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**雲建綠砼**

**GHPC**

**YCIH Green High-Performance Concrete Company Limited**

**雲南建投綠色高性能混凝土股份有限公司**

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

**(Stock Code: 1847)**

**ANNOUNCEMENT  
CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO THE LAND AND PROPERTY LEASING  
FRAMEWORK AGREEMENT**

**INTRODUCTION**

Please refer to the Prospectus for (among others) the existing continuing connected transactions under the 2019 Land and Property Leasing Framework Agreement.

As the term of the 2019 Land and Property Leasing Framework Agreement will expire on December 31, 2021, the Company and YCIH entered into the Land and Property Leasing Framework Agreement on November 26, 2021 to renew the 2019 Land and Property Leasing Framework Agreement. Pursuant to the Land and Property Leasing Framework Agreement, YCIH and its associates agreed to lease the land and properties lawfully owned by YCIH and/or its associates to the Company for a 3-year period from January 1, 2022 to December 31, 2024.

**LISTING RULES IMPLICATIONS**

As YCIH is the 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 Land and Property Leasing Framework Agreement, the highest applicable percentage ratio exceeds 0.1% but less than 5%. Such transactions, together with the proposed annual caps, are therefore subject to the reporting, announcement and annual review, while exempt from compliance with the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **I. INTRODUCTION**

Please refer to the Prospectus for (among others) the existing continuing connected transactions under the 2019 Land and Property Leasing Framework Agreement.

As the term of the 2019 Land and Property Leasing Framework Agreement will expire on December 31, 2021, the Company and YCIH entered into the Land and Property Leasing Framework Agreement on November 26, 2021 to renew the 2019 Land and Property Leasing Framework Agreement. Pursuant to the Land and Property Leasing Framework Agreement, YCIH and its associates agreed to lease the land and properties lawfully owned by YCIH and/or its associates to the Company for a 3-year period from January 1, 2022 to December 31, 2024.

## **II. LAND AND PROPERTY LEASING FRAMEWORK AGREEMENT**

### **Parties**

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

### **Principal terms**

The Company entered into the Land and Property Leasing Framework Agreement on November 26, 2021 with YCIH, pursuant to which, the Company may lease land and properties lawfully owned by YCIH and/or its associates.

As of the date of this announcement, the land and properties leased by the Company from YCIH and/or its associates include:

- (i) two pieces of land in Kunming where two batching plants of the Company are located to serve the regional market, covering an area of 16 mu and 42 mu, respectively;
- (ii) one property in Kunming leased for use as the Company's headquarters office, with an aggregate GFA of 4,179.61 m<sup>2</sup>; and
- (iii) one property in Zhaotong leased for use as the Company's office, with an aggregate GFA of 463.71 m<sup>2</sup>.

The principal terms of the Land and Property Leasing Framework Agreement are as follows:

- (i) the term of the Land and Property Leasing Framework Agreement will commence on January 1, 2022 and end on December 31, 2024, subject to early termination by either party giving at least 30 Business Days prior written notice to the other party. Parties can renew the Land and Property Leasing Framework Agreement by mutual agreement in

accordance with the principle of good faith upon expiration of the term, provided that the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations are complied with; and

- (ii) during the term of the Land and Property Leasing Framework Agreement, the relevant parties will enter into individual agreements which specify and record the terms and provisions of the specific leasing transactions to be carried out in accordance with the principles and terms of the Land and Property Leasing Framework Agreement in all material aspects.

### **Pricing guideline**

Under the Land and Property Leasing Framework Agreement, the rentals and other charges shall be determined as follows:

- (i) both parties shall refer to the lease contract (if any) that has been or is being performed by the parties, the market rental of similar land and properties in the neighboring area of the relevant land and properties, and determine the rentals on normal commercial terms to ensure a fair and reasonable rental level;
- (ii) both parties shall review and adjust (if applicable) rentals upon the renewal of the Land and Property Leasing Framework Agreement by reference to the prevailing market conditions, including factors like the geographical location, the standard of construction and the surrounding area;
- (iii) the lessee shall be responsible for all utility charges incurred in using the relevant properties during the term of the lease; and
- (iv) the lessee shall be responsible for maintenance and repair of the leased land and properties and also the cost incurred hereunder during the term of the lease.

