
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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
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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)

**(1) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE HIGHWAY
PROJECTS BATCHING PLANTS LEASING FRAMEWORK AGREEMENT
AND
(2) 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 13 of this circular. A letter from the Independent Board Committee in respect of the transactions contemplated under the Highway Projects Batching Plants Leasing Framework Agreement (including the proposed annual caps) is set out on pages 14 to 15 of this circular. A letter of advice from Gram Capital, in respect of the same to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 26 of this circular.

The Company intends to convene the EGM at 2:00 p.m. on Monday, October 11, 2021 at Conference Room No. 908, 9/F, YCIH Development Building, 188 Linxi Road, Information Industrial Base, Economic and Technological Development Zone, Kunming, Yunnan Province, the PRC. The notice of the EGM is set out on pages 30 to 32 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, in any event served 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.

September 17, 2021

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DEFINITIONS

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

“13th Five-Year Plan”	the “13th Five-Year Plan Guidelines for National Economic and Social Development of the People’s Republic of China”, a set of goals designed to strengthen China’s economy between 2016 and 2020
“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
“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 limited 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
“EGM”	the extraordinary general meeting to be convened by the Company at 2:00 p.m. on Monday, October 11, 2021 at Conference Room No. 908, 9/F, YCIH Development Building, 188 Linxi Road, Information Industrial Base, Economic and Technological Development Zone, Kunming, Yunnan Province, the PRC
“Group”	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 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

DEFINITIONS

“Highway Projects Batching Plants Leasing Framework Agreement”	the Highway Projects Batching Plants Leasing Framework Agreement entered into between the Company and YCIH on August 24, 2021, pursuant to which YCIH and its associates agreed to lease batching plants equipment and construction facilities in relation to highway projects to the Group
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“IFRS”	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
“Independent Board Committee”	the 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 Highway Projects Batching Plants Leasing Framework Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Highway Projects Batching Plants Leasing Framework Agreement and the transactions contemplated thereunder
“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)
“Latest Practicable Date”	September 15, 2021, 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

DEFINITIONS

“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC” or “China”	the People’s Republic of China, which for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	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)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“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 of the Company
“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 of the Company
“Yunnan Province”	Yunnan Province of the PRC
“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

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Zhang Yingyue
Mr. Rao Ye
Mr. Lu Jianfeng
Ms. Hu Zhurong (*employee Director*)

Registered office:

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

Non-executive Directors:

Mr. Jiang Qian
Mr. He Jianqiang

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 Province, the PRC

Independent non-executive Directors:

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

Principal place of business in Hong Kong:

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

September 17, 2021

To the Shareholders

Dear Sir or Madam,

**(1) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE HIGHWAY
PROJECTS BATCHING PLANTS LEASING FRAMEWORK AGREEMENT
AND
(2) NOTICE OF THE EGM**

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 resolution to be proposed at the EGM, to enable you to make an informed decision on whether to vote for or against the relevant resolution at the EGM.

LETTER FROM THE BOARD

II. CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE HIGHWAY PROJECTS BATCHING PLANTS LEASING FRAMEWORK AGREEMENT

(1) Introduction

Reference is made to the announcement of the Company dated August 24, 2021 in relation to the continuing connected transactions.

As the leading concrete enterprise in Yunnan Province with the strongest concrete supply capacity, the Company always participates in the highway construction projects in Yunnan Province to the largest extent and supplies concrete for large-scale highway projects. Along with the release of the “14th Five-Year Plan” for Regional Coordinated Development of Yunnan Province (2021-2025, Consultation Draft) in July 2021, the direction of infrastructure development in Yunnan Province has become clearer and the “connectivity (互聯互通)” project will be fully launched in Yunnan Province on the basis of the “as passable as possible (能通全通)” project for county highways. It’s expected that there are 78 newly-commenced highway projects in Yunnan Province with a length of 6,024 kilometers. YCIH, as the largest construction enterprise in Yunnan Province, will undertake such highway projects to the largest extent. Considering that the Company does not have batching plants in the surrounding areas of such highway projects that will commence construction in recent years and the existing batching plants of the Company cannot cover the area of such highway projects due to the limit of transportation radius, the Company intends to lease batching plants equipment and construction facilities from YCIH and its associates in order to fully explore the highway projects opportunities, reduce intensively significant capital expenditure and realize asset-light operation.

On August 24, 2021, the Company entered into the Highway Projects Batching Plants Leasing Framework Agreement with YCIH, pursuant to which YCIH and its associates agreed to lease batching plants equipment and construction facilities in relation to highway projects to the Group during the term of the Highway Projects Batching Plants Leasing Framework Agreement.

(2) Highway Projects Batching Plants Leasing Framework Agreement

Parties

- (i) YCIH (the lessor); and
- (ii) the Company (the lessee).

