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淮北綠金產業投資股份有限公司

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

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

(Stock code: 2450)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

- Revenue amounted to RMB290.6 million, representing a decrease of 28.7% as compared to RMB407.7 million in 2022.
- Profit and total comprehensive income for the year attributable to equity shareholders of the Company amounted to RMB37.5 million, representing a decrease of 44.4% as compared to RMB67.4 million in 2022.
- Gross profit margin amounted to 43%, representing a decrease of 5 percentage points as compared to 48% in 2022.
- Basic earnings per share were RMB0.14, representing a decrease of RMB0.2 as compared to RMB0.34 in 2022.
- The Board recommends the payment of a final dividend of RMB0.028 per Share (tax inclusive) for the year ended 31 December 2023.

The board of directors (the “**Board**”) of Huaibei GreenGold Industry Investment Co., Ltd.* (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**” or “**we**”) for the year ended 31 December 2023 (the “**Reporting Year**”), together with the comparative figures for the year ended 31 December 2022.

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2023

(Expressed in Renminbi (“RMB”))

	Note	2023 RMB'000	2022 RMB'000
Revenue	4	290,622	407,709
Cost of sales		<u>(166,310)</u>	<u>(212,893)</u>
Gross profit		124,312	194,816
Other income		18,027	9,855
Administrative expenses		(30,647)	(19,414)
Impairment reversal on trade receivables		<u>19,196</u>	<u>25,807</u>
Profit from operations		130,888	211,064
Finance costs		<u>(62,900)</u>	<u>(71,007)</u>
Profit before taxation	6	67,988	140,057
Income tax	7	<u>(10,064)</u>	<u>(34,999)</u>
Profit and total comprehensive income for the year		57,924	105,058
Attributable to:			
Equity shareholders of the Company		37,490	67,410
Non-controlling interests		<u>20,434</u>	<u>37,648</u>
Profit and total comprehensive income for the year		57,924	105,058
Earnings per share			
Basic and diluted	8	<u>0.14</u>	<u>0.34</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2023
(Expressed in RMB)

	<i>Note</i>	2023 RMB'000	2022 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		1,879,603	1,820,219
Deferred tax assets		1,250	15,994
Non-current prepayments and deposits	<i>9</i>	102,156	123,530
		<u>1,983,009</u>	<u>1,959,743</u>
Current assets			
Inventories		3,275	4,934
Trade and other receivables	<i>9</i>	38,311	92,519
Income tax recoverable		17,748	21,776
Cash at bank and on hand		340,671	213,680
		<u>400,005</u>	<u>332,909</u>
Current liabilities			
Trade and other payables	<i>10</i>	414,168	442,738
Contract liabilities		3,876	4,454
Interest-bearing borrowings		753,869	36,600
Current taxation		181	1,517
		<u>1,172,094</u>	<u>485,309</u>
Net current liabilities		<u>(772,089)</u>	<u>(152,400)</u>
Total assets less current liabilities		<u>1,210,920</u>	<u>1,807,343</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2023 (continued)
(Expressed in RMB)

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Non-current liabilities		
Interest-bearing borrowings	253,500	863,769
Long-term payables	245,031	357,726
Deferred tax liabilities	29,238	27,089
Accrual for reclamation costs	16,804	16,012
	<u>544,573</u>	<u>1,264,596</u>
NET ASSETS	<u><u>666,347</u></u>	<u><u>542,747</u></u>
CAPITAL AND RESERVES		
Share capital	264,000	198,000
Reserves	212,950	173,534
	<u>476,950</u>	<u>371,534</u>
Total equity attributable to equity shareholders of the Company	<u>476,950</u>	<u>371,534</u>
Non-controlling interests	<u>189,397</u>	<u>171,213</u>
	<u>666,347</u>	<u>542,747</u>
TOTAL EQUITY	<u><u>666,347</u></u>	<u><u>542,747</u></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 Shuangchuang Service Centre, No. 3, Taobo Road, Songtuan 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 Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as 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 IFRS Accounting Standards 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 new and amended IFRS Accounting Standards issued by the IASB to these financial statements for the current accounting period:

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 1, *Presentation of financial statements* and IFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform-Pillar Two model rules*

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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from contracts with customers within the scope of IFRS 15		
– Revenue from sales of aggregate products and others	215,921	283,925
– Revenue from sales of concrete products	74,701	123,784
	<u>290,622</u>	<u>407,709</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.

