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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in YCIH Green High-Performance Concrete Company Limited, you should at once hand this circular as well as the relevant form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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雲建綠砼
— GHPC —

YCIH Green High-Performance Concrete Company Limited

雲南建投綠色高性能混凝土股份有限公司

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

(Stock Code: 1847)

**(1) REVISION OF THE EXISTING 2020 ANNUAL CAP FOR
THE CONTINUING CONNECTED TRANSACTIONS UNDER
THE PRODUCTS SALES FRAMEWORK AGREEMENT
(2) AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

AND

(3) NOTICE OF THE EGM

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



Gram Capital Limited
嘉林資本有限公司

A letter from the Board is set out on pages 4 to 27 of this circular. A letter from the Independent Board Committee in respect of the revision of the Existing 2020 Annual Cap for the continuing connected transactions under the Products Sales Framework Agreement is set out on pages 28 to 29 of this circular. A letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in respect of the same is set out on pages 30 to 38 of this circular.

The Company intends to convene the EGM at 9:30 a.m. on Wednesday, December 2, 2020 at Conference Room No. 908, 9/F, YCIH Development Building, 188 Linxi Road, Information Industrial Base, Economic and Technological Development Zone, Kunming, Yunnan, the PRC. The notice of the EGM is set out on pages 42 to 44 of this circular.

Enclosed herewith is a form of proxy for use at the EGM. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<https://www.ynhnt.com>).

If you intend to appoint a proxy to attend the EGM, you are required to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the H Share Registrar for holders of H Shares, or to the Board office of the Company for holders of Domestic Shares, by hand, by post or by fax not less than 24 hours before the time designated for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof.

November 12, 2020

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Articles of Association”	the articles of association of the Company, as amended, modified or otherwise supplemented from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“China” or “PRC”	the People’s Republic of China, which for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Company”	YCIH Green High-Performance Concrete Company Limited (雲南建投綠色高性能混凝土股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose H Shares are listed on the Main Board of the Stock Exchange (stock code: 1847)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“Double Ten”	major infrastructure construction projects in Yunnan Province, including ten projects under construction and ten newly-commenced projects
“EGM”	the extraordinary general meeting to be convened by the Company at 9:30 a.m. on Wednesday, December 2, 2020 at Conference Room No. 908, 9/F, YCIH Development Building, 188 Linxi Road, Information Industrial Base, Economic and Technological Development Zone, Kunming, Yunnan, the PRC
“Existing 2020 Annual Cap”	the existing annual cap of RMB3,000 million for the continuing connected transactions under the Products Sales Framework Agreement for the year ending December 31, 2020
“Four Hundred”	four kinds of key projects in Yunnan Province for 2020, including 100 completed projects in operation, 100 projects under construction, 100 newly-commenced projects and 100 preliminary projects
“Group”	the Company and its subsidiaries

DEFINITIONS

“H Share(s)”	overseas listed foreign invested ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange and are subscribed for and traded in Hong Kong dollars
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee, comprising Mr. Wong Kai Yan Thomas, Mr. Yu Dingming and Mr. Li Hongkun, the independent non-executive Directors, established to advise the Independent Shareholders in respect of the revision of the Existing 2020 Annual Cap
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, being a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the revision of the Existing 2020 Annual Cap
“Independent Shareholders”	Shareholders other than YCIH and its associates
“KMEIC”	Kunming Economic-Technological Development Zone Investment & Development (Group) Co., Ltd.* (昆明經濟技術開發區投資開發(集團)有限公司), a limited liability company established in the PRC and a Shareholder holding 7.25% of the issued share capital of the Company as at the Latest Practicable Date
“Latest Practicable Date”	November 6, 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from, and operated in parallel with, the GEM of the Stock Exchange
“Party Committee”	the Committee of the Communist Party of China of YCIH Green High-Performance Concrete Company Limited
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Products Sales Framework Agreement”	the products sales framework agreement entered into between the Company and YCIH on March 27, 2020, pursuant to which the Group agreed to sell concrete, aggregates and other products to YCIH and its associates
“Proposed Revised 2020 Annual Cap”	the proposed revised annual cap of RMB3,300 million for the continuing connected transactions under the Products Sales Framework Agreement for the year ending December 31, 2020
“RMB” or “Renminbi”	Renminbi yuan, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising H Shares and Domestic Shares
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“YCIH”	Yunnan Construction and Investment Holding Group Co., Ltd.* (雲南省建設投資控股集團有限公司), a limited liability company established in the PRC and a controlling Shareholder
“YCIH Group”	YCIH and its subsidiaries
“YOIC”	Yunnan Provincial Overseas Investment Co., Ltd.* (雲南省海外投資有限公司), a limited liability company established in the PRC, a wholly-owned subsidiary of YCIH and a controlling Shareholder
“Yunnan SASAC”	State-Owned Assets Supervision and Administration Commission of Yunnan Provincial People’s Government (雲南省人民政府國有資產監督管理委員會)
“%”	per cent

* For identification purpose only



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YCIH Green High-Performance Concrete Company Limited
雲南建投綠色高性能混凝土股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1847)

Executive Directors:

Mr. Ma Minchao
Mr. Rao Ye
Mr. Lu Jianfeng
Ms. Hu Zhurong

Non-executive Directors:

Mr. Liu Guangcan
Mr. He Jianqiang

Independent non-executive Directors:

Mr. Wong Kai Yan Thomas
Mr. Yu Dingming
Mr. Li Hongkun

Registered office:

YCIH Zhaotong Development Building
Zhaotong Avenue
Zhaoyang District, Zhaotong
Yunnan, the PRC

Headquarters in the PRC:

5/F and 9/F, YCIH Development Building
188 Linxi Road
Information Industrial Base
Economic and Technological Development Zone, Kunming
Yunnan, the PRC

Principal place of business in Hong Kong:

31/F., Tower Two, Times Square
1 Matheson Street, Causeway Bay
Hong Kong

November 12, 2020

To the Shareholders

Dear Sir or Madam,

**(1) REVISION OF THE EXISTING 2020 ANNUAL CAP FOR
THE CONTINUING CONNECTED TRANSACTIONS UNDER
THE PRODUCTS SALES FRAMEWORK AGREEMENT
(2) AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
(3) NOTICE OF THE EGM**

LETTER FROM THE BOARD

I. INTRODUCTION

The purpose of this circular is to give you notice of the EGM and to provide you with further information in respect of the following resolutions to be proposed at the EGM to enable you to make an informed decision on whether to vote for or against the relevant resolutions at the EGM.

II. MATTERS TO BE CONSIDERED AT THE EGM

Ordinary Resolution

1. Revision of the Existing 2020 Annual Cap for the Continuing Connected Transactions under the Products Sales Framework Agreement

(1) Background

References are made to the announcement and the circular of the Company dated March 27, 2020 and May 14, 2020, respectively, in relation to, among others, the continuing connected transactions under the Products Sales Framework Agreement and the annual caps thereof for the three years ending December 31, 2022, and the announcement of the Company dated October 27, 2020 in relation to the revision of the Existing 2020 Annual Cap.

The Directors have been closely monitoring the continuing connected transactions under the Products Sales Framework Agreement. Although the Group's revenue from products sales under the Products Sales Framework Agreement had experienced a decrease in the first quarter of 2020 due to the COVID-19 pandemic, demand for the Group's products from YCIH and its associates increased substantially by nearly 50% in the second and third quarters of 2020 as compared to the first quarter of 2020 as a result of the rapid recovery of the construction industry operations in Yunnan Province under the policy promotion of the Yunnan Provincial Government. Based on internal estimates and the anticipated continuing growth of business in the fourth quarter of 2020, the Directors are of the view that the Existing 2020 Annual Cap will not be sufficient for the business needs of the Group. Therefore, the Directors propose to revise the annual cap for the continuing connected transactions under the Products Sales Framework Agreement for the year ending December 31, 2020 from RMB3,000 million to RMB3,300 million. The existing annual caps of RMB3,400 million and RMB3,900 million for the continuing connected transactions under the Products Sales Framework Agreement for the two years ending December 31, 2021 and 2022 remain unchanged.

(2) Revision of the Existing 2020 Annual Cap

Summary of the Products Sales Framework Agreement

The principal terms and pricing guideline of the Products Sales Framework Agreement as disclosed in the announcement and the circular of the Company dated March 27, 2020 and May 14, 2020, respectively, remain unchanged and a summary of the Products Sales Framework Agreement is set out below:

Parties

- (i) the Company (the seller); and
- (ii) YCIH (the purchaser).

LETTER FROM THE BOARD

Principal terms

On March 27, 2020, the Company entered into the Products Sales Framework Agreement with YCIH, pursuant to which the Group agreed to sell concrete, aggregates and other products to YCIH and its associates. The Products Sales Framework Agreement became effective upon the passing of the relevant resolution by the Independent Shareholders at the 2019 annual general meeting convened by the Company on June 29, 2020, and shall remain valid until December 31, 2022. Subject to compliance with the Listing Rules, the Products Sales Framework Agreement may be renewed as agreed by both parties.

During the term of the Products Sales Framework Agreement, the relevant parties will enter into individual agreements which shall specify and record the terms and provisions of the specific sales transactions to be conducted in accordance with the principles and terms of the Products Sales Framework Agreement in all material respect.