Principal terms

On August 24, 2021, the Company entered into the Highway Projects Batching Plants Leasing Framework Agreement with YCIH, pursuant to which YCIH and its associates agreed to lease batching plants equipment and construction facilities in relation to highway projects to

LETTER FROM THE BOARD

the Group during the term of the Highway Projects Batching Plants Leasing Framework Agreement. The batching plants equipment and construction facilities to be leased thereunder include, without limitation, the followings:

- (i) production equipment of batching plants and other equipment used in the operation of batching plants, such as concrete mixer and batching machine; and
- (ii) construction facilities.

The Highway Projects Batching Plants Leasing Framework Agreement shall become effective upon the Company obtaining the approval of Independent Shareholders at the EGM, and shall remain valid until December 31, 2023. Subject to compliance with the Listing Rules, the Highway Projects Batching Plants Leasing Framework Agreement may be renewed as agreed by both parties.

During the term of the Highway Projects Batching Plants Leasing Framework Agreement, the relevant parties will enter into individual written agreements which specify and record the terms and provisions of the specific transactions to be conducted in accordance with the principles and terms of the Highway Projects Batching Plants Leasing Framework Agreement in all material aspects.

Pricing guideline

- (i) The rental for leasing batching plants equipment shall be determined in accordance with the market purchase price of relevant equipment, management fees and taxes after arm's length negotiations between the parties to the agreement. The rental shall be generally in line with the prevailing market price at which the same type of equipment is leased to the Group by independent third party lessors on normal commercial terms and shall be determined based on the results of public tendering or invited tendering in accordance with the Company's internal regulations and rules applicable to all lessors of the same type of equipment. Pursuant to such regulations and rules, if YCIH and/or its associates win the bid, the terms they offer, including the price quoted, shall be no less favorable than those offered by any independent third party lessors that participates in the process;
- (ii) The rental for leasing construction facilities shall be comprised of the construction costs, management fees and taxes after arm's length negotiations between the parties to the agreement. The construction costs shall consist of field engineering fees and construction costs for auxiliary facilities, including but not limited to plants, laboratories, supporting facilities for office and living and stock ground and shall be subject to the settlement letter setting out the breakdown of actual costs incurred and agreed by both parties. The construction costs are subject to various factors including but not limited to location, transportation conditions and construction difficulties of the batching plants, and shall be calculated on a case-by-case basis. Based on the previous experience in

LETTER FROM THE BOARD

construction of batching plants and information currently available of highway projects proposed to commence construction, it's estimated that the construction costs for the construction facilities of each batching plant generally range from RMB3.5 million to RMB5.0 million. Considering that it is the first time for both parties to cooperate in relation to batching plants leasing, YCIH has agreed to waive the management fees for leasing construction facilities during the term of the Highway Projects Batching Plants Leasing Framework Agreement;

- (iii) The lessor shall be responsible for maintenance and repair of the batching plants equipment and construction facilities; and
- (iv) The lessor shall be responsible for transportation of the equipment, tearing down the construction facilities, land reclamation, and payment of relevant expenses thereof after the conclusion of the lease term.

The enterprise management department and the equipment information department of the Company will obtain quotes from at least three lessors (at least two of which shall be independent third parties) in the public tendering or invited tendering carried out for the purpose of leasing batching plants equipment. In addition, the final terms entered into between the party which secured the transaction (regardless of it being a connected person or an independent third party) and the Group shall be consistent with the key terms pre-determined and specified by the Group in the relevant tender document circulated before the public tendering or invited tendering process. The infrastructure department of the Company will review the construction plan, expense quota and settlement letter involved in the leasing of construction facilities, in order to verify the relevant construction costs. The finance department of the Company will review the tax involved in the leasing of batching plants equipment and construction facilities.

Besides the methods and procedures set out above, the Company will also monitor the continuing connected transactions in accordance with the procedures set forth in the Company's connected transactions management rules. The Company's enterprise management department shall be responsible for monitoring the continuing connected transactions conducted under the Highway Projects Batching Plants Leasing Framework Agreement and shall collect information of actual transactions on a quarterly 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 proposed annual caps.

LETTER FROM THE BOARD

(3) Proposed Annual Caps

The proposed annual caps on the total value of right-of-use assets^{Note} involved in the leasing of batching plants equipment and construction facilities during the term of the Highway Projects Batching Plants Leasing Framework Agreement are as follows:

Transaction	From the effective date of the agreement to December 31, 2021	For the year ending December 31,	
		2022	2023
		<i>(RMB million)</i>	
Leasing by the Group from YCIH and its associates	300	500	520

Note: Pursuant to IFRS 16, the leases to be entered into by the Company as lessee under the Highway Projects Batching Plants Leasing Framework Agreement will be recognised as right-of-use assets. The proposed annual caps are set on the total value of the right-of-use assets relating to the individual leasing agreements expected to be entered into by the Company in each year, which are calculated with reference to the aggregate annual rents under the full lease term of each individual leasing agreement newly entered into each year, discounted by the Company's incremental borrowing rate.

