

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



雲建綠砼
GHPC

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

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

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2022; AND
CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING

ANNUAL FINANCIAL HIGHLIGHTS:

For the year ended December 31, 2022, the Group's:

- revenue was approximately RMB1,680.7 million, which decreased by 20.1% as compared with 2021;
- profit before income tax was approximately RMB36.4 million, which increased by 142.7% as compared with 2021;
- net profit attributable to equity holders of the Company was approximately RMB27.2 million, which increased by 3,785.7% as compared with 2021;
- earnings per Share was approximately RMB0.06 (2021: RMB0.00).

The Board proposed to pay a final cash dividend of RMB0.0331 per share (including tax) for 2022 to the Shareholders, based on the current total number of Shares of 446,272,000 Shares, which came to a total amount of approximately RMB14.8 million (including tax), subject to Shareholders' approval at the 2022 AGM, which is expected to be paid on or before Tuesday, July 25, 2023.

The Board announces the audited consolidated results of the Group for the year ended December 31, 2022 together with the comparative data for the year ended December 31, 2021 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

| | <i>Note</i> | Year ended December 31, | |
|---|-------------|--------------------------------|--------------------|
| | | 2022 | 2021 |
| | | RMB'000 | RMB'000 |
| Revenue | 3 | 1,680,686 | 2,102,526 |
| Cost of sales | 5 | <u>(1,497,751)</u> | <u>(1,961,895)</u> |
| Gross profit | | <u>182,935</u> | <u>140,631</u> |
| Other income | 3 | 6,201 | 20,243 |
| Other (losses)/gains – net | 4 | (6,206) | 2,506 |
| Selling expenses | 5 | (15,586) | (7,883) |
| Administrative expenses | 5 | (88,575) | (119,248) |
| Research and development expenses | 5 | (11,596) | (8,065) |
| Net impairment losses on financial assets | 5 | <u>(21,183)</u> | <u>(14,497)</u> |
| Operating profit | | <u>45,990</u> | <u>13,687</u> |
| Finance income | 6 | 5,528 | 9,932 |
| Finance costs | 6 | <u>(15,118)</u> | <u>(8,582)</u> |
| Finance (costs)/income – net | 6 | <u>(9,590)</u> | <u>1,350</u> |
| Profit before income tax | | <u>36,400</u> | <u>15,037</u> |
| Income tax expense | 7 | <u>(6,523)</u> | <u>(8,344)</u> |
| Profit for the year | | <u>29,877</u> | <u>6,693</u> |
| Profit attributable to: | | | |
| – The equity holders of the Company | | 27,173 | 701 |
| – Non-controlling interests | | <u>2,704</u> | <u>5,992</u> |
| | | <u>29,877</u> | <u>6,693</u> |
| Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in RMB per share) | | | |
| – Basic and diluted earnings per share | 8 | <u>0.06</u> | <u>0.00</u> |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

| | Year ended December 31, | |
|--|--------------------------------|---------------------|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| Profit for the year | <u>29,877</u> | <u>6,693</u> |
| Other comprehensive income | | |
| <i>Items that may be reclassified to profit or loss</i> | | |
| – Changes in the fair value of debt instruments at fair value through other comprehensive income | 840 | 1,666 |
| – Income tax relating to the item | <u>(165)</u> | <u>(266)</u> |
| Other comprehensive income for the year, net of tax | <u>675</u> | <u>1,400</u> |
| Total comprehensive income for the year | <u><u>30,552</u></u> | <u><u>8,093</u></u> |
| Total comprehensive income attributable to: | | |
| – The equity holders of the Company | 27,835 | 2,090 |
| – Non-controlling interests | <u>2,717</u> | <u>6,003</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