Pricing guideline

Under the Products Sales Framework Agreement:

- (i) the price of the products shall be determined in accordance with the pricing policies and guidelines adopted and regularly reviewed by the Company for the sales of products to all customers with reference to upstream materials and product prices and other costs, and be generally in line with the prevailing market price at which the same type of product is provided by the Group to an independent third party customer on normal commercial terms; the following factors will also be taken into account to determine the prevailing market price: the price the Group offers to independent third party customers for the same type of product, the payment terms, the specific requirements of the parties, the quality of products required and the geographical areas where the products are provided, etc., to ensure the price will be no less favorable to the Group than that of the same type of product it provides to independent third party customers; and
- (ii) in the unlikely event that no comparable market price can be taken, experts in the Group with sufficient industry experience shall opine on the fairness and reasonableness of the price by reference to the comparable price and/or historical transaction price of the most similar products to ensure the price would be fair and reasonable to the Group and no less favorable to the Group than the price it offers to independent third party customers.

The Group's sales of concrete to all customers are consistently affected by the location of the customers' construction projects due to the fact that once the concrete is produced, it must be poured within the time as required by the specification, thereby making it impractical for the Group to inquire and compare prices with independent customers for each transaction it enters into with a related party. In the event that the Group enters into multiple sale transactions with the same customer, the two parties would still need to negotiate the specific commercial terms of each sale if they concern different construction projects. The factors considered by the Group for determining the sale price include price of raw materials, which itself is also subject to geographical restrictions, project complexity and technical difficulties, such as construction methods used by the customer and performance requirements of the concrete produced, and geological conditions of the construction project, etc.. The sale prices of products in different regions and products with different specifications and transportation distance requirements in the same region are not comparable.

LETTER FROM THE BOARD

On basis of the characteristics of and business practices for the sale of concrete outlined above, the Company has adopted the following methods and procedures to ensure adherence to the aforesaid pricing policies and guidelines:

- (i) the Company's enterprise management department shall formulate and publish price lists setting out guidance prices and minimum prices for sales of concrete which apply to transactions with independent third party customers as well as connected persons. Such price lists shall be prepared with reference to (a) price information of each relevant region as set out in the Price Information for Construction and Engineering Material and Equipment of Yunnan Province (《雲南省建設工程材料及設備價格信息》) published by the Office of Construction, Engineering, Technology and Economy of Yunnan Province (雲南省工程建設技術經濟室); and (b) price information collected through monthly market research conducted by the Company's subsidiaries or branches in each relevant sales region;
- (ii) when negotiating each transaction agreement to be entered into under the Products Sales Framework Agreement, pricing related documents such as quotation sheets, including sale prices of different types of concrete, if required by customers, shall be approved in the following manner: (a) where the price offered to customers is equal to or higher than the relevant guidance price set out in the price lists, the relevant documents shall be approved by the manager of the relevant subsidiary or branch of the Company; and (b) where the price offered to customers is lower than the relevant guidance price set out in the price lists, the relevant documents shall be approved by the responsible deputy general manager of the Company;
- (iii) when submitting a bid for a transaction under the Products Sales Framework Agreement, the major commercial terms in the bidding document shall be reviewed by the responsible department and the responsible deputy general manager and/or the chairman of the Company and then approved by the general manager of the Company before submission to the customer to ensure that such terms are in line with the relevant price lists and on terms no less favorable to the Group than those offered to independent customers;
- (iv) each agreement to be entered into under the Products Sales Framework Agreement shall be approved by the general manager or the chairman of the Company to ensure that the sales prices and other key terms are in accordance with normal commercial terms as well as the Company's pricing policies and guidelines; and
- (v) the Company's enterprise management department shall be responsible for monitoring the continuing connected transactions conducted under the Products Sales Framework Agreement and shall collect information of actual transactions on a monthly basis to review and assess whether the transactions are conducted in accordance with the terms of their respective agreements and ensure that the actual transaction amounts do not exceed the relevant annual caps.

LETTER FROM THE BOARD

Historical Amounts

The historical transaction amounts for the sales of products to YCIH and its associates for each of the three years ended December 31, 2017, 2018 and 2019 and for the nine months ended September 30, 2020 are as follows:

	Historical amounts			Nine months ended September 30, 2020
	Year ended December 31, 2017	2018	2019	
	<i>(RMB million)</i>			

Sales of products to YCIH and its associates	2,618.00	2,459.81	2,522.00	2,341.00
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The Directors confirmed that as at the Latest Practicable Date, the transaction amount of the continuing connected transactions under the Products Sales Framework Agreement had not exceeded the Existing 2020 Annual Cap.

Proposed Revision of Annual Cap

	Year ending December 31, 2020
	Existing annual cap
	Proposed revised annual cap
	<i>(RMB million)</i>
	3,000
	3,300

The existing annual caps of RMB3,400 million and RMB3,900 million for the continuing connected transactions under the Products Sales Framework Agreement for the two years ending December 31, 2021 and 2022 remain unchanged.

In arriving at the Proposed Revised 2020 Annual Cap, the Directors have considered the followings:

- (i) the historical transaction amount of RMB2,341 million for the nine months ended September 30, 2020. Although the Group's revenue from product sales under the Products Sales Framework Agreement had experienced a decrease in the first quarter of 2020 due to the COVID-19 pandemic, demand for the Group's products from YCIH and its associates increased substantially by nearly 50% in the second and third quarters of 2020 as compared to the first quarter of 2020 as a result of the rapid recovery of the construction industry operations in Yunnan Province under the policy promotion of the Yunnan Provincial Government. Such historical transaction amount for the nine months ended September 30, 2020 has exceeded the expectation of the Company and is close to the Existing 2020 Annual Cap. It is expected that such momentum will continue in the fourth quarter of 2020 which will bring even higher demand of the Group's products by YCIH and its associates; and

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- (ii) the expected increase in volume of sales of products to YCIH and its associates in the fourth quarter of 2020 taking into account a larger than expected demand from YCIH and its associates in terms of concrete supply resulting from the acceleration of the progress of the engineering projects under construction, in particular large-scale infrastructure projects pursuant to the implementation of the strategy of “exceeding the annual target” by YCIH since September 2020.

No undue reliance on the YCIH Group

Notwithstanding that the Company’s sales to the YCIH Group contributed to a significant portion of the Group’s revenue for the three years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020 and the expected increase in transaction volume with the YCIH Group for the three years ending December 31, 2020, 2021 and 2022, the Directors do not consider that the Company’s business is unduly reliant on the YCIH Group for the following reasons:

- (i) The Company’s cooperative relationship with the YCIH Group is mutual and complementary.

While the Group’s sales to the YCIH Group contributed a high percentage of the Company’s sales volume for the three years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, the purchase of ready-mixed concrete from the Group also accounted for a high percentage of the total purchase volume of concrete by the YCIH Group. For the three years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, the purchase volume of ready-mixed concrete by the YCIH Group from the Group accounted for approximately 40.6%, 34.5%, 30.6% and 39.03%, respectively, of the total volume of concrete purchased by the YCIH Group. Such percentage remained at a relatively high level during the three years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020 and its decrease during the three years ended December 31, 2017, 2018 and 2019 corresponds to the decrease in the percentage of the Company’s sales of ready-mixed concrete to the YCIH Group, which had been achieved through the Company’s concentrated efforts to develop its independent customer base. In addition, such decrease was also attributable to the business expansion of the YCIH Group outside Yunnan Province, where the Group had no well-established batching plant networks.

As such, the YCIH Group is dependent on the Group for its concrete supply. Such dependence is primarily attributable to (i) the Group’s leading market position in Yunnan Province; (ii) the Group’s wide dispersal of concrete batching plants covering 14 autonomous prefectures and cities in Yunnan Province where the YCIH Group carries out many of its infrastructure and construction business operations; (iii) the Group’s strong production and transportation capabilities, which enables it to meet the demand for large amounts of high-quality concrete for use in various infrastructure and building construction projects; and (iv) the Group’s research capability which enables it to develop different types of concrete to satisfy the specific requirements of the various projects carried out by the YCIH Group.

LETTER FROM THE BOARD

- (ii) The Company possesses the necessary skills, technologies and marketing network to explore new market opportunities.

The Company's ability to develop and produce concrete in different strength grades and/or of different performances enables it to satisfy different requirements of independent third party customers and further expand its customer bases and extend its cooperation with existing customers. Furthermore, the Company has adopted the following methods to further expand its customer base and extend its ongoing cooperation with existing independent third party customers: (i) the Company places great emphasis on developing new independent customers internally and has adopted special incentives, such as the giving of bonuses, to promote the enthusiasm and initiative of its marketing team; (ii) the Company closely monitors the business development of large-scale construction corporations, especially those of its independent customers, so as to obtain timely information on potential construction projects; (iii) the Company shares information and resources regarding business opportunities among its sales teams in different locations so that they can follow up with independent customers locally; (iv) the Company's marketing team maintains close relationships with its existing independent customers so as to obtain first-hand information on any subsequent projects and further extend the Company's cooperation with them; and (v) the Company's marketing team continues to establish contact with potential independent customers in the market to expand its customer base.

The Company will continue to explore business opportunities in markets outside Yunnan Province and attempt to enhance its presence in new markets. In the meantime, it plans to further enhance its skills and technologies in concrete production and expand its customer base, especially among state-owned construction companies at the state and provincial levels, so as to further reduce the proportion of revenue attributable to the sales to the YCIH Group.

