

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**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)**

**ANNUAL RESULTS ANNOUNCEMENT FOR  
THE YEAR ENDED DECEMBER 31, 2020; AND  
CHANGE IN USE OF PROCEEDS FROM THE  
GLOBAL OFFERING**

**Annual Financial Highlights:**

For the year ended December 31, 2020, the Group's:

- revenue was approximately RMB4,004 million, which increased by 11.0% as compared with 2019;
- profit before income tax was approximately RMB278 million, which increased by 13.8% as compared with 2019;
- net profit attributable to equity holders of the Company was approximately RMB206 million, which increased by 1.4% as compared with 2019; and
- earnings per Share were approximately RMB0.46, which decreased by 24.6% as compared with 2019.

The Board proposed to pay a 2020 final cash dividend of RMB0.1231 per Share (including tax) to the Shareholders, totaling an aggregate amount of approximately RMB54.936 million (including tax) based on a current total number of Shares of 446,272,000 Shares. Subject to Shareholders' approval at the 2020 AGM, the dividend is expected to be paid on or before Tuesday, June 29, 2021.

The Board is pleased to announce the audited consolidated results of the Group for the year ended December 31, 2020 together with the comparative data for the year ended December 31, 2019 as follows:

# CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2020

		Year ended December 31,	
	Note	2020	2019
		RMB'000	RMB'000
Revenue	3	4,004,026	3,608,075
Cost of sales	5	(3,569,094)	(3,200,677)
Gross profit		434,932	407,398
Selling expenses	5	(8,629)	(13,136)
Administrative expenses	5	(135,547)	(133,981)
Net impairment losses on financial assets	5	(26,979)	(8,129)
Other income	3	15,946	2,257
Other gains/(losses) — net	4	1,319	(1,210)
Operating profit		281,042	253,199
Finance income	6	4,916	1,354
Finance costs	6	(7,981)	(10,358)
Finance costs — net	6	(3,065)	(9,004)
Profit before income tax		277,977	244,195
Income tax expense	7	(50,888)	(28,509)
Profit for the year		227,089	215,686
Profit attributable to:			
— The equity holders of the Company		206,451	203,685
— Non-controlling interests		20,638	12,001
		227,089	215,686
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in RMB per share)			
— Basic and diluted earnings per share	8	0.46	0.61

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

	Year ended December 31,	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	<u>227,089</u>	<u>215,686</u>
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
— Changes in the fair value of debt instruments at fair value through other comprehensive income	(339)	(2,171)
— Income tax relating to the item	<u>86</u>	<u>351</u>
Other comprehensive loss for the year, net of tax	<u>(253)</u>	<u>(1,820)</u>
Total comprehensive income for the year	<u><u>226,836</u></u>	<u><u>213,866</u></u>
Total comprehensive income attributable to:		
— The equity holders of the Company	206,143	201,942
— Non-controlling interests	<u><u>20,693</u></u>	<u><u>11,924</u></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

		As at December 31,	
	Note	2020	2019
		RMB'000	RMB'000
<b>ASSETS</b>			
Non-current assets			
Land use rights		31,552	20,102
Property, plant and equipment		199,280	194,502
Investment properties		2,433	2,821
Intangible assets		1,055	930
Deferred income tax assets		20,301	14,791
Other non-current assets		18,382	7,950
		<u>273,003</u>	<u>241,096</u>
<b>Current assets</b>			
Inventories		30,909	47,474
Financial assets at fair value through other comprehensive income		207,772	137,202
Trade receivables	9	3,497,156	2,416,622
Prepayments and other receivables	10	29,633	38,615
Restricted cash		32,280	20,772
Cash and bank deposits		529,389	640,009
		<u>4,327,139</u>	<u>3,300,694</u>
<b>Total assets</b>		<u><u>4,600,142</u></u>	<u><u>3,541,790</u></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2020

	<i>Note</i>	As at December 31, 2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>EQUITY</b>			
Share capital		446,272	446,272
Reserves		475,794	458,658
Retained earnings		391,474	262,937
Total equity attributable to equity holders of the Company		1,313,540	1,167,867
Non-controlling interests		88,072	60,481
<b>Total equity</b>		<b>1,401,612</b>	<b>1,228,348</b>
<b>LIABILITIES</b>			
Non-current liabilities			
Lease liabilities		18,400	15,601
Provision for close down, restoration and environmental cost		3,220	5,411
		21,620	21,012
<b>Current liabilities</b>			
Trade and other payables	11	2,983,888	2,128,626
Lease liabilities		19,326	13,132
Provision for close down, restoration and environmental cost		8,035	6,454
Contract liabilities		1,093	14,130
Current income tax liabilities		8,428	15,470
Borrowings		156,140	114,618
		3,176,910	2,292,430
<b>Total liabilities</b>		<b>3,198,530</b>	<b>2,313,442</b>
<b>Total equity and liabilities</b>		<b>4,600,142</b>	<b>3,541,790</b>

## 1 GENERAL INFORMATION

YNJG Green High-Performance Concrete Co., Ltd. was incorporated in Yunnan Province of the People's Republic of China (the “**PRC**”) on June 19, 2007 as a limited liability company under the Company Law of the PRC. On December 22, 2017, the Company was converted into a joint stock limited liability company with registered capital of RMB312,390,000 and changed its name to YCIH Green High-Performance Concrete Company Limited (the “**Company**”). The address of its registered office is YCIH Zhaotong Development Building, Zhaotong Road, Zhaoyang District, Zhaotong, Yunnan Province, the PRC.

The parent company of the Company is Yunnan Construction and Investment Holding Group Co., Ltd. (“**YCIH**”). YCIH is operating under the supervision and regulation of the State-Owned Assets Supervision and Administration Commission of Yunnan Province.

The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the research, development, production, sales, transportation and pumping of ready-mixed concrete as well as providing quality and technology management service in the PRC.

The Company completed its global initial public offering and listed its H shares on the Main Board of The Stock Exchange of Hong Kong Limited on October 31, 2019.

The consolidated financial statements are presented in Renminbi thousand (RMB'000) unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on March 26, 2021.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements of the Group. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 *Basis of preparation*

#### 2.1.1 *Compliance with IFRSs and HKCO (as defined below)*

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) and requirements of the Hong Kong Companies Ordinance (“**HKCO**”) Cap. 622.

#### 2.1.2 *Historical cost convention*

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

### 2.1.3 New and amended standards adopted by the Group

The following new and amended accounting standards and interpretations are applicable for annual reporting periods commencing on or after January 1, 2020, and have been adopted by the Group in current period:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of Business
Revised conceptual framework	Revised conceptual framework for financial reporting
Amendments to IFRS 9, IAS 39 and IAS 7	Interest Rate Benchmark Reform
Amendments to IFRS 16	Covid-19 Rent Relief

### 2.1.4 New standards and amendments of IFRS issued effective for the financial periods beginning on and after January 1, 2021 and have not been early adopted by the Group

		Effective for annual periods beginning on or after
Amendments to annual improvements project	Annual Improvements 2018–2020 cycle	January 1, 2022
Amendment to IAS 16	Property, plant and equipment — proceeds before intended use	January 1, 2022
Annual improvements to IFRS 9	Financial Instruments	January 1, 2022
Amendment to IAS 37	Onerous contracts — Cost of fulfilling a contract	January 1, 2022
Amendments to IAS 3	Reference to the Conceptual Framework	January 1, 2022
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
IFRS 17	Insurance contracts	January 1, 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023

The Group is assessing the full impact of these new standards and amendments. According to the preliminary assessment, these standards and amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. The Group expects to adopt relevant new standards, amendments to standards and conceptual framework when they become effective.