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Customer A	82,177	121,645
Customer B	29,731	#

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 2023 and 2022 is set out below.

	Year ended 31 December 2023		
	Aggregate products and others RMB'000	Concrete products RMB'000	Total RMB'000
Disaggregated by timing of revenue recognition			
Point in time	<u>215,921</u>	<u>74,701</u>	<u>290,622</u>
Revenue from external customers	<u>215,921</u>	<u>74,701</u>	<u>290,622</u>
Reportable segment revenue	<u>215,921</u>	<u>74,701</u>	<u>290,622</u>
Reportable segment profit (adjusted EBITDA)	<u>161,311</u>	<u>25,925</u>	<u>187,236</u>
Depreciation and amortisation	(53,658)	(6,961)	(60,619)
Interest income	2,501	151	2,652
Amortisation of unrealised financing income of non-current portion of other receivables	561	–	561
Finance costs	(62,477)	(423)	(62,900)
Reportable segment assets	2,216,650	136,923	2,353,573
Reportable segment liabilities	1,763,259	28,158	1,791,417

	Year ended 31 December 2022		
	Aggregate products and others <i>RMB'000</i>	Concrete products <i>RMB'000</i>	Total <i>RMB'000</i>
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

(b) Reconciliation of reportable segment revenues and profit or loss, assets and liabilities

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue		
Reportable segment revenue	290,622	407,792
Elimination of inter-segment revenue	–	(83)
Consolidated revenue (<i>Note 4</i>)	290,622	407,709

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Profit		
Total reportable segment profit	187,236	267,927
Depreciation and amortisation	(60,630)	(61,381)
Interest income	4,921	3,858
Amortisation of unrealised financing income of non-current portion of other receivables	561	531
Unallocated head office and corporate other income	8,546	2,275
Unallocated head office and corporate expenses	(9,746)	(2,146)
Finance costs	(62,900)	(71,007)
	<u>67,988</u>	<u>140,057</u>
Assets		
Reportable segment assets	2,353,573	2,262,910
Elimination of inter-segment receivables	(104,519)	(61,864)
	<u>2,249,054</u>	<u>2,201,046</u>
Deferred tax assets	1,250	15,994
Unallocated head office and corporate assets	132,710	75,612
	<u>2,383,014</u>	<u>2,292,652</u>
Liabilities		
Reportable segment liabilities	1,791,417	1,768,180
Elimination of inter-segment payables	(104,519)	(61,864)
	<u>1,686,898</u>	<u>1,706,316</u>
Current taxation	181	1,517
Deferred tax liabilities	29,238	27,089
Unallocated head office and corporate liabilities	350	14,983
	<u>1,716,667</u>	<u>1,749,905</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):

(a) Finance costs

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest expenses on:		
– Bank and other borrowings	38,029	40,102
– Long-term payables	24,079	30,155
Unwinding interest of provisions	792	750
	<u>62,900</u>	<u>71,007</u>

No borrowing costs have been capitalised during the year ended 31 December 2023 (2022: RMB Nil).

(b) Staff costs

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Salaries, wages and other benefits	22,591	24,674
Contributions to defined contribution retirement scheme (<i>Note</i>)	1,923	1,970
	<u>24,514</u>	<u>26,644</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.

(c) **Other items**

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Depreciation and amortisation charge		
– owned property, plant and equipment	57,163	59,018
– right-of-use assets	3,467	2,363
Cost of inventories sold (i)	<u>166,310</u>	<u>212,893</u>

(i) Cost of inventories includes the following amounts, which are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Staff costs	14,174	17,241
Depreciation	<u>55,620</u>	<u>56,672</u>

7 **Income tax in the consolidated statements of profit or loss**

Taxation in the consolidated statements of profit or loss represent:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current tax		
Provision for the year	–	21,697
Over-provision in respect of prior years	(6,829)	–
Deferred tax		
Origination and reversal of temporary differences	<u>16,893</u>	<u>13,302</u>
	<u>10,064</u>	<u>34,999</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 RMB37,490,000 for the year ended 31 December 2023 (2022: RMB67,410,000) and the weighted average number of ordinary shares in issue during the year of 260,564,000 shares (2022:198,000,000 shares).