In addition, the Company will continue to implement the following measures to alleviate customer concentration risks and enhance its market development capabilities in relation to independent customers:

- (a) the Company's market operations department, enterprise management department and other departments will regularly provide in-depth training and guidance to business teams of its branches and subsidiaries, continue to organize trainings for business teams across the Group to improve communication and experience sharing among the Group, and arrange for special trainings to marketing teams by the Group's key personnel and leaders with extensive marketing experience;
- (b) the Company will optimize the management structure of its branches and subsidiaries to form a streamlined and efficient management model with a flattened hierarchical structure, so as to improve their responsiveness to customer needs, and their quality and efficiency of customer service;
- (c) the Company will change the current regional business model to allow the business teams to expand their business scope and better and more closely serve customers, expand the Group's market coverage, and increase the proportion of projects with independent customers; and
- (d) the Company will adjust the remuneration criteria to increase the remuneration incentives for external market development by business teams.

LETTER FROM THE BOARD

- (iii) The Company has demonstrated its ability to develop an independent customer base during the three years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020.

There are a large number of market participants other than the YCIH Group with huge demand for ready-mixed concrete, so the Company believes there are opportunities for it to identify independent customers and expand its customer base.

During the three years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, the Company demonstrated its ability to attract independent customers. During the three years ended December 31, 2017, 2018 and 2019, the number of its independent customers steadily increased, resulting in an increase in the revenue generated from such independent customers. Since 2017, the Company has established business relationships with customers associated with large state-owned construction companies or their subsidiaries with infrastructure construction projects in Yunnan Province, such as Kunming Railway Construction Company of China Railway No. 8 Engineering Group Co., Ltd. (中鐵八局集團昆明鐵路建設有限公司), a subsidiary of China Railway Group Limited (中國中鐵股份有限公司) and Yunnan West Construction Co., Ltd. (雲南中建西部建設有限公司), a subsidiary of China State Construction Engineering Corporation (中國建築集團有限公司), and regional construction companies which focus on regional construction project, such as Guizhou Construction Engineering Group (貴州建工集團) and a member of Shanghai Construction Engineering Group (上海建工集團). These independent customers have stringent requirements on the quality, stability of supply and technical specifications regarding ready-mixed concrete supplies. The Company, leveraging its strong capabilities in production and research and development, is able to meet the requirements of such customers and ensure the supply of concrete to various large scale construction projects of them.

Set out below are details of the Group's sales to independent customers (i.e. customers other than the YCIH Group and other related party customers) during the periods indicated:

	Year ended December 31,			Six months ended
	2017	2018	2019	June 30, 2020 ^{Note 2}
Number of independent customers ^{Note 1}	62	102	141	92
Revenue derived from independent customers (in RMB million)	475.9	876.8	1,085.4	359.7
The Group's total revenue (in RMB million)	3,112.1	3,357.1	3,608.1	1,836.3
Contribution to the Group's revenue	15.3%	26.1%	30.1%	19.6%

Notes:

- Customers other than the YCIH Group and other related party customers. In addition to the sale of concrete to the YCIH Group, the Group also sold concrete to other related party customers which included the subsidiaries of KMEIC and the subsidiaries of Baoshan Yongchang Investment and Development (Group) Co., Ltd. (保山永昌投資開發(集團)有限公司), a connected person of the Company at the subsidiary level.

LETTER FROM THE BOARD

2. The relatively low revenue derived from independent customers for the six months ended June 30, 2020 and contribution thereof to the Group's revenue are mainly due to (1) the normal business operations of independent customers, in particular those which are private enterprises, being seriously and adversely affected by the outbreak of the COVID-19 pandemic in the first half of 2020; and (2) YCIH, as a state-owned enterprise in Yunnan Province, having comparatively stronger capabilities to recover from the adverse effects of the COVID-19 pandemic. Nevertheless, since July 2020, with improvement in the COVID-19 pandemic, the Group has received more than 46 product sales orders from independent customers by implementing the measures as disclosed in the above section (ii) and it is estimated that the revenue derived from independent customers for the year ending December 31, 2020 will remain at a relatively high level when compared with that for the three years ended December 31, 2017, 2018 and 2019.
- (iv) The Company is capable of maintaining its revenue in the future in light of certain level of reliance on sale of products to the YCIH Group.

The Company expects to continue to benefit from the growth and development of the infrastructure and real estate industries in Yunnan Province. There is considerable potential for further growth and development in the infrastructure and real estate industries in Yunnan Province, especially in the construction of new railways, roads and highways. As compared to other developed provinces in Eastern or Southern China (such as the provinces of Shandong, Jiangsu, Zhejiang and Guangdong), the densities (calculated as the total length of the respective railway, road and highways over the total area of the respective province) of railways, roads and highways in Yunnan Province are relatively low. In 2016, the Transportation Department of Yunnan Provincial Government promulgated the Midand Long-term and 13th Five-Year Railway Network Plan of Yunnan Province (《雲南省中長期及「十三五」鐵路網規劃》), which has clearly set out the development plan for transportation in Yunnan Province. According to the development plan, the railway operational mileage, railway density and high-speed railway operational mileage in Yunnan Province are expected to reach 6,000 km, 156.5 km/10,000 sq. km and 1,700 km, respectively, by the year 2020 and to further reach 8,000 km, 208.7 km/10,000 sq. km and 3,100 km, respectively, by the year 2030; and according to the 13th Five-Year Development Plan for Highway and Waterway Postal Transportation in Yunnan Province (《雲南省公路水路郵政交通運輸「十三五」發展規劃》), the total operational mileage and density of highway are expected to reach 14,500 km and 380 km/10,000 sq. km, respectively, by the year 2030.

In 2020, Yunnan Province has also made it clear that it will continue to promote the “Double Ten” major infrastructure projects. In addition, Yunnan Province plans to launch 525 key projects under the “Four Hundred” key projects in 2020. The proportion of large-scale infrastructure projects (including several expressways and railways) in these key projects will increase significantly as compared to previous years. As a concrete producer with leading technology and the strongest and most stable supply capacity in Yunnan Province, the Company has extensive experience in concrete supply for large-scale projects. Therefore, it will take advantage of the opportunities to heavily participate in infrastructure construction projects in Yunnan Province so as to continuously increase market share and profitability and further consolidate its leading position.

With these development plans in place, the Company believes that they present huge potential for Yunnan Province to develop its infrastructure, in turn creating huge demand for ready-mixed concrete. As a market leader in the ready-mixed concrete industry in Yunnan Province, the Company has benefitted from and is expected to continue benefitting from this huge demand which it will capitalize on to expand its customer base.

LETTER FROM THE BOARD

The Company expects to benefit from the continuous development of the real estate industry in Yunnan Province as well. The active promotion of new types of urbanization by the Yunnan Provincial Government as well as the extension of urbanization, investment in real estate industry in Yunnan Province is expected to grow steadily from 2018 to 2023. As such, the Company believes it may also benefit from the real estate development in Yunnan Province and further diversify and expand its customer base.

In addition, the use of ready-mixed concrete is in line with the promotion of green construction and reduction of environmental pollution. Compared with field concrete, ready-mixed concrete is of a higher quality and a better work efficiency, more stable and controllable and produces less environmental pollution. As such, ready-mixed concrete is one of the environmentally-friendly construction materials promoted by various favorable governmental policies, such as the Opinion in Relation to Expediting the Development of Energy-Saving and Environmental Protection Industry (《關於加快發展節能環保產業的意見》) promulgated by the State Council. The Company believes that these favorable policies will accelerate the development of the ready-mixed concrete market by encouraging more construction companies to use ready-mixed concrete in their construction projects and as a result, the Company may further diversify and expand its customer base.

(3) Reasons for and Benefits of the Revision of the Existing 2020 Annual Cap

As disclosed above, based on internal estimates and the anticipated continuing growth of business in the fourth quarter of 2020, the Directors are of the view that the Existing 2020 Annual Cap will not be sufficient for the business needs of the Group. Furthermore, in addition to the reasons for and benefits of entering into the Products Sales Framework Agreement as disclosed in the announcement and the circular of the Company dated March 27, 2020 and May 14, 2020, respectively, the Directors consider that the revision of the Existing 2020 Annual Cap will provide an additional stable revenue source for the Group.

The Directors (including the independent non-executive Directors after considering the advice from Gram Capital) are of the view that the revision of the Existing 2020 Annual Cap is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

(4) Listing Rules Implications

As YCIH is a controlling Shareholder, YCIH and its associates are connected persons of the Company under the Listing Rules. The transactions under the Products Sales Framework Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual cap for continuing connected transactions, the Company shall re-comply with the applicable provisions of the Listing Rules. As the highest applicable percentage ratio in respect of the Proposed Revised 2020 Annual Cap exceeds 5%, the revision of the Existing 2020 Annual Cap shall be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

Mr. Liu Guangan, who holds a position with YCIH, has abstained from voting on the Board resolution in relation to the revision of the Existing 2020 Annual Cap. Save as disclosed above, none of the Directors has a material interest in the transactions or is required to abstain from voting on the relevant Board resolution.

(5) Information on the Parties

Information on the Company

The Company is a joint stock company incorporated in the PRC with limited liability, whose H Shares are listed on the Main Board of the Stock Exchange (stock code: 1847).

The Group is principally engaged in the production and sales of ready-mixed concrete and related products as well as the provision of quality and technology management service in the PRC.