## 2.2 Subsidiaries

### 2.2.1 Consolidation

Subsidiaries are all entities (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

#### (a) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, transactions with the owners of the subsidiary in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

#### (b) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

### 3 SEGMENT INFORMATION, REVENUE AND OTHER INCOME

#### 3.1 Operating segment information

##### *Entity-wide disclosures*

The Group's revenue and contribution to consolidated results are mainly derived from the research, development production and sales of ready-mixed concrete and related products, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for the purposes of resource arrangement and performance assessment. In addition, all the assets employed by the Group are located in Mainland China. Accordingly, no segment information by profit, asset and liability is presented, other than the entity-wide disclosures.

##### *Geographical information*

All of the Group's revenue is derived from customers based in Mainland China, and all of the Group's external customers and non-current assets are located in the PRC. Accordingly, no segment information by geographical segment is presented.

#### 3.2 Revenue

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Sales of ready-mixed concrete	3,977,477	3,542,345
Sales of polycarboxylic admixtures	24,001	36,284
Sales of aggregates	1,214	13,440
Quality and technology management service	1,334	16,006
	<u>4,004,026</u>	<u>3,608,075</u>

- (a) The Group is principally engaged in research, development, production and sales of ready-mixed concrete and related products and providing quality and technology management service.

The Group's most senior executive management regularly reviews its consolidated financial information to assess the performance and make resource allocation decisions.

All of the revenue is recognised at the point in time when the control of goods or service is transferred to the customers.

- (b) Revenue from major customers is set out below:

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Group A	3,037,538	2,522,396
Group B	135,496	84,518
Group C	128,139	241,933
	<u>3,301,173</u>	<u>2,848,847</u>

The customer portfolio of the Group is concentrated, which is consistent with the industry practice. Group A represents YCIH Group. If a major customer substantially default in payment or terminate the business relationship with the Group, it could materially affect the Group's financial position and results of operations.



(c) *Contract liabilities*

The Group has recognised the following revenue-related contract liabilities:

	<b>As at December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Contract liabilities related to sales of ready-mixed concrete	<b>1,093</b>	<b>14,130</b>

(i) *Revenue recognised in relation to contract liabilities*

The following table shows the amount of the revenue recognised in the respective year related to carried-forward contract liabilities.

	<b>Year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Revenue recognised that was included in the contract liabilities balance at the beginning of the year — sales of ready-mixed concrete	<b>13,476</b>	<b>45,570</b>

As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed, because the contracts have an original expected duration of one year or less.

- (ii) Contract liabilities represent advanced payments received from customers for sales of ready-mixed concrete that have not yet been delivered to the customers.

**3.3 Other income**

	<b>Year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Government grants ( <i>Note (a)</i> )	<b>13,834</b>	<b>1,718</b>
Rental income	<b>407</b>	<b>539</b>
Others	<b>1,705</b>	<b>—</b>
	<b>15,946</b>	<b>2,257</b>

- (a) Government grants mainly represent awards for the initial public offering and grants for subsidising the Group's general operation and research and development activities received from the PRC government authorities. There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of government assistance.

#### 4 OTHER GAINS/(LOSSES) — NET

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Losses on disposal of property, plant and equipment	(36)	(144)
Others	1,355	(1,066)
	<u>1,319</u>	<u>(1,210)</u>

#### 5 EXPENSES BY NATURE

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Raw materials and purchased goods consumed	2,697,676	2,334,373
Transportation expenses	299,723	273,564
Employee benefit expenses	253,866	274,447
Outsourcing costs	189,268	156,629
Lease expenses	91,355	88,433
Amortisation of land use rights	703	500
Depreciation of properties, plant and equipment	83,381	104,302
Depreciation of investment properties	215	213
Amortisation of intangible assets	195	94
Net impairment losses on trade receivables ( <i>Note 9</i> )	27,218	7,452
Net (reversal)/provision of impairment losses on other receivables ( <i>Note 10</i> )	(238)	677
Taxes and levies	23,910	20,265
Utilities and electricity	13,994	13,198
Maintenance expenses	12,741	10,120
Office expenses	6,794	5,638
Travelling expenses	4,031	5,829
Auditors' remuneration	2,900	4,100
Listing expenses	—	3,154
Miscellaneous	32,517	52,935
	<u>3,740,249</u>	<u>3,355,923</u>
<b>Total cost of sales, selling expenses, administrative expenses and net impairment losses on financial assets</b>	<b>3,740,249</b>	<b>3,355,923</b>

## 6 FINANCE INCOME AND COSTS

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Interest income:		
— Bank deposits	4,403	689
— Deposits placed in YCIH Financial Company	342	665
Exchange gains	171	—
	<u>4,916</u>	<u>1,354</u>
Total finance income	<u>4,916</u>	<u>1,354</u>
Interest expenses:		
— Guaranteed bank borrowings	—	(1,158)
— Unsecured bank borrowings	(4,303)	(3,669)
— Lease liabilities	(3,147)	(2,725)
Exchange losses	—	(1,367)
Others	(531)	(1,439)
	<u>(7,981)</u>	<u>(10,358)</u>
Total finance costs	<u>(7,981)</u>	<u>(10,358)</u>
<b>Finance costs — net</b>	<u>(3,065)</u>	<u>(9,004)</u>

## 7 INCOME TAX EXPENSE

The amount of income tax expense charged to the consolidated income statement represents:

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Current income tax	56,312	30,410
Deferred income tax	(5,424)	(1,901)
	<u>50,888</u>	<u>28,509</u>
<b>Income tax expense</b>	<u>50,888</u>	<u>28,509</u>

- (a) Under the Law of the PRC on Corporate Income Tax (the “CIT Law”) and implementation regulations of the CIT Law, the tax rate of the Group is 25% from January 1, 2008. The income tax rate of 25% is applicable to the Group, except for the Company and its subsidiary YCIH Polymer Material Co., Ltd. (“Polymer Company”) for the years ended December 31, 2020 and 2019. The Company and Polymer Company which are qualified as high-tech enterprises enjoy a preferential income tax rate of 15% as approved by the local tax authority for the years ended December 31, 2020 and 2019.

	<b>Year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Profit before income tax	<u>277,977</u>	<u>244,195</u>
Tax calculated at the domestic CIT rate applicable	<u>25%</u>	<u>25%</u>
	<b>69,494</b>	<b>61,049</b>
Tax effect of:		
Expenses not deductible for tax purpose	<b>1,596</b>	858
Additional deduction of research and development expenses incurred	<b>(691)</b>	(517)
Effect of preferential income tax rate of the Group	<b>(19,511)</b>	(26,880)
Effect of change in income tax rate	—	28
Additional expenses allowable for tax deduction	<u>—</u>	<u>(6,029)</u>
<b>Income tax expense</b>	<b><u>50,888</u></b>	<b><u>28,509</u></b>

## 8 EARNINGS PER SHARE

- (a) The basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares issued or deemed to be issued.

	<b>Year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Profit attributable to equity holders of the Company (RMB'000)	<b>206,451</b>	203,685
Weighted average number of ordinary shares in issue (in thousands)	<u><b>446,272</b></u>	<u>334,765</u>
Basic earnings per share (RMB)	<b><u>0.46</u></b>	<b><u>0.61</u></b>

- (b) The diluted earnings per share was the same as the basic earnings per share as there was no potential dilutive share issued during the years ended December 31, 2020 and 2019.