(b) ***Diluted earnings per share***

The Company did not have any potential dilutive shares throughout the years of 2023 and 2022. Accordingly, diluted earnings per share is the same as the basic earnings per share.

9 Trade and other receivables

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current		
Trade and bills receivables, net of loss allowance	33,875	52,378
Other receivables	<u>1,329</u>	<u>400</u>
Financial assets measured at amortised cost	35,204	52,778
VAT recoverables	1,196	2,025
Deposits and prepayments	<u>1,911</u>	<u>37,716</u>
	<u>38,311</u>	<u>92,519</u>
Non-current		
Reclamation deposit	10,404	9,843
Prepayment for engineering equipment	<u>91,752</u>	<u>113,687</u>
	<u>102,156</u>	<u>123,530</u>
	<u>140,467</u>	<u>216,049</u>

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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 3 months	29,599	35,033
3 to 6 months	1,115	10,365
6 to 12 months	<u>3,161</u>	<u>6,980</u>
	<u>33,875</u>	<u>52,378</u>

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

10 Trade and other payables

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade payables to		
– related parties	10,572	4,526
– third parties	26,756	35,447
	<u>37,328</u>	<u>39,973</u>
Interest payables	1,306	719
Payables for staff related costs	2,338	5,640
Payables for other taxes	5,264	9,578
Payables for capital expenditure	132,984	144,182
Distributions/dividends payables	19,800	19,800
Other accruals and payables	3,048	10,746
	<u>202,068</u>	<u>230,638</u>
Financial liabilities measured at amortised cost	202,068	230,638
Cash advances from a related party (<i>Note i</i>)	212,100	212,100
	<u>414,168</u>	<u>442,738</u>

Note:

- (i) Pursuant to a series of agreements among the Company, non-controlling interest holder of Huaibei Tongming Mining Co., Ltd. (“**Huaibei Tongming Mining**”) and Huaibei Leiming Kehua Co., Ltd. (“**Leiming Kehua**”) in 2021, Leiming Kehua intended to acquire 11.9% equity interest in Huaibei 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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 12 months	36,884	39,578
Over 12 months	444	395
	<u>37,328</u>	<u>39,973</u>

11 Dividends

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Final dividend proposed after the end of the reporting period of RMB0.028 per ordinary share (2022: Nil per ordinary share)	7,392	–

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:

	2023	2022
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of Nil per ordinary share (2022: Nil per ordinary share)	-	-
	<u> </u>	<u> </u>

12 Non-adjusting events after the reporting period

In February 2024, the Group has obtained bank loans of RMB1,213,869,000 with terms from 9 years to 10 years.

After the end of the reporting period, the directors proposed a final dividend. Further details are disclosed in Note 11.

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. Based on the comparison between the Company’s sales and the sales volume of the same industry in the surrounding area, Tongming Mining is one of the four largest construction aggregate producers in the market of Huaibei City and its surrounding cities (including Suzhou City and Bozhou City) with a market share of approximately 20% in 2023. Liantong Municipal is the fifth largest asphalt concrete supplier in Huaibei City with a market share of approximately 5.3% in 2023.

The Gaoloushan Project is located in Gaoloushan in Song Tuan Town, 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

Affected by the economic downturn, the prices of both aggregate and concrete products decreased significantly, contributing to a decline in the Group’s performance. Facing numerous difficulties and challenges, the Group has made determined efforts to continuously improve its ability to mitigate risks and seize opportunities. Through the increasing sales effort of the Group, it has effectively mitigated risks and challenges. Apart from our successful efforts in maintaining existing customers, in April 2023, the Group entered into a sales agreement with one of its customers to provide aggregate products of one million tonnes per year. In May 2023, the Company expanded its aggregates product business to Bengbu City, Anhui Province. In August 2023, the Company successfully bid in a public tender for the procurement of cement-stabilised macadam for 2023 to 2024 and it is estimated that the aggregate procurement volume during the period will be 2 million tonnes. In November 2023, the Company entered into supply contracts with three customers for the supply of ready-mixed concrete, asphalt and cement-stabilised products. It is expected that the supply of ready-mixed concrete, cement-stabilised and asphalt products will increase by 150,000 tonnes in 2024.