Information on YCIH

YCIH, a controlling Shareholder, is a limited liability company established in the PRC in 2016. It is a wholly state-owned entity which, as at the Latest Practicable Date, was held as to 97.35% by the Yunnan SASAC and as to 2.65% by the Yunnan Provincial Department of Finance (雲南省財政廳) and operates under the supervision and regulation of the Yunnan SASAC.

YCIH and its subsidiaries (including the Group) are primarily engaged in, among others, infrastructure construction, urban construction and development, real estate development, commercial concrete production and building materials and equipment supply in the PRC and internationally.

Special Resolution

2. Amendments to the Articles of Association

Reference is made to the announcement of the Company dated October 27, 2020 in relation to the proposed amendments to the Articles of Association. According to the relevant requirements of the Regulations on the Work of Communist Party Grassroots Organizations of the State-owned Enterprises (Trial Implementation) (《中國共產黨國有企業基層組織工作條例(試行)》) and in view of the Company's actual needs, the Board proposes to make amendments to the relevant articles in the Articles of Association*.

The Board considered that the proposed amendments to the Articles of Association are in the interests of the Company and its Shareholders. As the Party Committee shall merely conduct discussions in respect of the relevant matters in advance and shall not make decisions in respect of such matters, the Board considers that the proposed amendments to the Articles of Association will not have any impact on its functions and decision-making capacity.

LETTER FROM THE BOARD

No.	Original Articles	Amended Articles
1.	<p>Article 8 These Articles of Association shall be binding on the Company and its shareholders, directors, supervisors and senior management members of the Company, all of whom shall be entitled to, according to these Articles of Association, make claims in respect of rights concerning the matters of the Company.</p> <p>Subject to Article 256 of these Articles of Association, shareholders may sue shareholders; shareholders may sue directors, supervisors, managers and other senior management members of the Company; shareholders may sue the Company; and the Company may sue shareholders, directors, supervisors, managers, and other senior management members in accordance with these Articles of Association.</p> <p>For the purpose of the preceding paragraph, the term “sue” shall include the institution of proceedings in a court or the application to an arbitration institution for arbitration.</p>	<p>Article 8 These Articles of Association shall be binding on the Company and its shareholders, <u>members of the Party Committee</u>, directors, supervisors and senior management members of the Company, all of whom shall be entitled to, according to these Articles of Association, make claims in respect of rights concerning the matters of the Company.</p> <p>Subject to Article 264 of these Articles of Association, shareholders may sue shareholders; shareholders may sue <u>members of the Party Committee</u>, directors, supervisors, managers and other senior management members of the Company; shareholders may sue the Company; and the Company may sue shareholders, <u>members of the Party Committee</u>, directors, supervisors, managers, and other senior management members in accordance with these Articles of Association.</p> <p>For the purpose of the preceding paragraph, the term “sue” shall include the institution of proceedings in a court or the application to an arbitration institution for arbitration.</p>
2.	<p><u>Adding a new article</u></p>	<p><u>Article 12 In accordance with the requirements of the Constitution of the Communist Party of China and the Regulations on the Work of Communist Party Grassroots Organizations of the State-owned Enterprises (Trial Implementation), the Company shall establish an organisation of the Communist Party of China, carry out the activities of the Party, set up working bodies for the Party, allocate sufficient and competent staff to deal with Party affairs and ensure sufficient funds to operate the Party organization.</u></p>

LETTER FROM THE BOARD

No.	Original Articles	Amended Articles
3.	<p>Article 21 As approved by the CSRC, the Company may conduct the initial public offering of 153,964,300 overseas listed foreign invested ordinary shares to overseas investors (including 20,082,300 shares that are over-allotted). Such ordinary shares are all H shares.</p> <p>Upon completion of the issue of the above overseas listed foreign invested shares, if no over-allotment option is exercised, the share capital structure of the Company shall comprise 446,272,000 ordinary shares, of which, Yunnan Construction and Investment Holding Group Co., Ltd.*, which is the promoter, will hold 228,600,000 shares, representing 51.22% of the total ordinary share capital; Yunnan Provincial Overseas Investment Co., Ltd.*, which is the promoter, will hold 51,450,000 shares, representing 11.53% of the total ordinary share capital; Kunming Economic-Technological Development Zone Investment & Development (Group) Co., Ltd.*, which is the promoter, will hold 32,340,000 shares, representing 7.25% percent of the total ordinary share capital; and H shareholders will hold 133,882,000 shares, representing 30% of the total ordinary share capital.</p> <p>.....</p>	<p>Article 22 As approved by the CSRC, the Company may conduct the initial public offering of 153,964,300 overseas listed foreign invested ordinary shares to overseas investors (including 20,082,300 shares that are over-allotted). Such ordinary shares are all H shares.</p> <p>Upon completion of the issue of the above overseas listed foreign invested shares, if no over-allotment option is exercised, the share capital structure of the Company shall comprise 446,272,000 ordinary shares, of which, Yunnan Construction and Investment Holding Group Co., Ltd.*, which is the promoter, will hold 228,600,000 shares, representing 51.22% of the total ordinary share capital; Yunnan Provincial Overseas Investment Co., Ltd.*, which is the promoter, will hold 51,450,000 shares, representing 11.53% of the total ordinary share capital; Kunming Economic-Technological Development Zone Investment & Development (Group) Co., Ltd.*, which is the promoter, will hold 32,340,000 shares, representing 7.25% of the total ordinary share capital; and H shareholders will hold 133,882,000 shares, representing 30% of the total ordinary share capital.</p> <p>.....</p>

LETTER FROM THE BOARD

No.	Original Articles	Amended Articles
4.	<p><u>Article 140</u> The Board shall be accountable to the general meeting and perform the following duties and powers:</p> <p>.....</p> <p><u>(VIII) to decide on such matters as the Company's investments in third parties, purchase and sale of assets, asset mortgages, entrustment of financial services, bank credit and connected transactions, etc., to the extent authorized by the general meeting;</u></p> <p><u>(IX) to decide on the provision of security for third parties;</u></p> <p>.....</p> <p>(XVIII) to consider the acquisition of shares of the Company in accordance with the conditions stipulated in items (III), (V) and (VI) of Clause I of <u>Article 32</u> of these Articles of Association;</p> <p>.....</p>	<p><u>Article 141</u> The Board shall be accountable to the general meeting and perform the following duties and powers:</p> <p>.....</p> <p><u>(VIII) to decide on such matters as the Company's investments in third parties, purchase and sale of assets, asset mortgages and connected transactions, etc., to the extent authorized by the general meeting;</u></p> <p><u>(IX) to decide on the provision of security for third parties, entrustment of financial services, bank credit, etc.;</u></p> <p>.....</p> <p>(XVIII) to consider the acquisition of shares of the Company in accordance with the conditions stipulated in items (III), (V) and (VI) of Clause I of <u>Article 33</u> of these Articles of Association;</p> <p>.....</p>
5.	<u>CHAPTER XIV PARTY COMMITTEE AND ITS WORKING BODY</u>	<u>CHAPTER XIV PARTY COMMITTEE AND COMMISSION FOR DISCIPLINE INSPECTION OF THE COMPANY</u>
6.	<u>Adding a new article</u>	<p><u>Article 186 Holding high the great banner of socialism with Chinese characteristics, guided by Marxism-Leninism, Mao Zedong Thought, Deng Xiaoping Theory, the "Theory of Three Represents", the Scientific Outlook on Development, Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, adhering to the basic theory, the basic path and the basic strategy of the Party, enhancing the "Four Consciousness", persisting with "Four Confidences", endeavoring to "Upholding in the Two Aspects", asserting and strengthening the Party's overall leadership over enterprises.</u></p>

LETTER FROM THE BOARD

No.	Original Articles	Amended Articles
7.	<u>Article 185 The Company set up the Committee of the Communist Party of China of YCIH Green High-Performance Concrete Company Limited (the “Party Committee”). The Party Committee is comprised of one secretary and several members. Eligible members of the Party Committee are entitled to be admitted to the Board, the Supervisory Committee and the management according to legal procedures, and eligible Party members from the Board, the Supervisory Committee and the management are entitled to be admitted to the Party Committee according to relevant regulations and procedures. Meanwhile, the Company shall also set up a Commission for Discipline Inspection.</u>	<u>Article 187 In accordance with the Constitution of the Communist Party of China, the Regulations on the Work of Communist Party Grassroots Organizations of the State-owned Enterprises (Trial Implementation) and the relevant requirements and with the approval of senior Party organizations, the Company has established the Committee of the Communist Party of China of YCIH Green High-Performance Concrete Company Limited (the “Party Committee”). Meanwhile, the Company has also established the Commission for Discipline Inspection of the Communist Party (the “Discipline Inspection Commission”) according to the relevant requirements.</u>
8.	<u>Adding a new article</u>	<u>Article 188 The Party Committee of the Company shall be elected by the Party member congress or the Party member representative congress and each term of office is five years. Re-election shall be conducted periodically upon the expiration of the term of office. Each term of office of the Discipline Inspection Commission shall be the same as the Party Committee.</u>
9.	<u>Adding a new article</u>	<u>Article 189 The Party Committee of the Company shall generally consist of five to nine members, with a maximum number of eleven. There shall be one party secretary, and one to two deputy party secretaries. The positions of secretary, deputy secretary and members of the Discipline Inspection Commission of the Company shall be set up in accordance with the decision(s) made by the senior Party Committee, and be elected or appointed pursuant to relevant rules such as the Constitution of the Party.</u>