## 9 TRADE RECEIVABLES

	As at December 31,	
	2020	2019
	RMB'000	RMB'000
Trade receivables — related parties	2,543,273	1,604,395
Trade receivables — third parties	1,036,335	867,461
	<u>3,579,608</u>	<u>2,471,856</u>
Less: Provision for impairment of receivables	<u>(82,452)</u>	<u>(55,234)</u>
<b>Trade receivables — net</b>	<b><u>3,497,156</u></b>	<b><u>2,416,622</u></b>

As at December 31, 2020 and 2019, the fair values of trade receivables of the Group approximated their carrying amounts.

As at December 31, 2020 and 2019, all the carrying amounts of trade receivables were denominated in RMB.

- (a) The ageing analysis of trade receivables at the respective statement of financial position dates, based on the recording dates, are as follows:

	As at December 31,	
	2020	2019
	RMB'000	RMB'000
— Within one year	2,644,548	2,181,615
— One to two years	778,952	187,805
— Two to three years	87,196	67,878
— Three to four years	47,502	18,207
— Four to five years	9,195	10,832
— Over five years	12,215	5,519
	<u>3,579,608</u>	<u>2,471,856</u>

The Group did not hold any collateral as security over these debtors.

- (b) The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the life time expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward-looking information. As at December 31, 2020, provision of approximately RMB82,452,000 was made against trade receivables (December 31, 2019: RMB55,234,000).

Movements on the provision for impairment of trade receivables are as follows:

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Beginning of the year	55,234	48,085
Provision for impairment on trade receivables	27,218	7,452
Write-off for impairment on trade receivables	—	(303)
	<u>82,452</u>	<u>55,234</u>

## 10 PREPAYMENTS AND OTHER RECEIVABLES

	As at December 31,	
	2020	2019
	RMB'000	RMB'000
Other receivables — related parties	3,932	3,911
Other receivables — third parties	17,605	21,703
	<u>21,537</u>	<u>25,614</u>
Less: Provision for impairment of other receivables ( <i>Note (b)</i> )	(2,640)	(2,878)
Other receivables — net	<u>18,897</u>	<u>22,736</u>
Prepayments	<u>3,483</u>	<u>6,746</u>
Interest receivable	2,571	—
Other current assets	<u>4,682</u>	<u>9,133</u>
<b>Prepayments and other receivables — net</b>	<b><u>29,633</u></b>	<b><u>38,615</u></b>

As at December 31, 2020 and 2019, the fair values of other receivables of the Group approximated their carrying amounts.

As at December 31, 2020 and 2019, all the carrying amounts of prepayments and other receivables were denominated in RMB.

- (a) The ageing analysis of prepayments and other receivables at the respective statement of financial position dates, based on the recording dates, are as follows:

	As at December 31,	
	2020	2019
	RMB'000	RMB'000
— Within one year	20,813	27,516
— One to two years	2,249	3,446
— Two to three years	2,760	5,306
— Three to four years	2,628	1,226
— Four to five years	582	797
— Over five years	3,241	3,202
	<u>32,273</u>	<u>41,493</u>

The Group did not hold any collateral as security over these debtors.

- (b) To measure the expected credit losses, other receivables have been grouped based on shared credit risk characteristics and the ageing days. The expected credit losses also incorporate forward-looking information. As at December 31, 2020, provisions for impairment of approximately RMB2,640,000 were made against other receivables (December 31, 2019: RMB2,878,000).

Movements on the provision for impairment of other receivables are as follow:

	<b>Year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Beginning of the year	<b>2,878</b>	2,201
Provision for impairment on other receivables	<b>(238)</b>	677
End of the year	<b>2,640</b>	2,878

## 11 TRADE AND OTHER PAYABLES

	<b>As at December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Notes payable	<b>78,532</b>	50,080
Trade payables — related parties	<b>147,151</b>	112,643
Trade payables — third parties	<b>2,563,002</b>	1,806,451
Other payables — related parties	<b>24,879</b>	14,871
Other payables — third parties	<b>54,884</b>	54,859
Staff salaries and welfare payable	<b>84,847</b>	79,262
Interest payable	<b>145</b>	138
Dividends payable	<b>5,702</b>	—
Accrued taxes other than income tax	<b>24,746</b>	10,322
	<b>2,983,888</b>	2,128,626

- (a) As at December 31, 2020 and 2019, all trade and other payables of the Group were non-interest bearing, and their fair values, except for the staff salaries and welfare payables and accrued taxes other than income tax which are not financial liabilities, approximated their carrying amounts due to their short maturities.
- (b) At each of the end of the reporting periods, the Group's trade and other payables are denominated in RMB.
- (c) The ageing analysis of trade and other payables at the respective statement of financial position dates, based on the recording dates, are as follows:

	<b>As at December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
— Within one year	<b>2,320,414</b>	1,757,677
— One to two years	<b>441,683</b>	278,745
— Two to three years	<b>161,413</b>	57,968
— Three to four years	<b>37,784</b>	23,789
— Four to five years	<b>18,126</b>	6,863
— Over five years	<b>4,468</b>	3,584
	<b>2,983,888</b>	2,128,626

## 12 DIVIDENDS

### (a) Ordinary shares

	As at December 31,	
	2020	2019
	RMB'000	RMB'000
Final dividend for the year ended December 31, 2019 of RMB0.1355 per fully paid share (2018: RMB0.7785)	<u>60,470</u>	<u>243,225</u>

On March 27, 2020, the Board recommended a final dividend of RMB0.1355 per share for the year ended December 31, 2019, amounting to a total amount of RMB60,470,000 calculated based on the total number of shares in issue of 446,272,000. On June 29, 2020, the final dividend had been approved by the shareholders at the annual general meeting and had been distributed to the Shareholders on August 24, 2020.

### (b) Dividends not recognised as liabilities at the end of the year

	As at December 31,	
	2020	2019
	RMB'000	RMB'000
In addition to the above dividends, the Board has recommended the payment of a final dividend of RMB0.1231 per fully paid ordinary share for the year ended December 31, 2020 (2019: RMB0.1355). The aggregate amount of the proposed dividend for 2020 expected to be paid in 2021 out of the retained earnings as at December 31, 2020, but not recognised as a liability at year end, is	<u>54,936</u>	<u>60,470</u>

## 13 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

Pursuant to a resolution of the Board dated March 26, 2021, the Company proposed a final dividend of RMB0.1231 per share for the year ended December 31, 2020, which is RMB54,936,000 in total. The proposal is subject to approval in the annual general meeting.



# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY OVERVIEW

On the road of green development, comprehensive utilization, intelligent manufacturing and high-quality development, arduous efforts have been made in the concrete industry of China and a growth trend has been maintained, even under the COVID-19 pandemic. As the economy continues to grow, China will continue to promote the construction of a modernized infrastructure network, and Yunnan Province will continue to promote the construction of Five Networks and accelerate urbanization construction. Investment in infrastructure construction and real estate fixed assets will continue to grow in the coming years and such growth will continue to drive the stable development of the engineering and construction industry, which will in turn bring about continuous increasing demands for ready-mixed concrete. 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.