| | <i>Note</i> | As at December 31, | |
|---|-------------|---------------------------|-------------------------|
| | | 2022 | 2021 |
| | | RMB'000 | RMB'000 |
| ASSETS | | | |
| Non-current assets | | | |
| Land use rights | | 41,702 | 42,687 |
| Property, plant and equipment | | 202,329 | 199,919 |
| Investment properties | | 63 | 66 |
| Intangible assets | | 676 | 850 |
| Deferred income tax assets | | 27,255 | 27,284 |
| Other non-current assets | | <u>5,828</u> | <u>6,197</u> |
| | | <u>277,853</u> | <u>277,003</u> |
| Current assets | | | |
| Inventories | | 24,148 | 27,464 |
| Financial assets at fair value through other comprehensive income | | 6,064 | 95,221 |
| Trade and notes receivables | 9 | 4,018,816 | 3,847,991 |
| Prepayments and other receivables | 10 | 32,786 | 39,005 |
| Restricted cash | | 336,509 | 119,036 |
| Cash and bank deposits | | <u>134,661</u> | <u>355,812</u> |
| | | <u>4,552,984</u> | <u>4,484,529</u> |
| Total assets | | <u><u>4,830,837</u></u> | <u><u>4,761,532</u></u> |
| EQUITY | | | |
| Share capital | | 446,272 | 446,272 |
| Reserves | | 483,170 | 477,506 |
| Retained earnings | | <u>359,087</u> | <u>336,916</u> |
| Total equity attributable to equity holders of the Company | | <u>1,288,529</u> | 1,260,694 |
| Non-controlling interests | | <u>81,076</u> | <u>86,752</u> |
| Total equity | | <u><u>1,369,605</u></u> | <u><u>1,347,446</u></u> |

| | | As at December 31, | |
|--|-------------|---------------------------|-------------------------|
| | <i>Note</i> | 2022 | 2021 |
| | | RMB'000 | RMB'000 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Lease liabilities | | 19,097 | 30,233 |
| Provision for close down, restoration and environmental cost | | 1,467 | 2,060 |
| Borrowing | | <u>2,700</u> | <u>–</u> |
| | | <u>23,264</u> | <u>32,293</u> |
| Current liabilities | | | |
| Trade and other payables | <i>11</i> | 3,089,434 | 3,143,885 |
| Lease liabilities | | 25,867 | 20,856 |
| Provision for close down, restoration and environmental cost and law suits | | 5,297 | 3,157 |
| Contract liabilities | | 3,000 | 5,981 |
| Current income tax liabilities | | 5,133 | 7,441 |
| Borrowings | | <u>309,237</u> | <u>200,473</u> |
| | | <u>3,437,968</u> | <u>3,381,793</u> |
| Total liabilities | | <u>3,461,232</u> | <u>3,414,086</u> |
| Total equity and liabilities | | <u><u>4,830,837</u></u> | <u><u>4,761,532</u></u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1 GENERAL INFORMATION

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

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

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

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

The consolidated financial statements are presented in Renminbi thousand (RMB’000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on March 31, 2023.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

2.1.1 Compliance with IFRSs and HKCO (as defined below)

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

2.1.2 Historical cost convention

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

2.1.3 New and amended standards adopted by the Group

The following new and amended accounting standards and interpretations become applicable for annual reporting periods commencing on or after January 1, 2022, and have been adopted by the Group in current period:

| | |
|---|--|
| Amendments to annual improvements project | Annual Improvements 2018-2020 cycle |
| Amendments to IAS 16 | Property, plant and equipment — proceeds before intended use |
| Amendments to IAS 37 | Onerous contracts — Cost of fulfilling a contract |
| Amendments to IFRS 3 | Reference to the Conceptual Framework |
| Revised Accounting Guideline 5 | Merger Accounting for Common Control Combinations |

2.1.4 New standards and amendments of IFRS issued effective for the financial periods beginning on and after January 1, 2023 and have not been early adopted by the Group

| | | Effective for annual periods beginning on or after |
|---|---|---|
| IFRS 17 | Insurance contracts | January 1, 2023 |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies | January 1, 2023 |
| Amendments to IAS 8 | Definition of Accounting Estimates | January 1, 2023 |
| Amendments to IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction | January 1, 2023 |
| Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (Int 5 (2020)) | Interpretation 5 (2020) Presentation of Financial Statements | January 1, 2023 |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current | January 1, 2024 |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined |

The Group is in the process of assessing the impact of the new standards, amendments to standards and conceptual framework on its results of operations and financial position. The Group expects to adopt the relevant new standards, amendments to standards and conceptual framework when they become effective.

