investments of the Company.

FINANCIAL REVIEW

Operating Results

The COVID-19 pandemic did not have any material adverse impact on the Group's operating results during the Reporting Year. In 2022, the revenue of the Group amounted to RMB407.71 million, representing an increase of 10.09% as compared to RMB370.33 million in 2021; the Group focused on the implementation plan of our development programme to increase our production of aggregate products and facilitate our sales volume of aggregate products and concrete products.

In 2022, there were no significant changes to the general business model of the Group, and our business generally maintained a stable growth despite the occurrence of recurrent waves and outbreaks of COVID-19.

With the aim of further developing our business and maintaining our growth momentum, we have (i) acquired the land use rights of the land where the Phase II Processing Plant is expected to be constructed upon and (ii) completed the construction of mine roads, drainage and other infrastructure of our Gaoloushan Project (Phase II).

Revenue of the Principal Businesses

The following table illustrates the details of sales by products of the Group for the two years ended 31 December 2022 and 31 December 2021:

	2022			2021		
	Revenue	Sales volume	Unit price	Revenue	Sales volume	Unit price
	<i>RMB'000</i>	<i>Thousand tonnes/m³</i>	<i>RMB per tonne/m³</i>	<i>RMB'000</i>	<i>Thousand tonnes/m³</i>	<i>RMB per tonne/m³</i>
Sales of aggregate products and others						
– Aggregate products and others	<u>283,925</u>	<u>4,204.5</u>	<u>67.5</u>	<u>255,888</u>	<u>3,444.5</u>	<u>74.3</u>
Sales of concrete products						
– Ready-mixed concrete	105,213	232.8	451.9	98,407	202.2	486.8
– Cement-stabilised macadam	7,389	61.8	119.5	4,453	31.6	140.7
– Asphalt concrete	11,182	24.6	454.6	11,579	24.6	471.1
	<u>123,784</u>			<u>114,439</u>		
Total	<u>407,709</u>			<u>370,327</u>		

In 2022, the revenue from sales of aggregates products and others of the Group amounted to RMB283.93 million, representing an increase of 10.96% as compared to that in 2021, which is due to the combined effect of (i) the increase in the sales volume of aggregate products and others of the Group from 3,444.5 thousand tonnes in 2021 to 4,204.5 thousand tonnes in 2022, representing an increase of 22.06%; and (ii) the decrease in the average selling price of aggregate products and others from RMB74.3 per tonne (exclusive of tax) in 2021 to RMB67.5 per tonne (exclusive of tax) in 2022, representing a decrease of 9.15%.

In 2022, the revenue from sales of ready-mixed concrete of the Group amounted to RMB105.21 million, representing an increase of 6.91% as compared to that in 2021. Such increase is due to the combined effect of (i) the increase in sales volume of ready-mixed concrete of the Group from 202.2 thousand m³ in 2021 to 232.8 thousand m³ in 2022, representing an increase of 15.13%; and (ii) the decrease in the average selling price of ready-mixed concrete of the Group from RMB486.8 per m³ (exclusive of tax) in 2021 to RMB451.9 per m³ (exclusive of tax) in 2022, representing a decrease of 7.17%.

In 2022, the revenue from sales of cement-stabilised macadam of the Group amounted to RMB7.39 million, representing an increase of 66.07% as compared to that in 2021. Such increase is due to the combined effect of (i) the increase in the sales volume of cement-stabilised macadam of the Group from 31.6 thousand tonnes in 2021 to 61.8 thousand tonnes in 2022, representing an increase of 95.57%; and (ii) the decrease in the average selling price of cement-stabilised macadam of the Group from RMB140.7 per tonne (exclusive of tax) in 2021 to RMB119.5 per tonne (exclusive of tax) in 2022, representing a decrease of 15.07%.

In 2022, the revenue from sales of asphalt concrete of the Group amounted to RMB11.18 million, representing a decrease of 3.45% as compared to that in 2021. Such decrease is due to the decrease in the average selling price of asphalt concrete of the Group from RMB471.1 per tonne (exclusive of tax) in 2021 to RMB454.6 per tonne (exclusive of tax) in 2022, representing a decrease of 3.50%.

In 2022, the gross profit of the Group amounted to RMB194.82 million, representing an increase of RMB16.47 million as compared to RMB178.35 million in 2021. The gross profit margin in 2022 was 48%, remaining constant as compared to 48% in 2021.

ADMINISTRATIVE EXPENSES

In 2022, the administrative expenses of the Group increased by 6.71% to RMB19.41 million from RMB18.19 million in 2021, primarily due to the increase in the amount of taxes and surcharges in 2022, as well as the increase in the expenses of the Group's administrative personnel.

FINANCIAL COSTS

In 2022, the financial costs of the Group were RMB71 million, representing an increase of RMB17 million as compared to RMB54 million in 2021, primarily due to the increase of interest expenses on the mining rights payables of Gaoloushan Project (Phase II) in 2022.