## BUSINESS OVERVIEW

### *Overview*

The Company is a ready-mixed concrete producer located in Yunnan Province. We have a team with extensive management experience and robust technical capabilities, and have powerful research and development capabilities with an integration of technical research and development, results promotion and application and technical services. We have introduced modernized, scientific and environment-friendly manufacturing concepts into our production, and lead and drive the technological progress and green low-carbon development in the concrete industry of Yunnan Province. In 2020, the Company was again awarded the title of “China’s Top Ten Ready-mixed Concrete Enterprise ( 中國預拌混凝土十強企業 )” (ranking sixth for three consecutive years from 2017 to 2019) and awarded the honorary title of “AAA Credit Enterprise in Yunnan Province ( 雲南省 AAA 信用企業 )”. The Company has continued to establish a diversified business landscape focusing on the production of ready-mixed concrete, and is supplemented with the production of aggregates and polycarboxylic admixtures, basically forming the production capacity layout covering the east, west, south and north markets in the centre of Kunming, as well as prefecture-level cities in Yunnan Province that are developing and expanding business at the same pace. Our business scope covers housing construction and infrastructure construction (including railways, highways, integrated pipeline networks and other project areas). We have established a completed industrial chain of “technical research and development, resource processing, production and sales”. According to the impact analysis of the COVID-19 pandemic on the construction end market, there has been an increase in the cost of raw materials as affected by the transient and sudden supply and demand tensions faced by upstream cement and aggregates coupled with the added effect of regional characteristics. However, the Company achieved steady growth in terms of operation efficiency.

In 2020, the Group produced and sold 11 million m<sup>3</sup> of ready-mixed concrete, representing a year-on-year increase of 17.54%. The Group recorded a revenue of RMB4,004 million, representing a year-on-year increase of 11.0%; a profit before income tax of RMB278 million, representing a year-on-year increase of 13.8%; a profit for the year of RMB227 million, representing a year-on-year increase of 5.3%; and a net profit attributable to equity holders of the Company of RMB206 million, representing a year-on-year increase of 1.4%.

As at December 31, 2020, the Group had 51 concrete batching plants and 89 production lines with an annual capacity of 21,336,000 cubic meters. The Group also had 155 concrete transport vehicles, 2 pump trucks and 253 sets of test equipment.

### ***Results of operation***

The following table sets forth the breakdown of revenue, cost of sales, gross margin and percentage change by business category for the years ended December 31, 2020 and 2019.

Business	Year ended December 31,								
	2020 (in RMB million)			2019 (in RMB million)			Percentage change (%)		
	Revenue	Cost of sales	Gross margin (%)	Revenue	Cost of sales	Gross margin (%)	Revenue	Cost of sales	Gross margin (%)
Ready-mixed concrete	3,977	3,548	10.8%	3,542	3,157	10.9%	12.3%	12.4%	-0.6%
Polycarboxylic admixtures	24	21	13.6%	36	32	13.0%	-33.9%	-34.3%	4.5%
Aggregates	1	1	42.6%	13	9	36.0%	-91.0%	-91.9%	18.3%
Quality and technology management services	1	0	100.0%	16	3	80.6%	-91.7%	-100.0%	24.0%
Total	<u>4,004</u>	<u>3,569</u>	<u>10.9%</u>	<u>3,608</u>	<u>3,201</u>	<u>11.3%</u>	<u>11.0%</u>	<u>11.5%</u>	<u>-3.8%</u>

For the year ended December 31, 2020, the majority of our revenue was derived from the production and sales of ready-mixed concrete. In 2020, our revenue generated from production and sales of ready-mixed concrete was RMB3,977 million, accounting for 99.3% of the total revenue.

In 2020, the gross profit of the Group's operation was RMB435 million (2019: RMB407 million), and the overall gross margins in 2020 and 2019 were 10.9% and 11.3%, respectively, which have maintained generally stable, of which, the gross margin was 10.8% for the production and sales of ready-mixed concrete, 13.6% for the production and sales of polycarboxylic admixtures, 42.6% for the production and sales of aggregates and 100.0% for the concrete-related quality and technology management services.

### ***Long-term business model***

The Group's existing businesses include the production and sales of ready-mixed concrete, polycarboxylic admixtures and aggregates and the provision of concrete-related quality and technology management services. In the future, we will continue to optimize the business structure on the basis of maintaining business stability, and explore new business models that

are conducive to enhancing the competitiveness of the Company. In terms of the production and sales of ready-mixed concrete, we focus on the development of ultra-high performance concrete and related products. We plan to break the bottleneck of the production and application of ultra-high performance concrete and establish a complete ultra-high performance concrete industry chain. Therefore, we plan to use the proceeds from the global offering of the Company (the “**Global Offering**”) to build a development center for ultra-high-performance concrete and related products and production bases for new materials of recycled solid waste in Kunming, and part of the proceeds from the Global Offering have been used to carry out preliminary work related to the construction of production bases for green and environmentally friendly new materials in Zhaotong. In terms of the aggregates, we plan to fund the establishment or acquisition of the suitable aggregate company, building aggregate production base, and obtain mining concessions of aggregates with substantial reserves, long mining life, and good quality aggregates, thereby reducing the upstream raw material purchasing cost.

## **BUSINESS STRATEGY AND MAJOR OPERATIONAL MEASURES**

### ***Strengthen the Group’s leading market position by expansion and optimization of production capacity***

Our concrete production network covers the vast majority of prefectures and cities in Yunnan Province. In order to enhance our market penetration in Yunnan Province, we established concrete production lines in markets with considerable demand and continued to extend our production network from prefecture-level cities to county-level regions in Yunnan Province in 2020. We continuously participated in the construction of large-scale infrastructure and projects connected to people’s livelihood, such as highway and relocation projects, which continued to optimize the layout of our production network and strengthened our leading position in Southwest China through leveraging the efficiency of our large-scale operations.

### ***Enhancement of sales and marketing capabilities and expansion of sales network***

In 2020, to ensure the stable increase of our operating efficiency, the major operational measures adopted by the Group include: (i) establishing a reasonable, streamlined and efficient organizational structure, and cultivating and developing a proactive and hardworking team of talent; (ii) effectively integrating operation resources, improving the salary incentive mechanism, optimizing the marketing network and layout, and continuously improving our ability to operate independently; (iii) improving product quality in all aspects and efficiently creating brand benefit; (iv) refining cost control, and focusing on cost reduction and efficiency enhancement; (v) continuously strengthening safety awareness, and emphasizing production safety; and (vi) strengthening service awareness, maintaining brand image, and promoting the upgrading of the Company’s production management services.

### ***Strengthen cost control of production***

In 2020, in the context of unprecedented pressure on environmental protection, the cost of purchasing raw materials continued to rise. The Group continued to carry out external benchmarking management while focusing on benchmarking and making up for shortcomings. We continued to refine cost management. Through optimizing supply chain management while increasing the intensity of centralized bidding and procurement of main materials such as cement and aggregates, we reduced the impact of rising raw material costs on the Company’s operating efficiency to a certain extent.

### ***Actively respond to the COVID-19 pandemic***

In the face of the COVID-19 pandemic, the Group carefully analyzed the international and domestic macroeconomic conditions and the development positioning of Yunnan Province and took up the responsibility of a state-owned enterprise. With an emphasis on the leadership of the Party, we paid close attention to the standardized construction of primary-level Party organizations by reforming the organizational structure, streamlining the cadre team, accelerating project advancement and optimizing industry layout and improving management capabilities and service awareness and carried out a series of measures for the supply of concrete for key regions and major projects in an orderly manner to ensure the safety and stability of the Company during the period of pandemic prevention and control. The Company has attached equal importance to the pandemic prevention and control as well as work and production.