2.2 Principles of consolidation and equity accounting

2.2.1 Subsidiaries

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

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

2.2.2 Changes in ownership interests in subsidiaries without change of control

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

3 SEGMENT INFORMATION, REVENUE AND OTHER INCOME

3.1 Operating segment information

Entity-wide disclosures

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

Geographical information

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

3.2 Revenue

| | Year ended December 31, | |
|------------------------------------|--------------------------------|-------------------------|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| Sales of ready-mixed concrete | 1,541,296 | 2,086,038 |
| Sales of polycarboxylic admixtures | 65,599 | 16,143 |
| Sales of cement | 43,142 | – |
| Sales of aggregates | 29,959 | 345 |
| Sales of mortar | 690 | – |
| | <u>1,680,686</u> | <u>2,102,526</u> |

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

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

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

| | Year ended December 31, | |
|---------|--------------------------------|-------------------------|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| Group A | 1,136,798 | 1,294,055 |
| Group B | 25,759 | 83,933 |
| Group C | 24,754 | 58,456 |
| | <u>1,187,311</u> | <u>1,436,444</u> |

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

- (c) ***Contract liabilities***

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

| | As at December 31, | |
|---|---------------------------|---------------------|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| Contract liabilities related to sales of ready-mixed concrete | <u>3,000</u> | <u>5,981</u> |

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

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

| | Year ended December 31, | |
|---|-------------------------|----------------|
| | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Revenue recognised that was included in the contract liabilities balance at the beginning of the year | | |
| – sales of ready-mixed concrete | <u>4,271</u> | <u>431</u> |

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

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

3.3 Other income

| | Year ended December 31, | |
|---------------------------------------|-------------------------|----------------|
| | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Government grants (<i>Note (a)</i>) | 3,797 | 19,078 |
| Rental income | 1,824 | 97 |
| Others | <u>580</u> | <u>1,068</u> |
| | <u>6,201</u> | <u>20,243</u> |

- (a) Government grants mainly represent grants for subsidising the employment and the Group's general operation and research and development activities received from PRC government authorities for the year ended December 31, 2022. Government grants mainly represent awards for the initial public offering and grants for subsidising the Group's general operation and research and development activities received from PRC government authorities for the year ended December 31, 2021. There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of government assistance.

4 OTHER (LOSSES)/GAINS – NET

| | Year ended December 31, | |
|--|-------------------------|----------------|
| | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Losses on law suits | (5,880) | (518) |
| Gains on disposal of property, plant and equipment | 120 | 1,590 |
| Others | (446) | 1,433 |
| | <u>(6,206)</u> | <u>2,506</u> |

5 EXPENSES BY NATURE

| | Year ended December 31, | |
|---|-------------------------|------------------|
| | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Raw materials and purchased goods consumed | 1,066,133 | 1,321,272 |
| Transportation expenses | 99,034 | 201,046 |
| Employee benefit expenses | 181,338 | 255,105 |
| Outsourcing costs | 107,537 | 130,537 |
| Lease expenses | 13,252 | 44,513 |
| Amortisation of land use rights | 985 | 945 |
| Depreciation of properties, plant and equipment | 56,276 | 68,215 |
| Depreciation of investment properties | 3 | 162 |
| Amortisation of intangible assets | 174 | 205 |
| Net impairment losses on trade receivables | 19,863 | 11,767 |
| Net provision of impairment losses on other receivables | 1,320 | 2,730 |
| Taxes and levies | 12,014 | 16,066 |
| Utilities and electricity | 11,061 | 12,372 |
| Maintenance expenses | 9,997 | 13,270 |
| Office expenses | 6,307 | 7,511 |
| Travelling expenses | 4,310 | 5,854 |
| Auditors' remuneration | 2,716 | 2,900 |
| Miscellaneous | 42,371 | 17,118 |
| | <u>42,371</u> | <u>17,118</u> |
| Total cost of sales, selling expenses, administrative expenses, research and development expenses and net impairment losses on financial assets | <u>1,634,691</u> | <u>2,111,588</u> |