The Company will monitor the continuing connected transactions in accordance with the procedures set forth in the Company's connected transaction management rules. The Company's enterprise management department shall be responsible for monitoring the continuing connected transactions conducted under the Land and Property 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.

### III. HISTORICAL TRANSACTION AMOUNTS AND PROPOSED ANNUAL CAPS

#### Historical Transaction Amounts

The rentals paid by the Company to YCIH and its associates under the 2019 Land and Property Leasing Framework Agreement for each of the two years ended December 31, 2019 and 2020 and the ten months ended October 31, 2021 are set out as follows:

	Year ended December 31,		Ten months ended
	2019	2020	October 31,
	(RMB million)	(RMB million)	2021
			(RMB million)
Rentals paid to YCIH and its associates	5.16	4.89	3.56

#### Proposed Annual Caps

Assuming that the actual leased land and properties will remain basically unchanged each year in the next 3 years and in consideration of the needs of business development, and based on the expected contracts to be signed for the relevant leasing business, the proposed annual caps on the total value of right-of-use assets<sup>Note</sup> involved in the leasing of the land and properties during the term of the Land and Property Leasing Framework Agreement are as follows:

	Year ended December 31,		
	2022	2023	2024
	(RMB million)	(RMB million)	(RMB million)
Leasing land and properties from YCIH and its associates	8.00	5.00	10.00

*Note:* Pursuant to IFRS 16, the leases to be entered into by the Company as lessee under the Land and Property 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.

#### **IV. 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 the land and properties during the term of the Land and Property Leasing Framework Agreement, the Directors have considered the following:

- (i) the historical transaction amounts for each of the two years ended December 31, 2019 and 2020 and the ten months ended October 31, 2021;
- (ii) the expected annual rental of the leased land and properties with their covering area/GFA multiplied by their respective unit rates with reference to the market rates and the expected lease term; and
- (iii) the expected increase of demand in leased production and/or office area as a result of expansion of the Group's business operations in the future.

#### **V. REASONS FOR AND BENEFITS OF ENTERING INTO THE LAND AND PROPERTY LEASING FRAMEWORK AGREEMENT**

The Group had been leasing the land and properties from YCIH and its associates for use in its ordinary and usual course of business during the term of the 2019 Land and Property Leasing Framework Agreement. Given such transactions were carried out on normal commercial terms, the continuing of the transactions under the Land and Property Leasing Framework Agreement after entering into the agreement will ensure smooth business operations and save administrative costs.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Land and Property Leasing Framework Agreement (including the proposed annual caps) are entered into in the ordinary and usual course of business of the Company on normal commercial terms, and the terms contained therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **VI. 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 Land and Property Leasing Framework Agreement, the highest applicable percentage ratio exceeds 0.1% but less than 5%. Such transactions, together with the proposed annual caps, are therefore subject to the reporting, announcement and annual review, while exempt from compliance with the 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 Land and Property Leasing Framework Agreement. Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Land and Property Leasing Framework Agreement or is required to abstain from voting on the Board resolution in relation to the Land and Property Leasing Framework Agreement.

## **VII. 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 date of this announcement, 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.

## VIII. DEFINITIONS

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

“2019 Land and Property Leasing Framework Agreement”	the land and property leasing framework agreement dated September 25, 2019 entered into between the Company and YCIH
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
“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)”	means 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
“GFA”	gross floor area
“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
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“IFRS”	International Financial Reporting Standards and the International Accounting Standards (IAS) promulgated by the International Accounting Standard Board (IASB) including restated standards, amendments and interpretations issued
“Land and Property Leasing Framework Agreement”	the land and property leasing framework agreement entered into between the Company and YCIH on November 26, 2021, pursuant to which YCIH and its associates agreed to lease land and property lawfully owned by YCIH and/or its associates to the Company
“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
“m <sup>2</sup> ”	square meter
“mu”	a Chinese unit of area, also spelled “mou”, equivalent to 0.066 hectares
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“Prospectus”	the prospectus of the Company dated October 21, 2019
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi yuan, the lawful currency of the PRC
“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



“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
“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*

By Order of the Board  
**YCIH Green High-Performance Concrete Company Limited**  
**Lu Jianfeng**  
*Deputy Chairman*

Kunming, China, November 26, 2021

*As at the date of this announcement, the Board comprises 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.*