### ***Operation highlights in 2020***

In 2020, the Company stepped up its efforts in the consolidation of operational resources, insisted on high-end operation and coordinated advancement. The Company continuously deepened the level of cooperation and communication with national well-known enterprises and entered into a framework agreement with China Construction Third Engineering Bureau Group Co., Ltd. ( 中建三局集團有限公司 ) for centralized procurement. The Company continued to further cultivate the regional market in the province and continuously strengthened cooperation with local government platforms and local enterprises, and entered into a strategic cooperation agreement with Qujing City Qilin District Qijie Trading Co., Ltd. ( 曲靖市麒麟區麒捷商貿有限公司 ). Driven by high price and focus on key projects, the Company attached great importance to the operation of major housing projects and highway projects, and entered into projects such as “Yuxi Mansion • Chunhe”, “Yuxi Mansion • Jingming”, “City Exhibition Hall”, and winning bids for Kunming Anning Wanda Project, Kunming Integrated Transportation International Hub Construction Project and Kunming Guandu • Runfu Community Project. The Company comprehensively participated in market competition and practiced the spirit of perseverance in the operation of the Company, driving each direct management department and subsidiary to break through regional restrictions, explore potential of customer resources, actively carry out cross-regional operational business, and activate the operational culture atmosphere of the Company.

## FINANCIAL REVIEW

### Revenue

For the year ended December 31, 2020, the Group realized a revenue of RMB4,004 million, representing a year-on-year increase of 11.0%. The increase in the revenue was mainly attributable to the growth in demand for concrete due to the favorable policies of “Four Hundred” and “As Passable as Possible” for highways in Yunnan Province, as well as the business strategies and major operating measures adopted by the Group. The total revenue from sales of ready-mixed concrete was RMB3,977 million, representing an increase of 12.3% as compared with the previous year. In addition to the sales revenue of concrete products, the Group also recorded the revenue from sales of aggregates and polycarboxylic admixtures, and provision of quality and technology management services during the Reporting Period. The following table sets forth the breakdown of revenue from sales of products and services:

	2020		2019	
	<i>RMB in million</i>	<i>Percentage of operating revenue</i>	<i>RMB in million</i>	<i>Percentage of operating revenue</i>
Ready-mixed concrete	3,977	99.3%	3,542	98.2%
Polycarboxylic admixtures	24	0.6%	36	1.0%
Aggregates	1	0.0%	13	0.4%
Revenue from sales of products	4,003	100.0%	3,592	99.6%
Revenue from quality and technology management services	1	0.0%	16	0.4%
<b>Total</b>	<b>4,004</b>	<b>100.0%</b>	<b>3,608</b>	<b>100.0%</b>

### Operating Expenses

In 2020, the Group continuously strengthened cost control and improved operational efficiency. Accumulated operating expenses for the year were RMB3,740 million, representing an increase of 11.4% from the previous year; operating expenses accounted for 93.4% of operating revenue due to the impact of the project period, representing an increase of 0.4 percentage point from the previous year.

### Gross Profit and Gross Margin

During the Reporting Period, the gross profit generated from operations of the Group was RMB435 million (2019: RMB407 million). The overall gross margins for 2020 and 2019 were 10.9% and 11.3%, respectively, which basically maintained a stable trend. The gross margin was 10.8% for the production and sales of ready-mixed concrete, 13.6% for the production and sales of polycarboxylic admixtures, 42.6% for the production and sales of aggregates and 100.0% for the provision of concrete-related quality and technology management services.



The gross margin for the production and sales of ready-mixed concrete decreased slightly as compared with 2019, which was mainly attributable to the reduced gross margin resulting from the Xiangli highway and Yuanman highway projects which were near the completion stage.

## **Profitability**

### ***Profit before income tax***

In 2020, the Group recorded a profit before income tax of RMB278 million, representing an increase of 13.9% as compared with that for the previous year.

### ***Income tax expense***

In 2020, the income tax expense of the Group was RMB51 million, with an effective tax rate of 18.3% for the whole year.

### ***Profit for the year***

In 2020, the Group realized profit for the year of RMB227 million, representing an increase of 5.3% as compared with that for the previous year. The basic earnings per Share were RMB0.46.

## **Administration Expenses**

In 2020, the Group incurred administration expenses of RMB136 million (2019: RMB134 million), representing a year-on-year increase of 1.2%, remaining relatively stable.

## **General Information of Assets and Liabilities**

As at December 31, 2020, the total assets of the Group were RMB4,600 million (December 31, 2019: RMB3,542 million), representing an increase of 29.9% as compared with that for the end of 2019. The assets of the Group were mainly trade receivables, cash and bank deposits, and immovable property, plant and equipment. Such assets accounted for 91.8% of the total assets of the Group, with trade receivables and other assets accounting for 76.0% and 15.8% of the total assets, respectively.

As at December 31, 2020, the total liabilities of the Group were RMB3,199 million (December 31, 2019: RMB2,313 million), representing an increase of 38.3% as compared with that for the end of 2019.

## **Borrowings and Solvency**

As at December 31, 2020, the total liabilities of the Group were RMB3,199 million (December 31, 2019: RMB2,313 million), of which 4.9% (December 31, 2019: 5.0%) were bank borrowings and 84.7% (December 31, 2019: 83.0%) were trade payables.

As at December 31, 2020, the total borrowings of the Group were RMB156 million (December 31, 2019: RMB115 million), all of which were bank borrowings and must be repaid within one year.

As at December 31, 2020, the weighted average effective interest rate for bank borrowings of the Group was 4.75%.

During the Reporting Period, the total finance costs of the Group were RMB8 million (2019: RMB10 million), earnings before interest and tax were RMB285 million (2019: RMB255 million). The interest coverage ratio (earnings before interest and tax divided by interest expenses) was 38.3 (2019: 24.6).

As at December 31, 2020, the gearing ratio (i.e. total liabilities divided by total assets) of the Group was 69.5% (December 31, 2019: 65.3%).

### **Liquidity and Capital Resources**

The Group focuses on maintaining a reasonable capital structure and continuously improving its profitability in order to maintain a good credit standing and sound financial position.

As at December 31, 2020, the total current assets of the Group were RMB4,327 million (December 31, 2019: RMB3,301 million), including: (i) cash and bank deposits of RMB529 million (December 31, 2019: RMB640 million), accounting for 12.2% of current assets (December 31, 2019: 19.4%); (ii) trade receivables of RMB3,497 million (December 31, 2019: RMB2,417 million), accounting for 80.8% of current assets (December 31, 2019: 73.2%); and (iii) prepayments and other receivables of RMB30 million (December 31, 2019: RMB39 million), accounting for 0.7% of current assets (December 31, 2019: 1.2%).

As at December 31, 2020, the current ratio (current assets divided by current liabilities) of the Group was 136.2% (December 31, 2019: 144.0%). The decrease was due to the increase in current assets by 31.1% in 2020 as compared with that for the previous year and the increase in current liabilities by 38.6% compared with that for the previous year, with the increase in current assets being less than the increase in current liabilities. Part of the current assets were not used to pay current liabilities and were converted into the acquisition of long-term assets.

In 2020, the net cash flow from operating activities of the Group was approximately RMB51 million net outflow (2019: approximately RMB377 million net inflow), mainly due to the low collection in the entire construction industry as a result of the impact of the COVID-19 pandemic.

## Human Resources

As at December 31, 2020, we employed a total of 1,147 employees (December 31, 2019: 1,175). The table below sets out a breakdown of the number of employees by role as at December 31, 2020:

Role	Number
Management	102
Production management	311
Quality and technology	328
Procurement (materials supply)	101
Marketing	129
Administration and finance	172
Others	4
	<hr/>
<b>Total</b>	<b><u><u>1,147</u></u></b>

We recruit employees in the open market, and established a scientific, reasonable, fair and impartial remuneration management system. The remuneration of employees mainly includes fixed salary, statutory allowances and subsidies, performance-related salary and benefits. In accordance with PRC laws, the Group also makes contributions to pension, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing fund for employees. In 2020 and 2019, employee benefits and labor expenses were RMB254 million and RMB274 million, respectively. The decline in employee benefits and labor expenses is due to the impact of the COVID-19 pandemic resulting in relevant social insurance reductions and exemptions.