In 2023, the Gaoloushan Project (Phase II) undertaken by the Group was also in steady progress, and the equipment installation was largely completed.

OVERVIEW OF THE CONSTRUCTION MARKET

In order to implement the high-quality development of the construction industry, Office of the People's Government in Huaibei City issued 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》) in 2022 to promote high-quality development of the construction industry.

In order to maintain a stable real estate industry, the Housing and Urban-Rural Development Bureau of Huaibei City (淮北市住房和城鄉建設局) issued Several Measures to Promote the Stable and Sound Development of the Real Estate Market (《關於促進房地產市場平穩健康發展的若干措施》) in January 2023, providing 14 measures in terms of 4 aspects, including increasing support for housing provident fund, supporting reasonable housing demand and consumption, helping ease enterprises' burden and increasing financial support, so as to better meet the housing needs of buyers and further promote the positive cycle and healthy development of the real estate market. In March and September 2023, Huaibei City held commodity housing fairs and issued a number of housing purchase supporting policies aiming at stimulating the continuous growth of private consumption and promoting the sound and stable development and positive cycle of the real estate market in the district. In September 2023, the Housing and Urban-Rural Development Bureau of Huaibei City issued Several Policy Measures to Further Promoting the Sound and Healthy Development of the Real Estate Market (《進一步促進房地產市場平穩健康發展若干措施》), which put forward a total of 25 proposals, such as promoting in-depth integration of real estate development and the improvement of quality and vitality of urban functions, promoting the integrated development of the real estate industry and the construction industry, adjusting the proportion of project construction nodes to allocate pre-sale funds in advance, and allowing for payment of land grant premiums by installments. Such measures will have positive impact on the real estate and construction materials production and sales industry.

In April 2023, the government of Huaibei City issued the Interim Measures for Urban Update of Huaibei City (《淮北市城市更新暫行辦法》), which proposed to renovate, improve and optimize the urban spatial form and functions of built-up areas (including old industrial areas, old commercial areas, old residential areas, urban villages, etc.) and key urban areas. In July 2023, the Fifth Meeting of the Eleventh Plenary Session of Anhui Province proposed to build a city of happiness in Huaibei with "five suitability". 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", ie. the construction of affordable housing, the construction of public infrastructure for "both leisure and emergency", and the renovation of urban villages. According to 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.

The construction of Huaibei-West Railway Station, Huai-Su-Beng Intercity Railway and Wu-Meng Expressway continues in 2024.

In light of the above, the Board believes that, with the acceleration and construction of infrastructure and key projects in 2024, the above policies and project implementation could help stimulate and stabilise the real estate market in the foreseeable future, drive the demand for sand and aggregate market, and facilitate an effective recovery of the construction materials industry as concrete is the key construction materials in the PRC and construction aggregate is one of the primary raw materials in producing concrete products. Accordingly, that will bring in opportunities for the Group to improve revenue.

OPERATIONS

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

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 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.

In 2023, the Gaoloushan Project (Phase II) undertaken by the Group has largely completed the equipment installation.

As at the first quarter of 2024, the commissioning and production of the Gaoloushan Project (Phase II) and the final inspection and acceptance of fire protection and circuits are in progress.

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 2023, 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 decline in the construction and real estate markets resulted in a decrease in operating results. In 2023, the revenue of the Group amounted to RMB290.6 million, representing a decrease of 28.7% as compared to RMB407.7 million in 2022; 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 2023, there were no significant changes to the general business model of the Group. The overall economic downturn has resulted in an overall decline in our business performance.

With the aim of further developing our business and maintaining our growth momentum, we have basically completed the equipment installation for the Gaoloushan Project (Phase II) and the overall construction has come to an end.