6 FINANCE INCOME AND COSTS

| | Year ended December 31, | |
|--|-------------------------|-----------------------|
| | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Interest income: | | |
| –Bank deposits | 3,896 | 9,618 |
| –Deposits placed in YCIH Financial Company | 115 | 314 |
| Exchange gains | <u>1,517</u> | <u>–</u> |
| Total finance income | <u><u>5,528</u></u> | <u><u>9,932</u></u> |
| Interest expenses: | | |
| –bank borrowings | (12,183) | (5,318) |
| –Lease liabilities | (2,832) | (2,203) |
| Exchange losses | – | (648) |
| Others | <u>(103)</u> | <u>(413)</u> |
| Total finance costs | <u><u>(15,118)</u></u> | <u><u>(8,582)</u></u> |
| Finance (costs)/income – net | <u><u>(9,590)</u></u> | <u><u>1,350</u></u> |

7 INCOME TAX EXPENSE

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

| | Year ended December 31, | |
|---------------------|-------------------------|---------------------|
| | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Current income tax | 6,665 | 15,593 |
| Deferred income tax | <u>(142)</u> | <u>(7,249)</u> |
| Income tax expense | <u><u>6,523</u></u> | <u><u>8,344</u></u> |

- (a) Under the Law of the PRC on Corporate Income Tax (the “**CIT Law**”) and implementation regulations of the CIT Law, the tax rate of the Group is 25% from January 1, 2008. The income tax rate of 25% is applicable to the Group, except for:
- i) The Company and two subsidiaries including YCIH Polymer Material Co., Ltd. and YCIH Qujing Building Material Co., Ltd. are qualified as High-tech Enterprises and enjoy a preferential income tax rate of 15% for the years ended December 31, 2022 and 2021;
 - ii) YCIH Yuxi Building Material Co., Ltd., a subsidiary of the Company, is qualified as a High-tech Enterprise and enjoys a preferential income tax rate of 15% for the year ended December 31, 2022;

- iii) YCIH Baoshan Yongchang Building Material Co., Ltd., a subsidiary of the company, enjoys a preferential income tax rate of 15% according to the policies of Western Area Development for the years ended December 31, 2022 and 2021.

| | Year ended December 31, | |
|--|--------------------------------|---------------------|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| Profit before income tax | <u>36,400</u> | <u>15,037</u> |
| Tax calculated at the domestic CIT rate applicable | <u>25%</u> | <u>25%</u> |
| | <u>9,100</u> | <u>3,759</u> |
| Tax effect of: | | |
| Effect of preferential income tax rate of the Group | (2,830) | 4,855 |
| Expenses not deductible for tax purpose | 2,000 | 1,008 |
| Additional deduction of research and development expenses incurred and equipment purchased | <u>(1,747)</u> | <u>(1,278)</u> |
| Income tax expense | <u>6,523</u> | <u>8,344</u> |

For the years ended December 31, 2022 and 2021, the effective tax rate were 17.9% and 55.5%, respectively. The change in effective tax rate was mainly caused by a change in mix of profits earned or losses incurred by the group entities and effect of change in the tax rates of two subsidiaries of the Company in 2021.

8 EARNINGS PER SHARE

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

| | Year ended December 31, | |
|---|--------------------------------|--------------------|
| | 2022 | 2021 |
| Profit attributable to equity holders of the Company (RMB'000) | 27,173 | 701 |
| Weighted average number of ordinary shares in issue in thousands | <u>446,272</u> | <u>446,272</u> |
| Basic earnings per share (RMB) | <u>0.06</u> | <u>0.00</u> |

- (b) The diluted earnings per share was the same as the basic earnings per share as there was no potential dilutive share issued during the years ended December 31, 2022 and 2021.