We consider employees to be our most valuable resource for our success. To ensure the quality of employees at all levels, we have set up in-house training programs to provide training for employees.

During the Reporting Period, we did not have any operation interruption attributable to major labor disputes or any complaints or claims from employees that were seriously adverse to our business. The Directors believe that we maintain a good relationship with employees and the Group did not have any major labor disputes that had a material impact on its normal business management during the Reporting Period.



## Proceeds from the Global Offering

### (i) Use of proceeds from the Global Offering

The Company received net proceeds from the Global Offering of approximately HK\$366.11 million. Due to the impact of the COVID-19 pandemic, certain projects which were originally scheduled for implementation in 2020 have been delayed. As at December 31, 2020 and the date of this results announcement, the aforementioned net proceeds have been gradually allocated for use in accordance with the purposes set out in the Prospectus. The details are as follows:

	Percentage of the net proceeds from the Global Offering	Net proceeds from the Global Offering and the actual usage				
		As at December 31, 2020			As at the date of this results announcement	
		Available HK\$ million	Utilized HK\$ million	Unutilized HK\$ million	Utilized HK\$ million	Unutilized HK\$ million
Construction of new materials production bases and project batching plants	35%	128.14	25.53	102.61	28.20	99.94
Integration of upstream raw material resources to further consolidate industry chain of concrete production	35%	128.14	0.00	128.14	0.00	128.14
Improvement, integration and expansion of existing concrete production lines	20%	73.22	0.00	73.22	0.00	73.22
For working capital and general corporate purposes	10%	36.61	36.61	0.00	36.61	0.00
<b>Total</b>	<b>100%</b>	<b>366.11</b>	<b>62.14</b>	<b>303.97</b>	<b>64.81</b>	<b>301.30</b>

On January 29, 2021, the first meeting of the second session of the Board held by the Company approved the use of approximately HK\$12.94 million out of the proceeds from the Global Offering under the “improvement, integration and expansion of existing concrete production lines” for upgrading two batching plants of the Kunming branch of the Company, which is scheduled to be used up in 2021. As a result, as of the date of this results announcement, the Company has utilized the proceeds from the Global Offering (including decided utilization) of approximately HK\$77.75 million, and has unutilized proceeds of approximately HK\$288.36 million. The details are as follows:

	Percentage of the net proceeds from the Global Offering	Net proceeds from the Global Offering and the usage As at the date of this results announcement		
		Available HK\$ million	Utilized (including decided utilization) HK\$ million	Unutilized HK\$ million
Construction of new materials production bases and project batching plants	35%	128.14	28.20	99.94
Integration of upstream raw material resources to further consolidate industry chain of concrete production	35%	128.14	0.00	128.14
Improvement, integration and expansion of existing concrete production lines	20%	73.22	12.94	60.28
For working capital and general corporate purposes	10%	36.61	36.61	0.00
<b>Total</b>	<b>100 %</b>	<b>366.11</b>	<b>77.75</b>	<b>288.36</b>

***(ii) Change in use of proceeds from the Global Offering***

The Board has assessed the business environment and business strategies and after due consideration, the Board decided to change the use of the unutilized net proceeds from the Global Offering:

- (a) approximately HK\$266.11 million will be used to build new production bases, including the funding for establishment or acquisition of concrete and aggregate companies, building concrete batching plant production bases or sand and stone mine production bases, and the purchase of raw material crushing equipment and concrete auxiliary equipment; and

- (b) approximately HK\$22.25 million will be used to improve the level of informatization of management, including upgrading the Company's integrated business and financial information management system.

The use of proceeds after the change are set out as follows:

	Undecided use of proceeds from the Global Offering		Use plan for the unutilized proceeds from the Global Offering (HK\$ million)	
	Allocation of the unutilized proceeds from the Global Offering after the change (HK\$ million)	Percentage of the unutilized proceeds from the Global Offering	Remaining period in 2021	2022
Building new production bases	266.11	92%	227.03	39.08
Improving the level of informatization of management	22.25	8%	16.69	5.56
<b>Total</b>	<b>288.36</b>	<b>100%</b>	<b>243.72</b>	<b>44.64</b>

**(iii) Reasons for the change in use of proceeds from the Global Offering**

Due to the outbreak of the COVID-19 pandemic in early 2020, the property construction business in China slowed down, and the Company's plans to utilize the proceeds from the Global Offering to build new materials production bases, integrate upstream raw material resources, improve, integrate and expand the existing concrete production lines were also delayed. Furthermore, after investigation, there are no suitable upstream raw material resources for integration at the current stage, thus the utilization rate of relevant funds is not high.

According to the "14th Five-Year" Plan of Yunnan Province, in the future, Yunnan Province will take the "Double Ten" major infrastructure projects as the guide, to accelerate the high-quality development of infrastructure, implement the "Upgrading and Reconstruction" project of general provincial trunk lines, and promote the construction of "Four Good Rural Road (四好農村路)". By 2025, Yunnan Province will basically realize connecting every county with expressways. At the same time, it will comprehensively promote urban renewal and transformation, and accelerate the people-oriented construction of new urbanization. By 2025, the urbanization rate of permanent residents in Yunnan Province is looking to reach 60%. In this context, as the largest commercial concrete manufacturer in Yunnan Province, the Company is expected to participate in the relevant highway and urban construction projects. The Company is of the view that improvement in the guarantee capability of products supply and the level of informatization of management is beneficial to seize the above development opportunities and bring about economic and social benefits.

Despite the above change in use of the proceeds, the Board believes that the Company's development direction is still in line with that disclosed in the Prospectus. The above-mentioned change in use of the unutilized net proceeds are in the interests of the Company and the Shareholders as a whole.

### **Material Acquisition, Disposal and Investments**

For the year ended December 31, 2020, the Company did not make any material acquisitions and disposals of subsidiaries, associates or joint ventures. As at December 31, 2020, the Group did not hold any significant investments.

### **Charge on the Group's Assets**

As at December 31, 2020, no property, plant and equipment had been provided as bank collaterals.

### **Foreign Exchange Risk**

Although the Company operates in China and collects revenues and pays costs/fees in RMB, the Company is listed on the Hong Kong Stock Exchange and has raised proceeds denominated in HKD of approximately HK\$366.11 million (less the underwriting commission and other estimated expenses paid and payable by the Company for the Global Offering). As at December 31, 2020, the balance of the Group's carrying cash and bank deposits denominated in HKD amounted to HK\$23 million. Therefore, exchange rate fluctuations have certain influence on the foreign currency that we hold. The Group has currently not entered into any hedging arrangement against foreign exchange exposure.

### **Contingent Liabilities**

As at December 31, 2020, the Group had no material contingent liabilities.

### **Material Investment Plans**

The Group intends to expand its industrial layout and participate in expressways and other urban construction projects led by the major infrastructure project of "Double Ten" in Yunnan Province, which includes the acquisition of appropriate concrete enterprises in Yunnan Province, the establishment of new projects including concrete enterprises and concrete mixing plants and other projects at the appropriate time. Meanwhile, the Group plans to accelerate the integration of upstream raw material resources, including acquisition of suitable aggregate companies and construction of new aggregate mine production base, so as to continuously improve and finally complete the industry chain structure of the Company. If such investment projects are carried out in the next year, their source of funding will be primarily from proceeds from the Global Offering.