(4) Basis of the Proposed Annual Caps

In arriving at the proposed annual caps on the total value of right-of-use assets involved in the leasing of batching plants equipment and construction facilities during the term of the Highway Projects Batching Plants Leasing Framework Agreement, the Directors have considered the following:

- (i) in the first half of 2021, due to the outbreak of COVID-19 pandemic in Yunnan Province from time to time and a certain degree of tightening of the total amount of capital and liquidity in the market, the progress of certain highway construction projects undertaken by YCIH and its associates (such as Xuanwei-Fuyuan Highway and Binchuan-Heqin Highway) that the Group is responsible for concrete supply has been delayed. It's expected that such highway projects will commence construction in the second half of 2021;
- (ii) based on the continuous follow-up in terms of new opportunities, the Group will supply concrete for more than 10 highway projects which are undertaken by YCIH and its associates and will commence construction gradually, including but not limited to Eshan-Shiping-Honghe Highway (Honghe and Yuxi), Yongren-Jinshuihe (Xinping (Gasa)-Yuanjiang (Hongguang)) Highway, Chengjiang-Huaning Highway and Nasa-Xingjie Highway;
- (iii) along with the release of the "14th Five-Year Plan" for Regional Coordinated Development of Yunnan Province (2021-2025, Consultation Draft) in July 2021, the direction of infrastructure development in Yunnan Province has become clearer and the

LETTER FROM THE BOARD

“connectivity (互聯互通)” project will be fully launched in Yunnan Province on the basis of the “as passable as possible (能通全通)” project for county highways. According to relevant policy documents in relation to “14th Five-Year Plan” issued by People’s Government of Yunnan Province, there are around 10 highways that will commence construction in 2023. YCIH, as the largest construction enterprise in Yunnan Province, and the Group, as the leading concrete enterprise in Yunnan Province with the strongest concrete supply capacity and extensive experience in concrete supply for large-scale projects, will participate in such highway projects to the largest extent;

- (iv) the prevailing market purchase price of the relevant batching plants equipment and the estimated construction costs for construction facilities of the abovementioned highway projects based on the Group’s previous experience in construction of batching plants for highway projects. With respect to leasing batching plants equipment, the Company has obtained the quotes from three lessors (two of which are independent third parties) for three highway projects which are expected to commence construction in the second half of 2021 and estimated the total rental for leasing batching plants equipment during the term of the Highway Projects Batching Plants Leasing Framework Agreement in accordance with the quotations. With respect to leasing construction facilities, the total construction costs for construction facilities are calculated based on the estimated number of construction facilities for each highway project and estimated cost for construction facilities. The estimated number of construction facilities for each highway project is based on number of project batching plants, which is determined based on the total length of the highway to be constructed and the estimated demand of concrete products by construction site(s) along the highway after taking into account the construction progress and conditions of the surrounding areas. The cost for construction facilities is subject to various factors including but not limited to location, transportation conditions and construction difficulties of the batching plants, and shall be calculated on a case-by-case basis. Therefore, the Company estimated the cost for construction facilities based on the costs incurred for similar construction operations of batching plants previously undertaken by itself; and
- (v) the proposed annual caps would provide an adequate buffer for the Group to accommodate the demand for leasing batching plants equipment and construction facilities brought about by any unanticipated newly-commenced highway projects in the future.

(5) Reasons for and Benefits of Entering into the Highway Projects Batching Plants Leasing Framework Agreement

The Directors are of the view that such transactions under the Highway Projects Batching Plants Leasing Framework Agreement are beneficial to the Group for the following reasons:

- (i) based on the previous experience in highway projects, the Group will generally purchase relevant batching plants equipment and conduct field engineering and construction of auxiliary facilities on its own expenses, so as to produce and supply concrete. Considering that YCIH is the largest construction enterprise in Yunnan

LETTER FROM THE BOARD

Province and undertakes a variety of highway construction projects, coupled with that the Group is expected to intensively participate in the highway projects undertaken by YCIH and its associates in the coming three years, the Group intends to lease batching plants equipment and construction facilities from YCIH and its associates in order to reduce its one-time capital investment for purchase of fixed assets and realize asset-light operation. In addition, such transactions are beneficial for the Group to save more working capital for daily production and operation, and reduce investment risks and equipment and facilities management costs;

- (ii) YCIH and its associates will be responsible for maintenance and repair of the batching plants equipment and construction facilities during the lease term, and transportation of the equipment, tearing down the construction facilities, and land reclamation after the conclusion of the lease term, which is beneficial for the Group to reduce manpower costs; and
- (iii) the prices and terms for leasing batching plants equipment and construction facilities by the Group from YCIH and its associates would be no less favorable to the Group than those provided by independent third party lessors.