LETTER FROM THE BOARD

No.	Original Articles	Amended Articles
10.	<u>Adding a new article</u>	<u>Article 190 By insisting on and improving the leadership mechanism of “Dual Entry and Cross Appointment”, eligible members of the Party Committee are entitled to be admitted to the Board, the Supervisory Committee and the management according to legal procedures, while eligible members of the Board, the Supervisory Committee and the management who are also Party members are entitled to be admitted to the Party Committee in accordance with relevant regulations and procedures. Generally, the positions of secretary of the Party Committee and the chairman of the Board are held by the same person. The chairman of the Board and the general manager who are Party members shall serve as the deputy secretaries if the secretary of the Party Committee and the chairman of the Board are appointed separately due to work needs.</u>

LETTER FROM THE BOARD

No.	Original Articles	Amended Articles
11.	<p><u>Article 186 The Party Committee shall perform its duties in accordance with the internal laws and regulations of the Party including the Constitution of the Communist Party of China and the Working Rules of the Communist Party Committee of China (Trial Implementation):</u></p> <p>(I) <u>to play the leading and political core role, serve the Company's production and operation, ensure and supervise the Company's implementation of guidelines, policies and major deployments of the Party and the State, and ensure the insistence of the Company on the right direction of reform and development;</u></p> <p>(II) <u>to perform the main construction responsibility of the Party conduct and of an honest and clean administration, and strengthen the unified leadership in construction of the Party conduct and of an honest and clean administration and anti-corruption fight;</u></p> <p>(III) <u>to support the general meeting, the Board, the Supervisory Committee and senior management to exercise their rights and perform their duties in accordance with the laws. The decision of the issues relating to the "Three Importance and One Greatness" shall be made after taking consideration of the Party Committee's opinions;</u></p>	<p><u>Article 191 The Party Committee of the Company shall play a leading role in supervising the Company's direction of development, monitoring the whole picture and ensuring the implementation, discussing and making decisions on significant matters of the Company in accordance with the regulations. The main responsibilities are:</u></p> <p>(I) <u>to enhance the political building of the Party in the Company, adhere to and implement the fundamental system, basic system and important system of socialism with Chinese characteristics as well as educate and guide all Party members to maintain a high degree of consistency with the Party Central Committee with Comrade Xi Jinping as the core in the political stance, political direction, political principles and political path;</u></p> <p>(II) <u>to thoroughly study and implement Xi Jinping Thought on Socialism Ideology with Chinese Characteristics for a New Era, learn and propagate the Party's theory, thoroughly implement the Party's guidelines, principles and policies as well as supervise and guarantee the implementation of major strategy deployments of the Party Central Committee as well as the resolutions of the senior Party organisation in the Company;</u></p> <p>(III) <u>to study and discuss the significant operation and management matters of the Company and support the Board, the Supervisory Committee and the management to exercise their rights and perform their duties in accordance with the laws;</u></p>

LETTER FROM THE BOARD

No.	Original Articles	Amended Articles
	<p><u>(IV) in accordance with the principle of the Party being in charge of cadres and talents, to play the leading and gatekeeper's role in selecting and using personnel, and intensify the supervision over leaders of the Company;</u></p> <p><u>(V) to study and arrange the Party-mass work of the Company, strengthen the Party organization's self-building, lead the ideological and political work, construction of spiritual civilization and the mass organizations including labor union and the Communist Youth League;</u></p> <p><u>(VI) to rely on workers wholeheartedly, and support the work of Workers' Congress;</u></p> <p><u>(VII) other duties and responsibilities that shall be performed by the Party Committee of the Company.</u></p>	<p><u>(IV) to strengthen the leadership and gatekeeper's role in selecting and using personnel of the Company, and the building of the leading team, the cadres team and the talents team of the Company;</u></p> <p><u>(V) to undertake the main responsibility in improving Party conduct and upholding integrity, lead and support discipline inspection institutions to perform their supervisory and disciplining responsibilities as well as exercise strict administrative discipline and political rules and promote the comprehensively strict Party self-governance into the grassroots level;</u></p> <p><u>(VI) to strengthen the building of grassroots-level Party organisations and the Party members team, unite and lead employees to devote themselves into the reform and development of the Company;</u></p> <p><u>(VII) to lead the Company's ideological and political work, the construction of spiritual civilization and the united front work, and lead the mass organisations such as the labour union, the Communist Youth League and the Women's Organisation of the Company.</u></p>

LETTER FROM THE BOARD

No.	Original Articles	Amended Articles
12.	<u>Adding a new article</u>	<p><u>Article 192 Major operation and management matters of the Company must be studied and discussed by the Party Committee before they are submitted to the Board or the management for determination. The main topics studied and discussed include:</u></p> <p><u>(I) thorough implementation of the decisions and deployments of the Party Central Committee and important measures of national development strategies;</u></p> <p><u>(II) the development strategies, medium and long term development plans and important reform proposals of the Company;</u></p> <p><u>(III) principal and directional matters in respect of the asset restructuring, asset transfer, capital operation and significant investment of the Company;</u></p> <p><u>(IV) the establishment of and adjustment to the Company's organizational structure and the formulation and amendment of the Company's important rules and systems;</u></p> <p><u>(V) important matters regarding the Company's safe production, maintenance of stability, interests of employees and social responsibilities;</u></p> <p><u>(VI) other material matters required to be studied and decided by the Party Committee.</u></p> <p><u>The Party Committee of the Company shall, according to the scope of its responsibilities and powers, make a list of matters to be studied and discussed and clarify the powers and responsibilities between the Party Committee and the Board, the Supervisory Committee, the management and other governance bodies. If it is necessary to make amendments due to national policies, enterprise reform and development, etc., it shall be amended only after discussion and determination by the Party Committee.</u></p>

LETTER FROM THE BOARD

No.	Original Articles	Amended Articles
13.	<p><u>Article 187 The Discipline Inspection Commission of the Company shall perform its duties in accordance with the internal laws and regulations of the Party including the Constitution of the Communist Party of China and the Working Rules of the Communist Party Committee of China (Trial Implementation):</u></p> <p>(I) to safeguard the Constitution of the Party and other Party laws and regulations;</p> <p>(II) <u>to check the implementation of the Party's routes, guidelines, policies and decisions, and supervise and urge the Party members in the Board to implement the decisions of Party organization;</u></p> <p>(III) <u>to implement the relevant important decisions, resolutions and work arrangements of senior Party organizations and the Party Committee of the Company;</u></p> <p>(IV) <u>to perform the responsibility to supervise the construction of the Party conduct and of an honest and clean administration, supervise and urge the Party Committee to undertake the main responsibility, assist the Party Committee of the Company in enhancing the construction of the Party conduct and of an honest and clean administration and in organizing and coordinating anti-corruption work, and study and deploy the discipline inspection and supervision work;</u></p> <p>(V) <u>to carry out discipline observance education to Party members on a regular basis, and make relevant decisions to safeguard the Party's disciplines;</u></p>	<p><u>Article 193 The Discipline Inspection Commission of the Company is a special organ for internal supervision of the Party of the Company. Its main tasks and responsibilities are as follows:</u></p> <p>(I) to safeguard the Constitution of the Party and other Party laws and regulations;</p> <p>(II) <u>to check the implementation of the Party's routes, guidelines, policies and decisions;</u></p> <p>(III) <u>to assist the Party Committee of the Company in promoting comprehensive and strict governance of the Party, enhancing the construction of the Party conduct and organizing and coordinating anti-corruption work;</u></p> <p>(IV) <u>to perform the responsibilities of supervision, discipline enforcement and accountability, carry out discipline observance education to Party members on a regular basis, and make relevant decisions to safeguard the Party's disciplines;</u></p> <p>(V) <u>to supervise Party organizations and leading cadres of Party members in performing their duties and exercising their powers, accept and handle the complaints and reports made by Party members and the general public, and carry out conversation reminder, interview and letter inquiries;</u></p>

LETTER FROM THE BOARD

No.	Original Articles	Amended Articles
	<p><u>(VI) to supervise the exercise by leading cadres of Party members of their powers;</u></p> <p><u>(VII) to supervise and handle the cases of Party organizations and Party members of the Company and its affiliated units of violating the Constitution of the Party and other internal Party laws and regulations, and make decisions on determination or cancellation of the punishments on those Party members involved in these cases, according to the authorized management duties and powers;</u></p> <p><u>(VIII) to accept and hear the complaints and appeals from the Party members, and safeguard their rights;</u></p> <p><u>(IX) other duties and responsibilities that shall be performed by the Discipline Inspection Commission of the Company.</u></p>	<p><u>(VI) to supervise and handle the relatively important or complicated cases of Party organizations and Party members violating the Constitution of the Party and other internal Party laws and regulations, and make decisions on determination or cancellation of the punishments on those Party members involved in these cases;</u></p> <p><u>(VII) to pursue accountability or propose enforcing accountability;</u></p> <p><u>(VIII) to accept and hear the complaints and appeals from the Party members;</u></p> <p><u>(IX) to safeguard the rights of the Party members.</u></p>
14.	<u>Adding a new article</u>	<p><u>Article 194 The Party Committee of the Company must assume the leadership responsibility for strict self-governance in an all-round manner, enhance the education and management of Party members, seriously organize the Party's life, and do the best in daily management work such as development of Party members.</u></p>

LETTER FROM THE BOARD

No.	Original Articles	Amended Articles
15.	<u>Adding a new article</u>	<u>Article 195 The Party Committee of the Company shall establish the office, organizational department, publicity department and relevant working organizations based on actual needs. The Company shall designate certain full-time and part-time staff for Party affairs based on the number of employees and the actual needs of the Company. The same-level treatment policy should be strictly implemented so as to facilitate the two-way exchange between Party affairs staff and other management personnel. The Company shall ensure sufficient funds for the work of Party organizations through inclusion in management expenses and retention of Party fees and prioritize the frontline of the production and operation. The fee to be included in the management expenses is generally calculated as 1% of the total wages of employees of the Company in the previous year, and is included in the annual budget of the Company.</u>

Note: due to addition and removal of articles, the serial number of relevant chapters, articles and cross references of the Articles of Association have been adjusted accordingly without separate explanation.