## Outlook

2021 is the first year of implementing the “14th Five-Year” Plan. The Company will actively implement the “14th Five-Year” Plan, make full use of the proceeds from the Listing to accelerate the stationing, upgrading and transformation of the batching plants and improve the production efficiency and standards of the batching plants. The Company will continuously develop the market, optimize business layout and improve the Company’s profitability to enhance development vitality and improve its image in the capital market. The Group has kept the continuous growth in operating results in 2020. In the future, the steady growth in the investments in infrastructure construction and real estate industry of Yunnan Province will drive the stable development of construction industry, and will in turn provide continuous support and guarantee increasing demands for ready-mixed concrete.

### Industry Outlook

The COVID-19 pandemic has cast huge impacts on various industries domestically and globally in 2020, with both traditional and new economic industries facing challenges. However, the Company’s revenue from its principal business achieved stable improvement. The concrete industry bears great industry responsibility in regard of energy-saving building, urbanization construction, recyclable economy, green development or recycling of industrial solid waste and construction waste. Especially in city emergency, disaster alleviation and relief and other areas, ready-mixed concrete manufacturers are facing tremendous challenges and opportunities for rapid development.

### Market Prospect

**Broad market prospect in Yunnan Province.** Driven by the rapid economic development in Yunnan Province, the investment in infrastructure construction and real estate fixed assets in Yunnan Province has increased rapidly. In the future, as the potential of economic development continues to be realized, the construction of “Five Networks” in Yunnan Province will continue to advance, the construction of urbanization will accelerate and maintain strong growth momentum, which will promote the rapid increase in the demand for ready-mixed concrete in Yunnan Province. Recently, Yunnan Province continues to promote the “Double Ten” major infrastructure projects and the “Four Hundred” key projects. Specifically, the proportion of large-scale infrastructure projects (including several expressways and railways) in these key projects increased significantly as compared to previous years. As a concrete enterprise with leading technology and the strongest and most stable supply capacity in Yunnan Province, the Company has extensive experience in concrete supply for largescale projects. Therefore, we 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 our leading position.

**Good market prospect in Southeast Asia.** The infrastructure construction in Southeast Asian countries such as Laos and Cambodia are relatively backward, and the “Belt and Road” Initiative and the domestic needs of those countries have promoted the upgrading of their infrastructure construction. We will seize this important opportunity and take maximum advantage of our geographical advantage in this respect to expand our market coverage to neighboring Southeast Asian countries such as Laos, Cambodia, Malaysia and Indonesia as soon as possible. In the future, with the intensive promotion of projects such as expressways, railways, airports, etc., Southeast Asian countries will continue to increase their investments in infrastructure construction. Such infrastructure investments and real estate construction will bring about good development opportunities for the concrete industry and good market prospects for the concrete market. For the year ended December 31, 2020, we actively participated in the preparation for key projects of cooperation between China and Laos as well as China and Cambodia, such as “Saysettha Development Zone”.

## **Future Focus**

We shall continue to persevere and make effort to capture all kinds of opportunities and continue to strengthen the development results of the Company. We will do our best to carry out the “14th Five-Year” development plan and undertake the production and operation tasks for the full year of 2021. At the same time of strengthening the principal concrete business, we shall continue to adhere to the concept of green development and intelligent manufacturing, and strengthen our technological research and development capabilities. The establishment of talent team will be continuously improved by our ongoing adjustment to the talent structure, adherence to the strategy of strengthening the Company with talents as well as the innovation of employment mechanism. Leveraging the “Internet+” model, the traditional industry realized accelerated development and came into a new operation system and business model through the collection, investigation, analysis and prediction through mobile communication network and big data platform. To promote high-quality sustainable development with “Double Benefits” (i.e. economic benefits and social benefits), we shall enhance the management and service capabilities and accelerate the development of green building materials and industrialization of new construction.

## **Seize market opportunities**

- (i) Seize development opportunities in the infrastructure market in Yunnan Province.** According to the “14th Five-Year” Expressway Construction Plan of Yunnan Province, expressway construction projects will continue to increase at a fast pace in the next five years. As a concrete enterprise with leading technology and the strongest and most stable supply capability in Yunnan Province, the Company has extensive experience in concrete supply for large-scale projects. We will seize the opportunities to actively participate in major construction projects including expressways, poverty alleviation and relocation, urban integrated pipeline network, water conservancy facilities, etc., and heavily participate in infrastructure construction projects in Yunnan Province so as to continuously increase market share and profitability and further consolidate our leading position.



**(ii) Grasp the unique advantage of Yunnan Province's economic growth being above the national average level.** According to the work report of the Yunnan Provincial Government, it is expected that the economic growth of Yunnan Province in 2021 will continue to be higher than the national average level. It is also expected that the implementation of major strategic initiatives in poverty alleviation, ecological environment protection, plateau lake management, construction of a "Beautiful Yunnan", pollution prevention and treatment and others will bring new market opportunities to the Group. We will continue to deepen the cultivation in the market and continue to consolidate our cooperation with affiliated enterprises of large state-owned enterprises including China Railway Construction Group Co., Ltd. (中鐵建設集團有限公司), China Railway Construction Corporation Limited (中國鐵建股份有限公司), China State Construction Engineering Corporation (中國建築集團有限公司), China Communications Construction Company Ltd. (中國交通建設股份有限公司), and CSCEC Xinjiang Construction & Engineering Group Co., LTD (中建新疆建工集團有限公司); track projects in construction in Yunnan Province by well-known enterprises outside Yunnan Province, such as Shanghai Construction Group (上海建工集團股份有限公司), Dahua (Group) Co., Ltd. (大華(集團)有限公司), Shanhe Group Holdings Limited (山河控股集團有限公司), Jiangsu Suzhong Construction Co., Ltd. (江蘇蘇中建設股份有限公司) and Hebei Construction Group Corporation Limited (河北建設集團股份有限公司); and continue to follow up the projects in progress by large real estate companies in Yunnan Province such as Junfa Construction Group Co., Ltd. (俊發建設集團有限公司) and Kunming Northstar Group Co., Ltd (昆明諾仕達企業(集團)有限公司). The Company will continuously expand information channels, maintain the good cooperation with existing customers, and realize the transformation from operation projects to operation resources.

**Continuously extend the concrete industry chain and strengthen technology research and development and technological innovation.**

The Group will participate in aggregates mining projects in suitable areas in Yunnan Province and surrounding areas in which expressways will be built as soon as possible to accelerate the integration of upstream raw material resources, reduce procurement costs of upstream raw materials and continuously optimize the Group's operating benefits.

The Group also focuses on the development of ultra-high performance concrete and related products. We will continue to maintain close cooperation with Chinese colleges and universities (research institutes), make full use of the Group's existing provincial research platform and continuously improve our technology research and development and technological innovation capabilities.

## **Strengthen the Company's internal management and continuously improve the construction of the internal control system**

- (i) Accelerate the upgrading of information management.** We will endeavor to optimize our production process, promote the upgrading of facilities and equipment, accelerate informatization upgrades, continuously improve the efficiency of production and delivery. Combining the current situation and future development plan of the Company, we will gradually transform and upgrade the outdated production equipment of the Company to the direction of advanced technical performance, automation, intelligence and Internet of Things, and then build a system platform with automation of production process, intelligence of transportation and logistics, visualization of operation, refinement of business process and integration of information data by means of informatization technology, establish a group-based, integrated and intelligent application management and control platform, to realize the interconnection of business and financial aspects up and down the Company, to meet the comprehensive management needs of the Company at all levels of management in different business modes and multiple business modules, to enhance the ability to support leadership decisions, to promote the Company to grasp market opportunities and to improve comprehensive competitiveness.
- (ii) Continuously improve the internal control management system.** We will fully develop and utilize informatization technology, improve the efficiency and effectiveness of internal control related business processes and ensure that data information is timely, complete and reliable. We will continue to fully optimize and give full play to the Company headquarters' supervision and service functions in terms of managing strategy, personnel, data, assessment and budget, decentralize the focus of business operations, improve the efficiency of daily operational decisions, and continuously improve the Company's management standard.