The Directors (including independent non-executive Directors after considering the advice from Gram Capital) are of the view that the transactions contemplated under the Highway Projects Batching Plants Leasing Framework Agreement (including the proposed annual caps) are entered into on normal commercial terms or better, in the ordinary course of business of the Group, are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

(6) Listing Rules Implications

As YCIH is a controlling Shareholder of the Company, YCIH and its associates are connected persons of the Company under the Listing Rules.

In respect of the transactions contemplated under the Highway Projects Batching Plants Leasing Framework Agreement, the highest applicable percentage ratio exceeds 5%. Such transactions, together with the proposed annual caps, are therefore subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Jiang Qian, a non-executive Director, who holds a position with YCIH Group, has abstained from voting on the Board resolution in relation to the Highway Projects Batching Plants Leasing Framework Agreement. Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Highway Projects Batching Plants Leasing Framework Agreement or is required to abstain from voting on the Board resolution in relation to the Highway Projects Batching Plants Leasing Framework Agreement.

LETTER FROM THE BOARD

(7) Information on the Parties

Information on the Company and the Group

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 primarily 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 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, is 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.

III. EGM AND VOTING METHOD

The Company intends to convene the EGM at 2:00 p.m. on Monday, October 11, 2021 at Conference Room No. 908, 9/F, YCIH Development Building, 188 Linxi Road, Information Industrial Base, Economic and Technological Development Zone, Kunming, Yunnan Province, the PRC, to consider and, if fit, approve the matter 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 September 17, 2021. The notice of the EGM is set out on pages 30 to 32 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, in any event served 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 98 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 Highway Projects Batching Plants Leasing Framework Agreement and the transactions contemplated thereunder. 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 transactions contemplated under the Highway Projects Batching Plants Leasing Framework Agreement (including the proposed annual caps). 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 and vote at the EGM, the Company will close the register of members from Wednesday, October 6, 2021 to Monday, October 11, 2021 (both days inclusive), during which period no transfer of Shares will be effected. Shareholders whose names appear on the Company's register of members on Monday, October 11, 2021 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 Tuesday, October 5, 2021, 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 Province, the PRC (for holders of Domestic Shares).

V. RECOMMENDATIONS

The Directors (including independent non-executive Directors after considering the advice from Gram Capital) are of the view that the transactions contemplated under the Highway Projects Batching Plants Leasing Framework Agreement (including the proposed annual caps) are entered into on normal commercial terms or better, in the ordinary course of business of the Group, are 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 so as to approve the transactions contemplated under the Highway Projects Batching Plants Leasing Framework Agreement (including the proposed annual caps).

Your attention is drawn to the letter from the Independent Board Committee set out on pages 14 to 15 of this circular and the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders set out on pages 16 to 26 of this circular.

LETTER FROM THE BOARD

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

Chairman

Zhang Yingyue



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)

September 17, 2021

To the Independent Shareholders,

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE HIGHWAY
PROJECTS BATCHING PLANTS LEASING FRAMEWORK AGREEMENT**

We refer to the circular dated September 17, 2021 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 transactions contemplated under the Highway Projects Batching Plants Leasing Framework Agreement (including the proposed annual caps), details of which are set out in the letter from the Board, are entered into on normal commercial terms or better, in the ordinary course of business of the Group, are 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 fairness and reasonableness of the transactions contemplated under the Highway Projects Batching Plants Leasing Framework Agreement (including the proposed annual caps). 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 16 to 26 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 4 to 13 of the Circular.

Having considered the transactions contemplated under the Highway Projects Batching Plants Leasing Framework Agreement (including the proposed annual caps), the interest of the Independent Shareholders and the advice and recommendation of Gram Capital, we are of the view that the transactions contemplated under the Highway Projects Batching Plants Leasing Framework Agreement (including the proposed annual caps) are entered into on normal commercial terms or better, in the ordinary course of business of the Group, are 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 transactions contemplated under the Highway Projects Batching Plants Leasing Framework Agreement (including the proposed annual caps).

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 Transaction 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

17 September 2021

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

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Highway Projects Batching Plants Leasing Framework Agreement and the transactions contemplated thereunder (the “**Transaction**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 17 September 2021 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.

On 24 August 2021, the Company entered the Highway Projects Batching Plants Leasing Framework Agreement with YCIH, pursuant to which YCIH and its associates agreed to lease batching plants equipment and construction facilities in relation to highway projects to the Group during the term of the Highway Projects Batching Plants Leasing Framework Agreement.

With reference to the Board Letter, the Transaction is subject to the reporting, announcement, annual review 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 Transaction are on normal commercial terms and are fair and reasonable; (ii) whether the Transaction is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Transaction 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, Gram Capital was engaged as the independent financial adviser in relation to (i) discloseable and continuing connected transactions, details of which are set out in the Company's circular dated 14 May 2020; and (ii) the continuing connected transactions, details of which are set out in the Company's circular dated 12 November 2020.

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.

