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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) PROFIT ALERT; AND
(2) BUSINESS UPDATE**

This announcement is made by YCIH Green High-Performance Concrete Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Reference is made to the announcement of the Company dated August 11, 2021 in relation to profit alert and business update.

PROFIT ALERT

The board of directors of the Company (the “**Board**”) hereby informs the shareholders of the Company and potential investors that for the year ended December 31, 2021 (the “**Period**”), although the Group has entered into new concrete supply contracts with an aggregate amount of approximately RMB3.5 billion, representing a certain increase as compared to the same period in 2020 (approximately RMB3.3 billion), the concrete supply contracts of the Group with an aggregate amount of approximately RMB1.9 billion as at December 31, 2021, could not be fulfilled in 2021, due to the following reasons:

- (1) The highway projects undertaken by the Group have successively entered the final stages in 2021, and there has been delayed commencement of new highway projects and other major projects which were originally scheduled in 2021, with an apparent slowdown in concrete demands from downstream as compared with the same period in 2020;

- (2) According to the “Notice on the Establishment of the Management Policy for Real Estate Loans Concentration by Financial Institutions in the Banking Industry”* (《關於建立銀行業金融機構房地產貸款集中度管理制度的通知》) issued by The People’s Bank of China* (中國人民銀行) and China Banking and Insurance Regulatory Commission of the People’s Republic of China* (the “PRC”) (中華人民共和國銀行保險監督管理委員會) and effected from January 1, 2021, the banks have tightened the loans to the real estate enterprises and the construction companies confronted with fund shortage, which resulted the delay of new housing construction projects of the Group and a slower progress in the original housing construction projects;
- (3) The “Proposal of Modifying the Mechanism of Double Control on Energy Consumption Intensity and Volume”* (《完善能源消費強度和總量雙控制度方案》) published by National Development and Reform Commission* (國家發展和改革委員會) in September 2021 has limited the production of upstream cement industry for the Group’s operations, which resulted a sharp increase in cement prices due to the decrease in cements supply volume, therefore, the concrete industry was affected by both the aforesaid policy and cements supply shortage at the same time; and
- (4) The Group’s projects have been delayed in the prefectures and municipalities at the border in Yunnan Province due to the COVID-19 outbreak impacts on such prefectures and municipalities at the border in Yunnan Province, the PRC.

In addition, there was no significant decrease in the fixed costs of the Group for the Period as compared with the same period of 2020 and the economies of scale have declined. Based on the preliminary assessment of the Group’s unaudited consolidated management accounts for the year ended December 31, 2021 and information currently available to the Group, the Group’s profit before income tax for the Period decreased by approximately 94.6% from the profit before income tax of approximately RMB278 million for the year ended December 31, 2020.

As the results of the Group for the Period are subject to further review and have not yet been finalized, the information contained in this announcement is only based on the preliminary assessment by the Board according to the currently available unaudited consolidated management accounts and the information currently available to the Group. Therefore, the actual results of the Group for the Period (which is expected to be published in late March 2022 and included in the Company’s annual results announcement) may differ from the information contained in this announcement. Shareholders and potential investors of the Company are advised to read the Company’s annual results announcement carefully when published.

BUSINESS UPDATE

The Board hereby provides the shareholders of the Company and potential investors the following business update of the Group:

As at the date of December 31, 2021, the aggregated amount carried forward of the Group's concrete supply contracts at hand was RMB1.9 billion. On this basis, the Group continued to actively organize and carry out marketing. As of the date of this announcement, the Group has entered into concrete supply contracts with an aggregate amount of approximately RMB500 million in 2022 (the same period in 2021: approximately RMB300 million). In addition, based on the continuous business tracking condition, the Group expects to sign certain concrete supply contracts in the near future. According to preliminary estimates, the aggregated contract amount is approximately RMB900 million.

This announcement includes forward-looking statements in respect of the expectations for the Company's supply of concrete. Such forward-looking statements shall not constitute a guarantee for the Company's performance in the future. The Company's supply of concrete significantly relies on the entering into of definitive concrete supply contracts and the progress of the customer's projects. There is no guarantee that the backlog of the supply of concrete will eventually be recognized as revenue according to the Company's expected progress and amounts.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
YCIH Green High-Performance Concrete Company Limited
Li Zhangjian
Chairman

Kunming, China, March 16, 2022

As at the date of this announcement, the Board comprises Mr. Li Zhangjian, Mr. Lu Jianfeng, Mr. Zhang Long and Ms. Hu Zhurong (employee Director) as executive Directors; Mr. Jiang Qian and Mr. He Jianqiang as non-executive Directors; and Mr. Wong Kai Yan Thomas, Mr. Yu Dingming and Mr. Li Hongkun as independent non-executive Directors.

** For identification purposes only*