Revenue from Principal Business

The following table illustrates the details of sales by products of the Group for the two years ended 31 December 2023 and 31 December 2022 respectively:

	2023			2022		
	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>215,921</u>	<u>3,900.8</u>	<u>55.4</u>	<u>283,925</u>	<u>4,204.5</u>	<u>67.5</u>
Sales of concrete products						
– Ready-mixed concrete	64,784	172.3	375.9	105,213	232.8	451.9
– Cement-stabilised macadam	3,467	30.9	112.2	7,389	61.8	119.5
– Asphalt concrete	<u>6,450</u>	<u>14.8</u>	<u>435.8</u>	<u>11,182</u>	<u>24.6</u>	<u>454.6</u>
	<u>74,701</u>			<u>123,784</u>		
Total	<u><u>290,622</u></u>			<u><u>407,709</u></u>		

In 2023, the revenue from sales of aggregates products and others of the Group amounted to RMB215.9 million, representing a decrease of 24.0% as compared to RMB283.9 million in 2022, which is due to the combined effect of (i) the decrease in the average selling price of aggregate products and others of the Group from RMB67.5 per tonne (exclusive of tax) in 2022 to RMB55.4 per tonne (exclusive of tax) in 2023, representing a decrease of 17.9%; and (ii) the decrease in the sales volume of aggregate products and others from 4,204.5 thousand tonnes in 2022 to 3,900.8 thousand tonnes in 2023, representing a decrease of 7.2%.

In 2023, the revenue from sales of ready-mixed concrete of the Group amounted to RMB64.8 million, representing a decrease of 38.4% as compared to RMB105.2 million in 2022. Such decrease is due to the combined effect of (i) the decrease in the average selling price of ready-mixed concrete of the Group from RMB451.9 per m³ (exclusive of tax) in 2022 to RMB375.9 per m³ (exclusive of tax) in 2023, representing a decrease of 16.8%; and (ii) the decrease in sales volume of ready-mixed concrete of the Group from 232.8 thousand m³ in 2022 to 172.3 thousand m³ in 2023, representing a decrease of 26.0%.

In 2023, the revenue from sales of cement-stabilised macadam of the Group amounted to RMB3.5 million, representing a decrease of 53.1% as compared to RMB7.4 million in 2022. Such decrease is due to the combined effect of (i) the decrease in the sales volume of cement-stabilised macadam of the Group from 61.8 thousand tonnes in 2022 to 30.9 thousand tonnes in 2023, representing a decrease of 50.0%; and (ii) the decrease in the average selling price of cement-stabilised macadam of the Group from RMB119.5 per tonne (exclusive of tax) in 2022 to RMB112.2 per tonne (exclusive of tax) in 2023, representing a decrease of 6.11%.

In 2023, the revenue from sales of asphalt concrete of the Group amounted to RMB6.5 million, representing a decrease of 42.3% as compared to RMB11.2 million in 2022. Such decrease is due to the combined effect of (i) the decrease in the average selling price of asphalt concrete of the Group from RMB454.6 per tonne (exclusive of tax) in 2022 to RMB435.8 per tonne (exclusive of tax) in 2023, representing a decrease of 4.1%; and (ii) the decrease in the sales volume of asphalt concrete of the Group from 24.6 thousand tonnes in 2022 to 14.8 thousand tonnes in 2023, representing a decrease of 39.8%.

In 2023, the gross profit of the Group amounted to RMB124.3 million, representing a decrease of RMB70.5 million or 36.2% as compared to RMB194.8 million in 2022. The gross profit margin in 2023 was 43%, representing a decrease of 5 percentage points as compared to 48% in 2022.

ADMINISTRATIVE EXPENSES

In 2023, the administrative expenses of the Group increased by 57.9% to RMB30.6 million from RMB19.4 million in 2022, primarily due to the increase in third-party service fees in 2023.

FINANCIAL COSTS

In 2023, the financial costs of the Group were RMB62.9 million, representing a decrease of RMB8.1 million as compared to RMB71.0 million in 2022, primarily due to the decrease of interest expenses on the mining rights payables of Gaoloushan Project (Phase II) and bank interest expenses in 2023.

FINANCIAL CONDITION

In 2023, shareholders' equity increased from RMB542.7 million in 2022 to RMB666.3 million, mainly due to the combined effect of the profit of RMB57.9 million in 2023 and the increase in share capital due to the initial public offering of RMB67.93 million. The total assets increased from RMB2,292.7 million in 2022 to RMB2,383.0 million, representing a steady growth in total assets.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, the Group had a total of RMB73.7 million in cash and cash equivalents, an increase of RMB33.0 million from RMB40.7 million in 2022, mainly due to the collection of accounts receivable.