Having considered the above, in particular (i) none of the circumstances as set out under the Rule 13.84 of the Listing Rules existed as at the Latest Practicable Date; and (ii) the aforesaid past engagements were only independent financial adviser engagements, we are of the view that we are independent to act as the Independent Financial Adviser.

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 Highway Projects Batching Plants Leasing Framework Agreement. 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 the 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

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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 Transaction. 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) 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 Transaction, we have taken into consideration of the following principal factors and reasons:

Background of the Transaction

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 primarily 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, being 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 (雲南省財政廳) and operates under the supervision and regulation of the Yunnan SASAC.

With reference to the Board Letter, 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.

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Reasons for and benefit of the Transaction

With reference to the Board Letter, the Directors are of the view that the Transaction is beneficial to the Group for certain reasons, details of which are set out under the section headed “Reasons for and Benefits of Entering into the Highway Projects Batching Plants Leasing Framework Agreement” of the Board Letter.

As confirmed by the Directors, as the Transaction is conducted in the ordinary and usual course of business of the Group and on a frequent and regular basis, it would be 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. Accordingly, the Directors are of the view that the Transaction will be beneficial to the Company and the Shareholders as a whole.

Having considered the above factors, we consider that the Transaction is conducted in the ordinary and usual course of business of the Group and is in the interest of the Company and the Shareholders as a whole.

Principal terms of the Transaction

Summarised below are the major terms of the Transaction, details of which are set out under the section headed “Highway Projects Batching Plants Leasing Framework Agreement” of the Board Letter:

Date

24 August 2021

Parties

- (i) YCIH (the lessor); and
- (ii) the Company (the lessee)

Principal terms

Pursuant to the Highway Projects Batching Plants Leasing Framework Agreement, YCIH and its associates agreed to lease batching plants equipment and construction facilities in relation to highway projects to the Group during the term of the Highway Projects Batching Plants Leasing Framework Agreement. The batching plants equipment and construction facilities to be leased thereunder include, without limitation, the followings:

- (i) production equipment of batching plants and other equipment used in the operation of batching plants, such as concrete mixer and batching machine; and
- (ii) construction facilities.

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The Highway Projects Batching Plants Leasing Framework Agreement shall become effective upon the Company obtaining the approval of Independent Shareholders at the EGM, and shall remain valid until 31 December 2023. Subject to compliance with the Listing Rules, the Highway Projects Batching Plants Leasing Framework Agreement may be renewed as agreed by both parties.

During the term of the Highway Projects Batching Plants Leasing Framework Agreement, the relevant parties will enter into individual written agreements which specify and record the terms and provisions of the specific transactions to be conducted in accordance with the principles and terms of the Highway Projects Batching Plants Leasing Framework Agreement in all material aspects.

Pricing guideline

Under the Highway Projects Batching Plants Leasing Framework Agreement, the price of the products shall be determined as follows:

- (i) The rental for leasing batching plants equipment shall be determined in accordance with the market purchase price of relevant equipment, management fees and taxes after arm's length negotiations between the parties to the agreement. The rental shall be generally in line with the prevailing market price at which the same type of equipment is leased to the Group by independent third party lessors on normal commercial terms and shall be determined based on the results of public tendering or invited tendering in accordance with the Company's internal regulations and rules applicable to all lessors of the same type of equipment. Pursuant to such regulations and rules, if YCIH and/or its associates win the bid, the terms they offer, including the price quoted, shall be no less favorable than those offered by any independent third party lessors that participates in the process;
- (ii) The rental for leasing construction facilities shall be comprised of the construction costs, management fees and taxes after arm's length negotiations between the parties to the agreement. The construction costs shall consist of field engineering fees and construction costs for auxiliary facilities, including but not limited to plants, laboratories, supporting facilities for office and living and stock ground and shall be subject to the settlement letter setting out the breakdown of actual costs incurred and agreed by both parties. Considering that it is the first time for both parties to cooperate in relation to batching plants leasing, YCIH has agreed to waive the management fees for leasing construction facilities during the term of the Highway Projects Batching Plants Leasing Framework Agreement;
- (iii) The lessor shall be responsible for maintenance and repair of the batching plants equipment and construction facilities; and
- (iv) The lessor shall be responsible for transportation of the equipment, tearing down the construction facilities, land reclamation, and payment of relevant expenses thereof after the conclusion of the lease term.

In respect of the rental for leasing batching plants equipment, as (i) the rental shall be generally in line with the prevailing market price at which the same type of equipment is leased to the Group by independent third party lessors on normal commercial terms and shall be determined based on the results of

LETTER FROM GRAM CAPITAL

public tendering or invited tendering; and (ii) if YCIH and/or its associates win the bid, the terms they offer, including the price quoted, shall be no less favorable than those offered by any independent third party lessors that participates in the process, we consider the rental for leasing batching plants equipment to be fair and reasonable.