## 2020 AGM

The 2020 AGM is expected to be held on Tuesday, May 11, 2021. The notice of the 2020 AGM will be despatched to the Shareholders in due course.

To determine the list of Shareholders entitled to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Friday, May 7, 2021 to Tuesday, May 11, 2021 (both days inclusive), during which no transfer of Shares will be effected. Shareholders whose names appear on the register of members of the Company on Tuesday, May 11, 2021 shall be entitled to attend and vote at the 2020 AGM. To be eligible to attend and vote at the 2020 AGM, all transfer documents shall be delivered, no later than 4:30 p.m. on Thursday, May 6, 2021, to the Company's 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).

## Proposed Final Dividend for 2020

In accordance with the Board resolution passed on March 26, 2021, the Board proposed to pay a final dividend for the year ended December 31, 2020 to Shareholders in cash at RMB0.1231 per Share (dividend before tax) (the “**Proposed Final Dividend for 2020**”), based on the current total number of Shares of 446,272,000 Shares, which came to a total amount of approximately RMB54.936 million (including tax). The Proposed Final Dividend for 2020 is expected to be paid to the Shareholders on or before June 29, 2021 if such proposal is approved by the Shareholders at the 2020 AGM.

To determine the list of Shareholders entitled to receive the Proposed Final Dividend for 2020, the register of members of the Company will be closed from Monday, May 17, 2021 to Sunday, May 23, 2021 (both days inclusive), during which no transfer of Shares will be effected. Shareholders whose names appear on the register of members of the Company on Sunday, May 23, 2021 shall be entitled to receive the Proposed Final Dividend for 2020. To be eligible to receive the Proposed Final Dividend for 2020, all transfer documents shall be delivered, no later than 4:30 p.m. on Friday, May 14, 2021, to the Company's 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).

## Corporate Governance Code

The Company has been committed to improving its corporate governance standards since its establishment. Pursuant to the code provisions of the Corporate Governance Code, it has established a modern corporate governance structure under which the general meeting, the Board, the Supervisory Committee and senior management of the Company effectively exercise checks and balances on each other and operate independently. The Company adopts the Corporate Governance Code as its corporate governance practice.

For the year ended December 31, 2020, the Company had complied with all applicable code provisions in the Corporate Governance Code. Details of corporate governance of the Company are set out in the 2020 annual report to be published in due course.

## **Model Code for Securities Transactions**

The Company has adopted the Model Code as the code of conduct for all the Directors, Supervisors and relevant employees (as defined in the Hong Kong Listing Rules) of the Company to conduct securities transactions of the Company. Upon specific enquiries with all the Directors and Supervisors, the Directors and Supervisors confirmed that they have strictly complied with the required standards set out in the Model Code for the year ended December 31, 2020.

## **Purchase, Sale or Redemption of Listed Securities**

For the year ended December 31, 2020, the Company or any of its subsidiaries have not purchased, sold or redeemed any of the Company's listed securities.

## **Audit Committee**

For the year ended December 31, 2020, the audit committee of the Company (the “**Audit Committee**”) consisted of three members, including two independent non-executive Directors, namely Mr. Li Hongkun (chairman) and Mr. Wong Kai Yan Thomas, and one non-executive Director, namely Mr. Liu Guangcan. On January 29, 2021, Mr. Liu Guangcan ceased to be a member of the Audit Committee and Mr. Jiang Qian, a non-executive Director, was appointed as a member of the Audit Committee.

The Audit Committee has adopted terms of reference consistent with that in the Corporate Governance Code. The primary duties of the Audit Committee include reviewing and supervising the Group's financial monitoring, risk management and internal control systems and procedures, reviewing the Group's financial data and reviewing the Company's relationship with its external auditors. The 2020 annual results and the 2020 audited financial statements of the Group have been reviewed by the Audit Committee.

## **Scope of Work of the Group's Auditor**

In this results announcement, the figures in the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position and relevant notes (the “**Financial Information**”) do not constitute the statutory financial statements of the Group for the year ended December 31, 2020, but represent an extract of the said financial statements. The Financial Information (including comparative figures) has been reviewed by the Audit Committee and recognized by the Group's international auditor, PwC, and is consistent with the figures set out in the audited consolidated financial statements of the Group for the year ended December 31, 2020. PwC's work in this aspect does not constitute assurance engagement as defined in the International Review Standard, International Standard on Review Engagements or International Standard on Assurance Engagements issued by the Association of International Accountants. Therefore, PwC does not provide assurance for this announcement.

## Events after the Reporting Period

The relevant matters of the Group after the Reporting Period that need to be brought to attention are presented in the Note 13 to the consolidated financial statements of this results announcement.

## Publication of 2020 Annual Results Announcement and 2020 Annual Report on the Websites of the Hong Kong Stock Exchange and the Company

This results announcement is published on the websites of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<https://www.ynhnt.com>). The 2020 annual report containing all the information required under the Hong Kong Listing Rules will be despatched to the Shareholders and published on the websites of the Hong Kong Stock Exchange and the Company in due course.

## Definitions

In this results announcement, unless the context otherwise requires, the following terms shall have the meanings set forth below:

2020 AGM	the 2020 annual general meeting or any adjournment thereof to be held on May 11, 2021 or any other date fixed by the Board
Board	the board of Directors of the Company
China or PRC	the People's Republic of China, but for the purpose of this results announcement only, excluding Hong Kong, Macau and Taiwan region
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, whole H Shares are listed on the Main Board of the Hong Kong Stock Exchange
Corporate Governance Code	the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules
Cubic meters or m <sup>3</sup>	cubic meters
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

Five Networks	a development strategy implemented by the Yunnan Provincial Government, including the construction of networks of road, aviation, energy, water and Internet
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 work projects
Group, our, we or us	the Company and its subsidiaries
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 and traded on the Main Board of the Hong Kong Stock Exchange
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
Hong Kong Dollars or HK\$	Hong Kong dollars and Hong Kong cents, the lawful currency of Hong Kong
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
IFRSs	International Financial Reporting Standards promulgated by the International Accounting Standard Board (IASB) and the International Accounting Standards (IAS) including restated standards, amendments and interpretations issued
Listing	the listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
Main Board	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with GEM of the Hong Kong Stock Exchange
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
Prospectus	the prospectus of the Company dated October 21, 2019
PwC	PricewaterhouseCoopers (Hong Kong Certified Public Accountants)

Reporting Period	for the year ended December 31, 2020
RMB or Renminbi	the lawful currency of the PRC
Share(s)	the 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 the Share(s)
subsidiary(ies)	has the meaning ascribed to it under the Hong Kong Listing Rules
Supervisor(s)	the supervisor(s) of the Company
Supervisory Committee	the supervisory committee of the Company
YCIH Financial Company	Yunnan Construction and Investment Holding Group Financial Management Company Limited*
Yunnan Province	Yunnan Province of the PRC
%	percent

*Certain amounts and percentage figures included in this announcement have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.*

By Order of the Board  
**YCIH Green High-Performance Concrete Company Limited**  
**Zhang Yingyue**  
*Chairman*

Kunming, China, March 26, 2021

*As at the date of this announcement, the Board comprises Mr. Zhang Yingyue, Mr. Rao Ye, Mr. Lu Jianfeng and Ms. Hu Zhurong (employee Director) as executive Directors; Mr. Jiang Qian 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.*

\* For identification purpose only