9 TRADE AND NOTES RECEIVABLES

| | As at December 31, | |
|---|-------------------------|-------------------------|
| | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Trade receivables – related parties | 2,952,216 | 2,791,014 |
| Trade receivables – third parties | <u>1,040,243</u> | <u>1,044,173</u> |
| | 3,992,459 | 3,835,187 |
| Less: Provision for impairment of trade receivables (<i>Note (b)</i>) | <u>(112,504)</u> | <u>(94,215)</u> |
| | <u>3,879,955</u> | <u>3,740,972</u> |
| Notes receivable – related parties | 96,782 | 61,895 |
| Notes receivable – third parties | <u>43,653</u> | <u>45,124</u> |
| | <u>140,435</u> | <u>107,019</u> |
| Less: Net impairment losses on notes receivable | <u>(1,574)</u> | <u>–</u> |
| | <u>138,861</u> | <u>107,019</u> |
| Trade and notes receivables – net | <u>4,018,816</u> | <u>3,847,991</u> |

As at December 31, 2022 and 2021, the fair values of trade and notes receivables of the Group approximated their carrying amounts.

As at December 31, 2022 and 2021, all the carrying amounts of trade and notes receivables were denominated in RMB.

As at December 31, 2022, the notes receivable of RMB23,845,000 (December 31, 2021: RMB30,473,000) were pledged for borrowings of RMB23,845,000 (December 31, 2021: RMB30,473,000).

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

| | As at December 31, | |
|----------------------|---------------------------|-------------------------|
| | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| –Within one year | 1,815,647 | 1,867,233 |
| –One to two years | 1,042,125 | 1,678,380 |
| –Two to three years | 1,119,159 | 315,651 |
| –Three to four years | 115,941 | 41,462 |
| –Four to five years | 17,445 | 26,493 |
| –Over five years | 22,577 | 12,987 |
| | <u>4,132,894</u> | <u>3,942,206</u> |

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

- (b) The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the life time expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the ageing days. The expected credit losses also incorporate forward-looking information. As at December 31, 2022, provision of approximately RMB112,504,000 was made against trade receivables (December 31, 2021: RMB94,215,000).

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

| | Year ended December 31, | |
|---|--------------------------------|-----------------------|
| | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Beginning of the year | 94,215 | 82,452 |
| Provision for impairment on trade receivables | 18,289 | 11,767 |
| Write-off for impairment on trade receivables | – | (4) |
| End of the year | <u>112,504</u> | <u>94,215</u> |

10 PREPAYMENTS AND OTHER RECEIVABLES

| | As at December 31, | |
|---|----------------------|----------------------|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| Other receivables – related parties | 4,122 | 4,693 |
| Other receivables – third parties | <u>21,270</u> | <u>18,503</u> |
| | 25,392 | 23,196 |
| Less: Provision for impairment of other receivables (<i>Note (b)</i>) | <u>(6,690)</u> | <u>(5,370)</u> |
| Other receivables – net | <u>18,702</u> | <u>17,826</u> |
| Prepayments | <u>12,311</u> | <u>10,358</u> |
| Interest receivable | – | 7,555 |
| Other current assets | <u>1,773</u> | <u>3,266</u> |
| Prepayments and other receivables – net | <u>32,786</u> | <u>39,005</u> |

As at December 31, 2022 and 2021, the fair values of other receivables of the Group approximated their carrying amounts.

As at December 31, 2022 and 2021, all the carrying amounts of prepayments and other receivables were denominated in RMB.

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

| | As at December 31, | |
|----------------------|---------------------------|----------------|
| | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| -Within one year | 8,903 | 11,131 |
| -One to two years | 5,000 | 1,727 |
| -Two to three years | 1,592 | 1,870 |
| -Three to four years | 1,770 | 2,295 |
| -Four to five years | 2,188 | 2,569 |
| -Over five years | 5,939 | 3,604 |
| | <u>25,392</u> | <u>23,196</u> |

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

- (b) To measure the expected credit losses, other receivables have been grouped based on shared credit risk characteristics and the ageing days. The expected credit losses also incorporate forward-looking information. As at December 31, 2022, provisions for impairment of approximately RMB6,690,000 were made against other receivables (December 31, 2021: RMB5,370,000).