As at 31 December 2023, the Group has not provided guarantees and pledges to related parties.

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. 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 2023 amounted to RMB57.5 million (2022: RMB87.2 million), representing 34.6% of our total cost of sales (2022: 41.0%).

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 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. In 2024, Huaibei City and its surrounding areas are expected to experience an infrastructure construction boom. With the successive commencement of projects such as the West Railway Station of Huaibei City, the Huizhou-Suzhou-Bengzhou Intercity Railway and the Wumeng Expressway, 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, and the sales income (i.e. sales volume multiplied by unit price) of construction aggregates in Huaibei City and its surrounding cities is expected to increase.

In 2024, the Group will strengthen its management, enhance the Group's overall management standard and operational efficiency and explore its internal potential to ensure stable production of aggregates and concrete products, so as to maintain a consistent level of production for our key products.

Operational Objectives

In 2024, it is expected that our new production plant will begin trial production, and we will utilize both the Phase I and Phase II production lines to commence production simultaneously, increasing our total annual production capacity from 3.5 million tonnes to 4.5 million tonnes, and 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.

In 2024, the Group intends to plan acquisitions of physical properties that are suitable for the Company's development, in order to expand the scale of capital assets, increase the Company's operating revenues, and raise the level of profitability. At the same time, the Group will also seek to increase its registered capital and optimize its cash flow through capital increases.

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

During the Reporting Year, there was no purchase, sale or redemption of any listed securities of the Company by the Company or any of its subsidiaries.

EVENTS AFTER THE REPORTING YEAR

On 15 January 2024, an extraordinary general meeting of the Company was successfully held and the following resolutions were passed:

- the appointment of Mr. Zhao Song as an executive Director of the Company;
- the appointment of Ms. Lu Junzhe as an executive Director and an authorised representative of the Company (who was also granted a waiver by the Stock Exchange from strict compliance with the qualification requirements under Rule 3.28 and Rule 8.17 of the Listing Rules on 8 December 2023, and was appointed as the joint company secretary of the Company on the same date);
- the resignation of Mr. Liu Yong as an authorized representative of the Company.

In February 2024, the Group has obtained bank loans of RMB1,213,869,000 with a term of 9 to 10 years.

Save as disclosed above, there is no other material event after the Reporting Year.

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 C1 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). During the Reporting Year, the Company has fully complied with all the code provisions under the CG Code.

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 C3 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 during the Reporting Year.

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 results for the year ended 31 December 2023 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the preparation of the financial information complies with the applicable accounting standards, the requirements of the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of this announcement of the Group’s results for the year ended 31 December 2023 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 2023. 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 in due course.

DIVIDEND

The Board recommends the payment of a final dividend of RMB0.028 per Share (tax inclusive) for the year ended 31 December 2023 (the “**Final Dividend**”) by the Company. The proposed Final Dividend is subject to the consideration and approval of the Shareholders at the forthcoming annual general meeting (the “**AGM**”) of the Company, which is expected to be payable on or around 26 June 2024.

ANNUAL GENERAL MEETING

It is proposed that the AGM will be held on Wednesday, 29 May 2024. 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 determining the entitlement of the shareholders to attend and vote at the AGM

The register of members of the Company will be closed from 29 April 2024 to 29 May 2024, 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 2024.

For determining the entitlement of the shareholders to the proposed Final Dividend

Subject to the approval of the Shareholders at the AGM, the Final Dividend will be paid on or about 26 June 2024. For determining the entitlement to the proposed Final Dividend, the register of members of the Company will be closed from 4 June 2024 to 12 June 2024, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the entitlement to the proposed Final Dividend, Shareholders are required to lodge their transfer forms accompanied by their share certificates 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 3 June 2024.

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

Huaibei City, Anhui, the PRC, 28 March 2024

As at the date of this announcement, the executive Directors of the Company are Mr. Liu Yong (Chairman), Mr. Qin Jiapeng, Mr. Zhao Song and Ms. Lu Junzhe and the non-executive Directors of the Company are Mr. Gao Wei, Mr. Liu Chaotian and Ms. Xing Mengwei.

* *For identification purposes only*