FINANCIAL CONDITION

In 2022, shareholders' equity increased from RMB457.49 million in 2021 to RMB542.75 million, mainly due to the profit in 2022. The total assets decreased from RMB2,340.34 million in 2021 to RMB2,292.65 million, mainly due to the decrease in cash at bank and on hand of Tongming Mining as a result of the payment for Phase II mining rights, land and prepayment of engineering equipment to Huaibei Huaihai Construction Engineering Co., Ltd..

LIQUIDITY AND FINANCIAL RESOURCES

In 31 December 2022, the Group had a total of RMB40.68 million in cash and cash equivalents, a decrease of RMB540.99 million from RMB581.67 million in 2021, mainly due to the payment for Phase II mining rights, land and prepayment of engineering equipment to Huaibei Huaihai Construction Engineering Co., Ltd..

As at 31 December 2022, guarantees and pledge provided by the Group to related parties amounted to RMB383 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: our competitiveness, costs and profitability depend, in part, on our ability to source and maintain a stable and sufficient supply of raw materials at acceptable prices, particularly for our concrete products. The raw materials that we use in our 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. We procure all of our raw materials in the PRC.

Our costs of raw materials for the year ended 31 December 2022 amounted to RMB87.17 million (2021: RMB77.55 million), representing 40.95% of our total cost of sales (2021: 40.4%).

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 into appropriate short-term deposits at fixed or floating rate of interest and at the same time by borrowing loans at a mixture of fixed or floating rates of interest.

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

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

Operating Environment

The real estate industry is one of the important economic industries in Huaibei City. Construction activities will continue to increase with expected economy development in the following years, and there will be thriving demand for construction aggregates in Huaibei City and its surrounding cities, including Suzhou City and Bozhou City, along with the positive policies carried out by the local government to support and encourage the development of fundamental infrastructure. In anticipation of the increasing demands of aggregate products, the sales value (i.e. sales volume multiplied by unit price) of construction aggregates in Huaibei City and its surrounding cities is expected to increase.

In 2023, the Group will strengthen its management, enhance the Group's overall management level and operational efficiency and explore its internal potential to ensure stabilized production of aggregates and concrete products, so as to realize stabilization in the production level of the main products.

Operational Objectives

In 2023, it is expected our new production plant with a nameplate capacity of 8.0 million tonnes per annum will begin trial production. Looking ahead, we plan to gradually increase our annual production volume from 3.5 million tonnes to ultimately 8 million tonnes in 2031 with a view to meeting the increasing demand of aggregate products from our existing customers and potential customers who are expected to benefit from the economic development in Huaibei City and surrounding cities. Leveraging on our established presence in the region as we are the third largest construction aggregates producers in the markets of Huaibei City and its surrounding cities (including Suzhou City and Bozhou City) in terms of sales volume in 2021, we believe that we are able to capture the increasing demand arises from the effective implementation of the above plans and therefore bring positive impact on the business and financial performance of our Group in the future.

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

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

EVENT AFTER THE REPORTING PERIOD

On 20 January 2023, the H shares of the Company (the **"H Shares"**) were successfully listed on the Main Board of the Stock Exchange.

CORPORATE GOVERNANCE

The Company strives to attain and maintain relatively high standards of corporate governance that are best suited to the needs and interests of the Group, as it believes that effective corporate governance practices are fundamental to safeguarding the interests of its shareholders and other stakeholders and enhancing shareholder value.

The Board has adopted the Corporate Governance Code and Corporate Governance Report (the **"CG Code"**) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the **"Listing Rules"**). As the H Shares were listed on 20 January 2023, the CG Code is not applicable to the Company for the year ending 31 December 2022. The Company has fully complied with all the code provisions under the CG Code since the Listing Date up to the date of this announcement.

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 the 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 annual report and annual results announcement for the year ended 31 December 2022 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.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of this preliminary announcement of the Group’s results for the year ended 31 December 2022 have been agreed by the Group’s independent auditor, KPMG, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 December 2022. The work performed by KPMG in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KPMG on the preliminary announcement.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This 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 annual 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 final dividend for the year ended 31 December 2022 is to be made by the Company.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of the Company (the “**AGM**”) will be held on or around 29 May 2023. The notice of the AGM will be available at the Company’s and the Stock Exchange’s websites in due course.

CLOSURE OF THE REGISTER OF MEMBERS FOR THE AGM

The register of members of the Company will be closed from 29 April 2023 to 29 May 2023, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend the AGM of the Company, shareholders are required to lodge their transfer forms accompanied by their share certificates and other applicable documents with the Company's H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on 28 April 2023.

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

Huaibei City, Anhui Province, the PRC, 29 March 2023

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

* *for identification purposes only*