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

| | Year ended December 31, | |
|---|--------------------------------|----------------|
| | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Beginning of the year | 5,370 | 2,640 |
| Provision for impairment on other receivables | 1,320 | 2,730 |
| | <u>6,690</u> | <u>5,370</u> |

11 TRADE AND OTHER PAYABLES

| | As at December 31, | |
|-------------------------------------|---------------------------|-------------------------|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| Notes payable | 555,151 | 251,455 |
| Trade payables – related parties | 97,959 | 141,267 |
| Trade payables – third parties | 2,206,640 | 2,559,539 |
| Other payables – related parties | 23,597 | 27,511 |
| Other payables – third parties | 95,021 | 64,640 |
| Staff salaries and welfare payable | 62,933 | 63,321 |
| Interest payable | – | 222 |
| Dividends payable | 16,089 | 7,696 |
| Accrued taxes other than income tax | 32,044 | 28,234 |
| | <u>3,089,434</u> | <u>3,143,885</u> |

- (a) As at December 31, 2022 and 2021, all trade and other payables of the Group were non-interest bearing, and their fair values, except for the staff salaries and welfare payables and accrued taxes other than income tax which are not financial liabilities, approximated their carrying amounts due to their short maturities.
- (b) At each of the end of the reporting periods, the Group's trade and other payables are denominated in RMB.
- (c) The ageing analysis of trade payables at the respective statement of financial position dates, based on the transaction recognised dates, are as follows:

| | As at December 31, | |
|----------------------|---------------------------|-------------------------|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| –Within one year | 942,960 | 1,453,989 |
| –One to two years | 733,746 | 925,611 |
| –Two to three years | 467,384 | 174,041 |
| –Three to four years | 83,869 | 100,506 |
| –Four to five years | 42,949 | 26,827 |
| –Over five years | 33,691 | 19,832 |
| | <u>2,304,599</u> | <u>2,700,806</u> |

12 DIVIDENDS

(a) Ordinary shares

| | As at December 31, | |
|---|--------------------|-------------------|
| | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| No final dividend for the year ended December 31, 2021 (2020: RMB0.1231 per fully share) | — | 54,936 |
| | <u> </u> | <u> </u> |

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

| | As at December 31, | |
|--|--------------------|-------------------|
| | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| The directors have recommended the payment of a final dividend of RMB0.0331 per fully paid ordinary share for the year ended December 31, 2022 (2021: Nil). The aggregate amount of the proposed dividend for 2022 expected to be paid in 2023 out of the retained earnings as at December 31, 2022, but not recognised as a liability at year end, is | 14,785 | — |
| | <u> </u> | <u> </u> |

13 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

- (a) Pursuant to a resolution of the Board of Directors dated March 31, 2023, the Company has proposed dividend of RMB0.0331 per share, which is RMB14,785,000 in total. The proposal is subject to approval in the annual general meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

In 2022, the production of the main products in the ready-mixed concrete industry showed a significant decline compared to the same period in 2021, due to the influence of the international and domestic demand environment and the frequent outbreaks of domestic epidemics. According to statistics from the China Concrete & Cement-based Products Association, the national production of commercial concrete in 2022 was 3.031 billion m³, a year-on-year decrease of 11.8%; the decline in the southwest region exceeded 20%, and the decline in Yunnan Province was close to 20%. According to statistics from the Kunming Bulk Cement Commercial Concrete Association, as of the end of 2022, Kunming City has more than 100 qualified companies, and 85 member units have a total production of approximately 11 million m³ of ready-mixed concrete, with a total output value of approximately RMB3.85 billion, representing a decrease of 60% from the same period in 2021 (2021: 27.36 million m³).

Meanwhile, under the new development pattern, the ready-mixed concrete industry has also initiated a transformation from quantitative expansion to qualitative improvement, from resource-consuming to green innovation-oriented, from labor-intensive to intelligent manufacturing-oriented, and from low-value ordinary products to high-value and high-performance products. During 2022, the relevant national departments and the People's Government of Yunnan Province successively introduced policies to guide and encourage industry transformation and upgrading. Among them, in February 2022, the NDRC, the Ministry of Ecology and Environment, the Ministry of Housing and Urban-Rural Development, and the National Health Commission jointly issued the "Guiding Opinions on Accelerating the Construction of Urban Environmental Infrastructure" highlighting system integration and intelligent green development, and incorporating sewage, garbage, solid waste and hazardous waste disposal facilities into a unified urban environmental infrastructure system. In April 2022, the People's Government of Yunnan Province issued the "'14th Five-Year Plan' for the High-quality Development of Manufacturing Industry in Yunnan Province" proposing to deepen the green, low-carbon, and circular transformation, vigorously develop green new building materials, and clearly stating the need to comprehensively improve the structure of building materials products, including high-performance ready-mixed concrete and concrete housing components, ready-mixed mortar, and aggregates.