* *The Articles of Association and its amendments were written in Chinese, without formal English version. As such, any English translation shall be for reference only. In case of any discrepancies, the Chinese version shall prevail.*

III. EGM AND VOTING METHOD

The Company intends to convene the EGM to consider and, if thought fit, approve the matters set out in the notice of the EGM. The form of proxy has been sent to the Shareholders in accordance with the Listing Rules on November 12, 2020. The notice of the EGM is set out on pages 42 to 44 of this circular.

If you intend to appoint a proxy to attend the EGM, you are required to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the H Share Registrar for holders of H Shares, or to the Board office of the Company for holders of Domestic Shares, by hand, by post or by fax not less than 24 hours before the time designated for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution which purely related to a procedural or administrative matter to be voted on by a show of hands. Therefore, the chairman of the EGM will demand a poll for each resolution of the EGM in accordance with Article 97 of the Articles of Association.

LETTER FROM THE BOARD

On a poll, each Shareholder (or, if the Shareholder is a company, its duly authorized representative) who attends the EGM in person or by proxy may have one vote for each Share registered in its name in the register of members of the Company. Shareholders entitled to more than one vote need not use all their voting rights or use all their voting rights in the same way.

As at the Latest Practicable Date, YCIH and YOIC, a wholly-owned subsidiary of YCIH, held a total of 280,050,000 Domestic Shares, representing in aggregate approximately 62.75% of the issued share capital of the Company. YCIH and YOIC are required to abstain from voting at the EGM in respect of the resolution to approve the revision of the Existing 2020 Annual Cap for the continuing connected transactions under the Products Sales Framework Agreement. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, no Shareholder other than YCIH and YOIC is required to abstain from voting at the EGM.

An Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the revision of the Existing 2020 Annual Cap for the continuing connected transactions under the Products Sales Framework Agreement. Gram Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders on the same in accordance with the Listing Rules.

IV. CLOSURE OF REGISTER OF MEMBERS

To determine the list of Shareholders entitled to attend the EGM, the Company will close the register of members from Friday, November 27, 2020 to Wednesday, December 2, 2020 (both days inclusive), during which period no transfer of Shares will be effected. Shareholders whose names are listed in the Company's register of members on Wednesday, December 2, 2020 will be entitled to attend and vote at the EGM. To be eligible to attend and vote at the EGM, all transfer documents shall be delivered, by no later than 4:30 p.m. on Thursday, November 26, 2020, to the H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares), or to the Board office of the Company, at 5/F and 9/F, YCIH Development Building, 188 Linxi Road, Information Industrial Base, Economic and Technological Development Zone, Kunming, Yunnan, the PRC (for holders of Domestic Shares).

V. RECOMMENDATIONS

Resolution on the revision of the Existing 2020 Annual Cap for the continuing connected transactions under the Products Sales Framework Agreement

The Directors (including independent non-executive Directors after considering the advice from Gram Capital) are of the view that the revision of the Existing 2020 Annual Cap for the continuing connected transactions under the Products Sales Framework Agreement is on normal commercial terms or better, in the ordinary course of business of the Group, is fair and reasonable and in the interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favor of the relevant resolution at the EGM to approve the revision of the Existing 2020 Annual Cap for the continuing connected transactions under the Products Sales Framework Agreement.

LETTER FROM THE BOARD

Your attention is drawn to the letter from the Independent Board Committee set out on pages 28 to 29 of this circular and the letter of advice from the Gram Capital to the Independent Board Committee and the Independent Shareholders set out on pages 30 to 38 of this circular.

Resolution on the amendments to the Articles of Association

The Directors (including independent non-executive Directors) are of the view that the amendments to the Articles of Association are in the interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favor of the relevant resolution at the EGM.

VI. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

Yours faithfully,

By Order of the Board

YCIH Green High-Performance Concrete Company Limited

Ma Minchao

Chairman



雲建綠砼
— GHPC —

YCIH Green High-Performance Concrete Company Limited

雲南建投綠色高性能混凝土股份有限公司

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

(Stock Code: 1847)

November 12, 2020

To the Independent Shareholders,

Dear Sir or Madam,

**REVISION OF THE EXISTING 2020 ANNUAL CAP FOR
THE CONTINUING CONNECTED TRANSACTIONS UNDER
THE PRODUCTS SALES FRAMEWORK AGREEMENT**

We refer to the circular dated November 12, 2020 issued by the Company (the “**Circular**”), of which this letter forms a part. Terms defined in the Circular shall have the same meaning when used herein unless the context requires otherwise.

We have been appointed as the members of the Independent Board Committee to advise you as to whether, in our opinion, the revision of the Existing 2020 Annual Cap for the continuing connected transactions under the Products Sales Framework Agreement is on normal commercial terms or better, in the ordinary course of business of the Group, and is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Gram Capital has been appointed by the Company as the Independent Financial Adviser to advise us and the Independent Shareholders on the revision of the Existing 2020 Annual Cap for the continuing connected transactions under the Products Sales Framework Agreement. Details of the advice from Gram Capital, together with the principal factors taken into consideration in arriving at such advice, are set out in its letter on pages 30 to 38 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 4 to 27 of the Circular.

Having considered the revision of the Existing 2020 Annual Cap for the continuing connected transactions under the Products Sales Framework Agreement, the interest of the Independent Shareholders and the advice and recommendation of Gram Capital, we are of the view that the revision of the Existing 2020 Annual Cap for the continuing connected transactions under the Products Sales Framework Agreement is on normal commercial terms or better, in the ordinary course of business of the Group, and is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favor of the relevant resolution at the EGM to approve the revision of the Existing 2020 Annual Cap for the continuing connected transactions under the Products Sales Framework Agreement.

Yours faithfully,
For and on behalf of
Independent Board Committee

Mr. Wong Kai Yan Thomas
*Independent non-executive
Director*

Mr. Yu Dingming
*Independent non-executive
Director*

Mr. Li Hongkun
*Independent non-executive
Director*

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Revision for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

12 November 2020

*To: The independent board committee and the independent shareholders
of YCIH Green High-Performance Concrete Company Limited*

Dear Sir/Madam,

REVISION OF THE EXISTING 2020 ANNUAL CAP FOR THE CONTINUING CONNECTED TRANSACTIONS UNDER THE PRODUCTS SALES FRAMEWORK AGREEMENT

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the revision of the Existing 2020 Annual Cap (the “**Revision**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 12 November 2020 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

The Directors have been closely monitoring the continuing connected transactions under the Products Sales Framework Agreement (the “**Sale Transactions**”). Based on internal estimates and the anticipated continuing growth of business in the fourth quarter of 2020, the Directors are of the view that the Existing 2020 Annual Cap will not be sufficient for the business needs of the Group. Therefore, the Directors propose to revise the annual cap for the continuing connected transactions under the Products Sales Framework Agreement for the year ending 31 December 2020 from RMB3,000 million to RMB3,300 million.

With reference to the Board Letter, the Revision shall be subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Wong Kai Yan Thomas, Mr. Yu Dingming and Mr. Li Hongkun has been established to advise the Independent Shareholders on (i) whether the terms of the Revision are on normal commercial terms and are fair and reasonable; (ii) whether the Revision is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Revision at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

LETTER FROM GRAM CAPITAL

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Mr. Graham Lam was the person signing off the opinion letter from the independent financial adviser contained in the Company's circular dated 14 May 2020 in respect of (i) discloseable and continuing connected transactions; and (ii) the continuing connected transactions (including the Sale Transactions).

Notwithstanding the aforesaid past engagement, as at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

Besides that, apart from the advisory fee payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Sale Transactions and the Revision. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement as contained in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, YCIH and each of their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Revision. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions)

LETTER FROM GRAM CAPITAL

may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Revision, we have taken into consideration of the following principal factors and reasons:

Background of the Revision

Information on the Group

With reference to the Board Letter, the Company is a joint stock company incorporated in the PRC with limited liability, whose H Shares are listed on the Main Board of the Stock Exchange (stock code: 1847). The Group is principally engaged in the production and sales of ready-mixed concrete and related products as well as the provision of quality and technology management service in the PRC.

Information on YCIH

With reference to the Board Letter, YCIH, a controlling shareholder of the Company, is a limited liability company established in the PRC in 2016. It is a wholly state-owned entity which is held by the Yunnan SASAC and the Yunnan Provincial Department of Finance, and operates under the supervision and regulation of the Yunnan SASAC.

YCIH and its subsidiaries (including the Group) are primarily engaged in, among others, infrastructure construction, urban construction and development, real estate development, commercial concrete production and building materials and equipment supply in the PRC and internationally.