In respect of the rental for leasing construction facilities, as mentioned above, the rental for leasing construction facilities shall be comprised of the construction costs, management fees and taxes after arm's length negotiations between the parties to the agreement. As advised by the Directors, if the Company constructs the construction facilities by itself, the Company will also be responsible for the construction costs, maintenance costs, taxes. As (i) there will be no management fees; (ii) the lessor shall be responsible for maintenance and repair of the construction facilities; and (iii) the lessor shall be responsible for transportation of the equipment, tearing down the construction facilities, land reclamation, and payment of relevant expenses thereof after the conclusion of the lease term, we consider the rental for leasing construction facilities, which shall be determined in accordance with construction costs and taxes, to be fair and reasonable.

With reference to the Board Letter, the Company has established a series of procedures and internal control measures in order to ensure that the pricing mechanism and terms of the transactions are fair and reasonable and no less favourable than the terms provided by any independent third party, so as to ensure that they serve the interests of the Company and its Shareholders as a whole. Details of such procedures and internal control measures are set out in the section headed "Pricing guideline" in the Board Letter. Having considered that (i) there will be quotes collection procedures for leasing batching plants equipment; and (ii) the infrastructure department of the Company will review the construction plan, expense quota and settlement letter involved in the leasing of construction facilities and the finance department of the Company will review the tax involved in the leasing of batching plants equipment and construction facilities, we consider the effective implementation of the internal control system will ensure fair pricing under the Transaction.

Proposed annual caps

Set out below are proposed annual caps (the "Annual Caps") on the total value of right-of-use assets involved in leasing of batching plants equipment and construction facilities during the term of the Highway Projects Batching Plants Leasing Framework Agreement (the "Term") are as follows:

	From the effective date of the agreement to 31 December 2021 ("FY2021") RMB'million	For the year ending 31 December 2022 ("FY2022") RMB'million	For the year ending 31 December 2023 ("FY2023") RMB'million
Annual Caps	300	500	520

The bases for determining the Annual Caps during the Term are set out under sub-section headed "Basis of the Proposed Annual Caps" of section headed "Highway Projects Batching Plants Leasing Framework Agreement" of the Board Letter.

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Upon our request, the Directors provided us the calculation of the Annual Caps during the Term. We noted that the Annual Caps were calculated by (i) the estimated value of right-of-use of (a) construction facilities of the highway projects; and (b) relevant batching plants equipment; and (ii) buffers ranging from 1% to 6% on the estimated value of right-of use of aforesaid assets.

From the effective date of the Highway Projects Batching Plants Leasing Framework Agreement to 31 December 2021

The estimated value of right-of-use of construction facilities of the highway projects of approximately RMB149 million was based on estimated contract values of each of 8 highways projects^(Note) which are expected to be undertaken by YCIH and its associates and will commence construction in the second half of 2021.

The estimated value of right-of-use of the relevant batching plants equipment of approximately RMB134 million was based on estimated contract values of each of 7 highways projects^(Note) which are expected to be undertaken by YCIH and its associates and will commence construction in the second half of 2021.

For our due diligence purpose, we obtained breakdowns of the estimated contract values of the aforesaid projects and noted the followings:

- **Construction facilities:** the estimated contract value of construction facilities was calculated based on estimated number of construction facilities for each highway project and estimated cost of the construction facilities.

As advised by the Directors, the number of construction facilities for each highway project was based on number of project batching plants, which was determined based on the total length of the highway to be constructed and the estimated demand of concrete products by construction site(s) along the highway after taking into account the construction progress and conditions of the surrounding areas.

Upon our request, the Directors provided us (i) figures showing historical highway projects with length of the highway and number of construction facilities; and (ii) figures showing highway projects (which the Group will be involved in FY2021) with length of the highway and estimated total number of construction facilities. We noted that average distance between two project batching plants in any highway projects (which the Group will be involved in FY2021) were generally in line with the average distance between two project batching plants in historical highway projects. Accordingly, we consider the estimated number of construction facilities for each highway project (which represented the total estimated number of construction facilities or lesser total estimated number of construction facilities due to the fact that the Company may lease partial construction facilities in a highway project) to be justifiable.

Note: The Company may only lease construction facilities or batching plants equipment in an individual highway project.

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With reference to the Board Letter, the construction costs are subject to various factors including but not limited to location, transportation conditions and construction difficulties of the batching plants, and shall be calculated on a case-by-case basis. Based on the previous experience in construction of batching plants and information currently available of highway projects proposed to commence construction, it's estimated that the construction costs for the construction facilities of each batching plant are generally ranging from RMB3.5 million to RMB5.0 million. Upon our request, the Directors provided us documents (including settlement letters) showing the Group's construction cost for three project batching plants of historical highway projects. We noted that the average estimated cost of construction facilities is in line with the average construction cost for the three project batching plants of historical highway projects. Accordingly, we consider the estimated cost of the construction facilities to be justifiable.