Reasons for and benefit of the Revision

With reference to the Board Letter, based on internal estimates and the anticipated continuing growth of business in the fourth quarter of 2020, the Directors are of the view that the Existing 2020 Annual Cap will not be sufficient for the business needs of the Group. Furthermore, save for the reasons for and benefits of entering into the Products Sales Framework Agreement as disclosed in the announcement and the circular of the Company dated 27 March 2020 and 14 May 2020, respectively, the Directors consider that the proposed increase in the annual cap for the year ending 31 December 2020 will provide an additional stable revenue source for the Group.

As advised by the Directors, the Group is among the few that have the capabilities to provide reliable and sufficient supply to meet the substantial needs of YCIH and its associates in their construction business operations. The Group is also capable of the research and development, design and production of different types of concrete in order to satisfy the requirements of the different projects of YCIH and its associates. While the Group's independent customers are carefully selected based on a number of factors including their creditworthiness, the Company believes that the risk of default by YCIH or its associates is even

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lesser as it is a state-owned enterprise in the PRC. Furthermore, by supplying its products to YCIH and its associates that often undertake high profile and demanding projects in Yunnan Province, the Company believes that it can build up its own profile and boost its reputation among its existing and potential customers.

As confirmed by the Directors, as the Sale Transactions are conducted in the ordinary and usual course of business of the Group and on a frequent and regular basis, it would be (i) costly and impractical to make regular disclosure of each of the relevant transactions and obtain the prior approval from the Independent Shareholders as required by the Listing Rules, if necessary; and (ii) impracticable to seek Independent Shareholders' approval upon confirmation of the Group's successful bidding for the supply of products (e.g. concrete) to the YCIH and its subsidiaries/associates (the **"YCIH Group"**) which are selected through tendering process or competitive negotiation with specific timetable. Accordingly, the Directors are of the view that the Sale Transactions will be beneficial to the Company and the Shareholders as a whole.

Having considered the above factors and that the Directors consider that the Existing 2020 Annual Cap will not be sufficient for the business needs of the Company, we consider that the Revision is in the interest of the Company and the Shareholders as a whole and the Sale Transactions are conducted in the ordinary and usual course of business of the Group.

Principal terms of the Revision

The principal terms and the pricing guideline of the Products Sales Framework Agreement as disclosed in the announcement and the circular of the Company dated 27 March 2020 and 14 May 2020, respectively, remain unchanged, a summary of which is set out below for Independent Shareholders' reference:

Date

27 March 2020

Parties

- (i) The Company (the seller); and
- (ii) YCIH (the purchaser)

Principal terms

Pursuant to the Products Sales Framework Agreement, the Group agreed to sell concrete, aggregates and other products to YCIH and its associates. The Products Sales Framework Agreement became effective upon the passing of the relevant resolution by the Independent Shareholders at the 2019 annual general meeting held by the Company on 29 June 2020, and shall remain valid until 31 December 2022. Subject to compliance with the Listing Rules, the Products Sales Framework Agreement may be renewed as agreed by both parties.

During the term of the Products Sales Framework Agreement, the relevant parties will enter into individual agreements which shall specify and record the terms and provisions of the specific sales transactions to be conducted in accordance with the principles and terms of the Products Sales Framework Agreement in all material aspects.

LETTER FROM GRAM CAPITAL

Pricing guideline

Under the Products Sales Framework Agreement:

- (i) the price of the products shall be determined in accordance with the pricing policies and guidelines adopted and regularly reviewed by the Company for the sales of products to all customers with reference to upstream materials and product prices and other costs, and be generally in line with the prevailing market price at which the same type of product is provided by the Group to an independent third party customer on normal commercial terms; the following factors will also be taken into account to determine the prevailing market price: the price the Group offers to independent third party customers for the same type of product, the payment terms, the specific requirements of the parties, the quality of products required and the geographical areas where the products are provided, etc., to ensure the price will be no less favorable to the Group than that of the same type of product it provides to independent third party customers; and
- (ii) in the unlikely event that no comparable market price can be taken, experts in the Group with sufficient industry experience shall opine on the fairness and reasonableness of the price by reference to the comparable price and/or historical transaction price of the most similar products to ensure the price would be fair and reasonable to the Group and no less favorable to the Group than the price it offers to independent third party customers.

For our due diligence purpose, we obtained three sets of individual contracts for the Group's sale of concrete to (i) members of the YCIH Group; and (ii) independent third parties, after the effective date of Products Sales Framework Agreement. We noted from the aforesaid contracts that for the same type of concrete delivered to neighbouring geographical areas, the unit prices of concretes offered by the Group to the YCIH Group were not lower than those offered by the Group to independent third parties.

With reference to the Board Letter, the Group's sales of concrete to all customers are consistently affected by the location of the customers' construction projects due to the fact that once the concrete is produced, it must be poured within the time as required by the specification, thereby making it impractical for the Group to inquire and compare prices with independent customers for each transaction it enters into with a related party. In the event that the Group enters into multiple sale transactions with the same customer, the two parties would still need to negotiate the specific commercial terms of each sale if they concern different construction projects. The factors considered by the Group for determining the sale price include price of raw materials, which itself is also subject to geographical restrictions, project complexity and technical difficulties, such as construction methods used by the customer and performance requirements of the concrete produced, and geological conditions of the construction project, etc.. The sale prices of products in different regions and products with different specifications and transportation distance requirements in the same region are simply not comparable.

On the basis of the characteristics of and business practices for the sale of concrete outlined above, the Company has adopted certain methods and procedures to ensure adherence to the aforesaid pricing policies and guidelines, details of which are set out under the section headed "Pricing guideline" of the Board Letter. Having considered that (i) price lists shall be formulated and published by the Company's enterprise management department with reference to price information published by the Office of Construction, Engineering, Technology and Economy of Yunnan Province (雲南省工程建設技術經濟室) and information collected through market price research; (ii) each agreement to be entered into under the Products Sales Framework Agreement shall be approved by the general manager or the chairman of

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the Company to ensure that the sales prices and other key terms are in accordance with normal commercial terms as well as the Company's pricing policies and guidelines, we consider that the effectiveness of implementation of the methods and procedures will ensure the fair pricing of the Sale Transactions.

Having considered our findings above, we do not doubt the effectiveness of implementation of the methods and procedures.

Proposed revision of annual cap

Set out below are (i) historical transaction amounts of the Sale Transactions for the nine months ended 30 September 2020 with existing annual cap; and (ii) proposed revised annual caps of the Sale Transactions for the year ending 31 December 2020:

	For the nine months ended 30 September 2020 RMB'million
Historical amounts	2,341
	For the year ending 31 December 2020 RMB'million
Existing annual cap	3,000
Proposed revised annual cap (the "Revised Cap")	3,300

The basis for determining the Revised Cap for the year ending 31 December 2020 is set out under sub-section headed "Proposed revision of annual cap" of section headed "REVISION OF THE EXISTING 2020 ANNUAL CAP" of the Board Letter.

According to the above table, the utilization rate of the existing annual cap for the year ending 31 December 2020 was approximately 78.0%. For illustration purposes only, the historical amounts for the nine months ended 30 September 2020 on an annualized basis will be approximately RMB3,121 million, exceeding the existing annual cap for the year ending 31 December 2020 of RMB3,000 million. The Revised Cap for the year ending 31 December 2020 of RMB3,300 million (which could be able to cover the aforesaid annualized amount) represented an increase of 10% as compared to the existing annual cap for the year ending 31 December 2020.

Upon our request, the Directors provided us the calculation for the Revised Cap for the year ending 31 December 2020. We noted that the Revised Cap for the year ending 31 December 2020 were calculated by the aggregation of (i) historical transaction amount of approximately RMB2,341 million for first three quarters of 2020; and (ii) expected transaction amount of RMB958 million for the fourth quarter of 2020 ("4Q2020").

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To assess the fairness and reasonableness of the expected transaction amount for 4Q2020, we conducted following analyses:

- With reference to the Company's interim report for the six months ended 30 June 2020 (the **"2020 Interim Report"**), in the first half of 2020, construction projects across the PRC basically all came to a halt due to the impact of the COVID-19 pandemic. With a strong boost from the Yunnan Provincial Government, provincial state-owned construction enterprises have assumed a key role in the recovery of infrastructure projects and the demand for concrete is showing growth.
- Upon our request, the Directors provided the historical/estimated transaction amount for each quarter of 2020 as follows:

	1st quarter of 2020 ("1Q2020") RMB' million	2nd quarter of 2020 ("2Q2020") RMB' million	3rd quarter of 2020 ("3Q2020") RMB' million	4th quarter of 2020 ("4Q2020") RMB' million
Historical/estimated transaction amounts	600	883	858	958

As depicted in the above table, the transaction amounts (i.e. demand for the Group's products by YCIH Group) substantially increased from 1Q2020 to 2Q2020. For 3Q2020, transaction amounts (i.e. demand for the Group's products by YCIH Group) slightly decreased as compared to that for 2Q2020. The estimated demand for the Group's products for 4Q2020 by YCIH Group substantially increased.

For our due diligence purpose, we obtained quarterly sales volume of concrete supplied by the Group to YCIH Group for FY2019 and FY2020 (with estimated quarterly sales volume for 4Q2020) and estimated average selling price of concretes for 4Q2020. We noted that the moving trend of sales volume of concrete by the Group to YCIH Group for FY2020 (with estimated sales volume for 4Q2020) was in line with the moving trend of sales volume of concrete for FY2019. The estimated average selling price represented the average selling price of concrete supplied by the Group to YCIH Group for the first three quarters of 2020.

- With further reference to the 2020 Interim Report, in 2020, the Yunnan Provincial Government introduced the Double Ten major infrastructure construction projects and Four Hundred key construction projects and published the Implementation Plan for Promoting New Infrastructure Construction in Yunnan Province (雲南省推進新型基礎設施建設實施方案), which will greatly stimulate the demands for concrete in the region.
- According to an article^(Note 1) dated 4 September 2020 as published on the website of YCIH, YCIH implemented a strategy of "exceeding the annual target" since September 2020 for 120 days, targeting to exceed 5% to 10% of YCIH's annual target.

Notes:

1. <http://www.ynjstzkg.com/index.php?m=content&c=index&a=show&catid=9&id=27199>

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According to an article^(Note 2) dated 15 October 2020 as published on the website of YCIH, YCIH's newly signed contract value and completed contract value for the first nine months of 2020 represented a significant increase of 147.57% and 124.39% as compared to those for the corresponding period in 2019 respectively.

Based on the above factors, we consider the Revised Cap for the year ending 31 December 2020 to be fair and reasonable.

Shareholders should note that as the Revised Cap is relating to future events and was estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2020, and they do not represent forecasts of revenue to be generated from the Sale Transactions. Consequently, we express no opinion as to how closely the actual revenue to be generated from the Sale Transactions will correspond with the Revised Cap.

Listing Rules implications

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values/maximum amounts of the Sale Transactions must be restricted by their respective revised/proposed annual caps for the period concerned under the Products Sales Framework Agreement; (ii) the terms of the Sale Transactions must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Sale Transactions must be included in the Company's subsequent published annual reports and financial accounts.

Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Sale Transactions (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the listed issuer's group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded their respective proposed annual caps.

In the event that the total value/maximum amounts of the Sale Transactions are anticipated to exceed their respective revised/proposed annual caps, or that there is any proposed material amendment to the terms of the Sale Transactions, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Sale Transactions and thus the interest of the Independent Shareholders would be safeguarded.

Notes:

2. <http://www.ynjstzkg.com/index.php?m=content&c=index&a=show&catid=9&id=27585>

LETTER FROM GRAM CAPITAL

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Revision are on normal commercial terms and are fair and reasonable; and (ii) the Revision is in the interests of the Company and the Shareholders as a whole and the Sale Transactions are conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Revision and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since December 31, 2019, the date to which the latest published audited consolidated financial statements of the Group were made up.

3. DISCLOSURE OF INTEREST OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, none of the Directors, Supervisors and chief executive of the Company and their respective associates had any interests and/or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they have taken or which they are deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise required to be notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 of the Listing Rules.

As at the Latest Practicable Date, saved as disclosed below, none of the Directors, Supervisors and chief executive of the Company was a director, supervisor or employee of a company who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Name of Director/Supervisor	Position held in the relevant Shareholder
Liu Guangcan	Deputy Director of the Reform and Development Department of YCIH
He Jianqiang	Deputy president of KMEIC
Wu Xinhe	Deputy president of KMEIC
Li Yan	Deputy Secretary of the Discipline Inspection Commission, Director of the Discipline Inspection and Supervision Office, and Director of the Inspection Office of YCIH
Chang Hongbing	Chief Financial Officer of YOIC and assistant senior business executive of YCIH

4. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective close associates (as defined in the Listing Rules) was interested in any business which competes or is likely to compete either directly or indirectly with the Group's business (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them were a controlling Shareholder).

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or Supervisors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or terminable by the employer within a year without payment of any compensation (other than statutory compensation)).

6. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE BUSINESS OF THE GROUP

As at the Latest Practicable Date, none of the Directors or Supervisors had any interest in any assets which have been, since December 31, 2019 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or Supervisors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

7. EXPERT'S QUALIFICATION AND CONSENT

- (a) The following is the qualification of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualifications
Gram Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

- (b) As at the Latest Practicable Date, the expert mentioned in paragraph (a) above did not have any shareholding in the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Group.
- (c) The expert has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of its letter and references to its name in the form and context in which they appear.
- (d) The letter and recommendation given by Gram Capital are given as at the date of this circular for incorporation herein.
- (e) The expert did not have direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries since December 31, 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claim of material importance and, so far as the Directors were aware, no litigation or claims of material importance are pending or threatened by or against any member of the Group.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection at the Company's principal place of business in Hong Kong at 31/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong during normal business hours on weekdays (except for public holidays) in Hong Kong from the date of this circular up to the date which is 14 days from the date of this circular:

- (a) the Products Sales Framework Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out on pages 28 to 29 of this circular;
- (c) the letter from Gram Capital, the text of which is set out on pages 30 to 38 of this circular;
- (d) the written consent referred to in paragraph 7 of this Appendix; and
- (e) this circular.

NOTICE OF THE EGM



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— GHPC —

YCIH Green High-Performance Concrete Company Limited

雲南建投綠色高性能混凝土股份有限公司

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

(Stock Code: 1847)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of YCIH Green High-Performance Concrete Company Limited (the “**Company**”) will be held at 9:30 a.m. on Wednesday, December 2, 2020 at Conference Room No. 908, 9/F, YCIH Development Building, 188 Linxi Road, Information Industrial Base, Economic and Technological Development Zone, Kunming, Yunnan, the PRC to consider and, if fit, approve, with or without amendments, the following resolutions. Unless otherwise specified, capitalized terms used in this notice shall have the same meanings as defined in the circular of the Company dated November 12, 2020 (the “**Circular**”).

ORDINARY RESOLUTION

- (1) To consider and approve the revision of the Existing 2020 Annual Cap for the continuing connected transactions under the Products Sales Framework Agreement

SPECIAL RESOLUTION

- (2) To consider and approve the amendments to the Articles of Association

Details of the resolutions proposed at the EGM are contained in the Circular, which is available on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.ynhnt.com).

By Order of the Board

YCIH Green High-Performance Concrete Company Limited

Ma Minchao

Chairman

Kunming, China, November 12, 2020

As at the date of this notice, the Board comprises Mr. Ma Minchao, Mr. Rao Ye, Mr. Lu Jianfeng and Ms. Hu Zhurong as executive Directors; Mr. Liu Guangcan and Mr. He Jianqiang as non-executive Directors; and Mr. Wong Kai Yan Thomas, Mr. Yu Dingming and Mr. Li Hongkun as independent non-executive Directors.

NOTICE OF THE EGM

Notes:

- i. To determine the list of Shareholders entitled to attend the EGM, the Company will close the register of members from Friday, November 27, 2020 to Wednesday, December 2, 2020 (both days inclusive), during which period no transfer of Shares will be effected. Shareholders whose names are listed in the Company's register of members on Wednesday, December 2, 2020 will be entitled to attend and vote at the EGM. To be eligible to attend and vote at the EGM, all transfer documents shall be delivered, by no later than 4:30 p.m. on Thursday, November 26, 2020, to the H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares), or to the Board office of the Company, at 5/F and 9/F, YCIH Development Building, 188 Linxi Road, Information Industrial Base, Economic and Technological Development Zone, Kunming, Yunnan, the PRC (for holders of Domestic Shares).
- ii. Each Shareholder entitled to attend and vote at the EGM may, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the EGM on his behalf. A proxy need not be a Shareholder. With respect to any Shareholder who has appointed more than one proxy, such proxies may only exercise their voting rights in a poll.
- iii. The form of proxy shall be signed by the appointer or his/her attorney duly authorized in writing or, in the case of a legal person, either executed under its common seal or under the hand of its legal representative, director or duly authorized attorney.
- iv. In order to be valid, the form of proxy must be deposited, for the holders of H Shares, at the H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or for the holders of Domestic Shares, at the Board office of the Company at 5/F and 9/F, YCIH Development Building, 188 Linxi Road, Information Industrial Base, Economic and Technological Development Zone, Kunming, Yunnan, the PRC not less than 24 hours prior to the holding of the EGM or any adjournment thereof. If the form of proxy is signed by another person under a power of attorney or other authorization documents given by the appointer, such power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the form of proxy, be deposited at the specified place at the time set out in such form of proxy. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM or any adjourned thereof.
- v. Shareholders shall produce their identity documents and supporting documents in respect of the Shares held when attending the EGM. If Shareholders appoint an authorized representative to attend the EGM, the authorized representative shall produce his/her identity documents and a notarially certified copy of the relevant authorization instrument signed by the board of directors or other authorized persons of the Shareholders or other notarially certified documents allowed by the Company. Proxies shall produce their identity documents and the form of proxy signed by the Shareholders or their authorized representative(s) when attending the EGM.
- vi. The Company shall have the right to request the proxies attending the EGM on behalf of the Shareholders to produce their identity documents.
- vii. In the case of joint Shareholders, the vote cast by the senior Shareholder, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint Shareholders, and for this purpose seniority shall be determined by the order in which the names of the relevant joint Shareholders stand on the register of members of the Company.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the resolutions set out at the EGM will be taken by poll.

NOTICE OF THE EGM

The H Share Registrar, Computershare Hong Kong Investor Services Limited, is located at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong. Tel: +852 2862 8555, Fax: +852 2865 0990.

The contact details of the Board office of the Company are as follows:

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Tel: 0871-6318 7896

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