Based on calculation of the estimated number of construction facilities required times the estimated cost of the construction facilities, we consider the estimated contract value of construction facilities to be justifiable.

- **Batching plants equipment:** the estimated contract value of batching plants equipment was calculated based on estimated number of batching plants equipment for each highway projects and estimated cost of the batching plants equipment.

As advised by the Directors, the estimated cost of the batching plants equipment was determined based on the prevailing market purchase price of the relevant batching plants equipment.

Upon our request, the Company provided two quotations from independent third parties for three highway projects. According to the quotations, the estimated cost of the batching plants equipment is in line with the quotations for same batching plants equipment as offered by independent third parties. Accordingly, we consider the estimated cost of the batching plants equipment to be reasonable.

Upon our request, the Directors advised that there was/were one to two production lines (note: one batching plants equipment to be leased by the Group for each production line) installing in each project batching plants generally. We noticed that the estimated number of batching plants equipment was in line with the above.

Based on the estimated number of batching plants equipment and estimated cost of the batching plants equipment, we consider the estimated contract value of batching plants equipment to be justifiable.

- **Right-of-use assets:** the right-of-use assets amounts was the total value of the right-of-use assets relating to the individual leasing agreements expected to be entered into by the Company in each year, which are calculated with reference to the aggregate annual rents under the full lease term of each individual leasing agreement newly entered into each year, discounted by the Company's incremental borrowing rate.

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For our due diligence purpose, we enquired into the Directors regarding the assumptions for the converting of the estimated contract values into the estimated value of right-of-use of construction facilities of the highway projects and the relevant batching plants equipment.

Based on the above factors, we consider the estimated value of right-of-use of (a) construction facilities of the highway projects; and (b) relevant batching plants equipment for FY2021 to be reasonable.

FY2022

The estimated value of right-of-use of construction facilities of the highway projects of approximately RMB268 million was based on 7 highways projects which are expected to be undertaken by YCIH and its associates and will commence construction in 2022.

The estimated value of right-of-use of the relevant batching plants equipment of approximately RMB207 million was based on 7 highways projects which are expected to be undertaken by YCIH and its associates and will commence construction in 2022.

For our due diligence purpose, we obtained breakdowns of the aforesaid values of right-of-use assets. We noted that the assumptions for the calculation of the estimated value of right-of-use of (a) construction facilities of the highway projects; and (b) batching plants equipment for FY2022 were the same as those for FY2021. Having considered our analyses above, we consider the estimated value of right-of-use of (a) construction facilities of the highway projects; and (b) batching plants equipment for FY2022 to be reasonable.

FY2023

We noted that the estimated value of right-of-use of (a) construction facilities of the highway projects amounted to approximately RMB257 million; and (b) relevant batching plants equipment amounted to approximately RMB259 million, for FY2023.

The total estimated value of right-of-use of the aforesaid assets (i.e. RMB516 million) for FY2023 represented an increase of approximately 9% as compared to that for FY2022.

As advised by the Company, in general, the Company will provide more concrete products to YCIH and its associates should YCIH and its associates be responsible for the construction of more highway projects, which may also lead to the Company's increase in demand of leasing construction facilities and batching plants equipment for concrete products production.

Upon our request, the Directors advised us the volume (in cubic meter) of concrete products provided by the Group to YCIH and its associates for the years ended 31 December 2019 and 2020 respectively. We noted that, the said volume (in cubic meter) for the year ended 31 December 2020 represented an increase of approximately 28% as compared to that for the year ended 31 December 2019.

Based on the above factors, we are of the view that the estimated value of right-of-use of (a) construction facilities of the highway projects; and (b) relevant batching plants equipment for FY2023 to be reasonable.

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Buffers

As mentioned above, buffers ranging from 1% to 6% were applied on the estimated value of right-of use of aforesaid assets. Having considered that additional buffers applies to unpredictable circumstances (e.g. unpredictable increase in rent in the future or unpredictable increase in number of construction facilities and batching plants equipment for any anticipated highway projects), we consider the buffers to be acceptable.

Conclusion

Based on the above factors, including (i) the estimated value of right-of-use of (a) construction facilities of the highway projects; and (b) relevant batching plants equipment for the three years ending 31 December 2023 to be reasonable; and (ii) the buffers to be acceptable, we are of the view that the Annual Caps for the three years ending 31 December 2023 to be fair and reasonable.

Shareholders should note that as the Annual Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2023, and they do not represent forecasts of cost or expense incurred under the Transaction. Consequently, we express no opinion as to how closely the actual cost or expense to be incurred under the Transaction will correspond with the Annual Caps.

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 of the Transaction must be restricted by the proposed annual caps for the period concerned under the Highway Projects Batching Plants Leasing Framework Agreement; (ii) the terms of the Transaction must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Transaction must be included in the Company's subsequent published annual reports.

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 Transaction (i) has not been approved by the Board; (ii) was not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iii) has exceeded their respective proposed annual caps.

In the event that the total value of the Transaction is anticipated to exceed the Annual Caps, or that there is any proposed material amendment to the terms of the Transaction, 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 Transaction and thus the interest of the Independent Shareholders would be safeguarded.

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RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transaction are on normal commercial terms and are fair and reasonable; and (ii) the Transaction is conducted in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole. 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 Transaction 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 STATEMENTS

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

References are made to the profit alert announcement dated August 11, 2021, the 2021 interim results announcement dated August 24, 2021 and the 2021 interim report dated September 14, 2021 of the Company. For the six months ended June 30, 2021, the Group realized a revenue of RMB1,080.2 million, representing a decrease of 41.2% from the corresponding period of 2020 and recorded a profit before income tax of RMB23.5 million for the six months ended June 30, 2021, representing a decrease of 85.3% from the corresponding period of 2020. The decrease in revenue and profit before income tax was mainly attributable to (1) in the first half of 2021, although the Group's business with independent third parties has increased as compared with the corresponding period in 2020, due to factors such as the conclusion of the 13th Five-Year Plan and the poverty alleviation, the resumption of work and production following the COVID-19 pandemic in 2020, the poverty-alleviation relocation projects (such as the Qiaojia immigration relocation project) and a number of highway projects (including Yuanjiang-Manhao Highway, Mile-Yuxi Highway, Dakaimen-Gasa Highway, Guangnan-Nasa Highway, Shangri-la-Lijiang Highway, etc.) undertaken by the Group previously were completed or entered the final stage gradually in the second half of 2020 and the first half of 2021, resulting in the demand of concrete (especially high-grade concrete) for the aforementioned projects dropping significantly in the first half of 2021 as compared with the corresponding period in 2020; and (2) for the highway projects for which the Group intends to supply concrete in the first half of 2021, as the newly confirmed COVID-19 cases in Yunnan Province, the delayed commencement of the projects and the time-consuming preparatory work, the projects have not yet or entered the construction stage late, so the supply of concrete has decreased significantly in the first half of 2021 as compared with the corresponding period in 2020.

As at the Latest Practicable Date, save as disclosed above, the Directors were not aware of any material adverse change in the financial or trading position of the Group since December 31, 2020, 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
Jiang Qian	Vice Chairman and Secretary of the Party Committee of YOIC
He Jianqiang	Deputy General Manager of KMEIC
Wu Xinhe	Deputy General Manager of KMEIC
Yang Guanglei	Member of the Discipline Inspection Commission and Head of the Office for the Leading Group for Party Committee Inspection Work of YCIH
Gu Feng	Deputy Manager of the Finance Department of YOIC

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, 2020 (being the date to which the latest published audited consolidated financial statements of the Company 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, 2020, 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 and this circular will be made available for inspection at the Company 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 any weekday (except for public holidays) up to the date which is 14 days from the date of this circular:

- (a) the Highway Projects Batching Plants Leasing Framework Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out on pages 14 to 15 of this circular;
- (c) the letter from Gram Capital, the text of which is set out on pages 16 to 26 of this circular; and
- (d) the written consent referred to in paragraph 7 of this Appendix.

NOTICE OF THE EGM



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)

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 2:00 p.m. on Monday, October 11, 2021 at Conference Room No. 908, 9/F, YCIH Development Building, 188 Linxi Road, Information Industrial Base, Economic and Technological Development Zone, Kunming, Yunnan Province, the PRC, to consider and, if fit, approve, with or without amendments, the following resolution. Unless otherwise specified, capitalized terms used in this notice shall have the same meanings as defined in the circular of the Company dated September 17, 2021 (the “**Circular**”).

ORDINARY RESOLUTION

- (1) To consider and approve:
- (i) the entering into of the Highway Projects Batching Plants Leasing Framework Agreement between the Company and YCIH and the continuing connected transactions contemplated thereunder (including the proposed annual caps); and
 - (ii) the Board and person(s) duly authorized by the Board, jointly or severally, doing, approving and implementing all such acts and things as he/she may in his/her discretion consider necessary or desirable in respect of this ordinary resolution.

Details of the resolution 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
Chairman
Zhang Yingyue

Kunming, China, September 17, 2021

NOTICE OF THE EGM

As at the date of this notice, 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.

Notes:

- i. To determine the list of Shareholders entitled to attend and vote at the EGM, the Company will close the register of members from Wednesday, October 6, 2021 to Monday, October 11, 2021 (both days inclusive), during which period no transfer of Shares will be effected. Shareholders whose names appear on the Company's register of members on Monday, October 11, 2021 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 Tuesday, October 5, 2021, 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 Province, 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 Province, 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.

NOTICE OF THE EGM

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 resolution set out at the EGM will be taken by poll.

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:

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

Tel: 0871-6318 7896

Fax: 0871-6331 3458