Business Overview

Overview

The Company is a ready-mixed concrete producer located in Yunnan Province. We have a team with extensive management experience and robust technical capabilities, and have powerful research and development capabilities with an integration of technical research and development, results promotion and application and technical services. We have introduced modernized, scientific and green and environmentally-friendly manufacturing concepts into our production, and lead and drive the technological progress and green and low-carbon development in the concrete industry of Yunnan Province. The Company has established a diversified business landscape focusing on the production

of ready-mixed concrete, including ultra-high performance concrete (“UHPC”) and related products, and supplemented with the production of cement, aggregates, polycarboxylic admixtures and other products, basically forming the production capacity layout for synchronous business development and expansion covering the east, west, south and north markets in the main urban area of Kunming, as well as prefecture-level cities in Yunnan Province. Our business scope covers housing construction and infrastructure construction including railways, highways, integrated pipeline networks and other projects. We have established a completed industrial chain of “technical research and development, resource processing, production and sales”.

The Company is a national high-tech enterprise, adhering to innovation as the driving force to promote the development of products towards high-tech, green, and intelligent direction. We have undertaken more than 20 provincial and municipal science and technology key project plans, and have won three second prizes and four third prizes of Science and Technology Progress Awards in Yunnan Province, one first prize and two second prizes of the Science and Technology Awards awarded by China Association of Construction Enterprise Management, and one third prize of the Construction Engineering Technology Innovation Achievement Award awarded by China Construction Industry Association, as well as one National Green Architecture Innovation Award. In May 2022, the Company’s innovative research and application of green and intelligent construction technology for high-rise buildings was awarded the third prize of 2022 Science and Technology Progress Award in Yunnan Province.

In June 2022, the Company was awarded the “KZJ Cup” 2021 China’s Top Ten Chinese Commercial Concrete Enterprises, marking the eighth time for the Company to gain this prestigious honor since 2013.

During the year ended December 31, 2022, the Group produced and sold 4.65 million m³ of ready-mixed concrete, 16,000 tons of polycarboxylic admixtures, 530,000 tons of aggregates, 277,000 tons of cement and blended materials, and 6,700 tons of commercial mortar. We achieved a revenue of RMB1,680.7 million, a decrease of 20.1% compared to the previous year; a profit before tax of RMB36.4 million, an increase of 142.7% compared to the previous year; a net profit of RMB29.9 million, an increase of 346.3% compared to the previous year; and a net profit attributable to the owners of the Company of RMB27.2 million, an increase of 3,785.7% compared to the previous year.

As at December 31, 2022, the Group had 45 concrete batching plants and 85 production lines with an annual capacity of 19,656,000 m³. The Group also had 171 fossil-fuelled concrete transporters, 3 electric concrete transporters, 5 electric loaders and 1 power swapping station.

Results of operation

By business category

The following table sets forth the breakdown of revenue, cost of sales, gross margin and percentage change by business category for the years ended December 31, 2022 and 2021.

Year ended December 31,

| Business | 2022 (in RMB million) | | | 2021 (in RMB million) | | | Percentage change (%) | | |
|---------------------------|-----------------------|---------------|------------------|-----------------------|---------------|------------------|-----------------------|---------------|--------------|
| | Revenue | Cost of sales | Gross margin (%) | Revenue | Cost of sales | Gross margin (%) | Revenue | Cost of sales | Gross margin |
| Ready-mixed concrete | 1,541 | 1,369 | 11.2% | 2,087 | 1,949 | 6.6% | -26.2% | -29.8% | 69.7% |
| Polycarboxylic admixtures | 66 | 60 | 9.1% | 16 | 13 | 18.8% | 312.5% | 361.5% | -51.6% |
| Aggregates | 30 | 27 | 10.0% | 0 | 0 | 0.0% | 0.0% | 0.0% | 0.0% |
| Mortar | 1 | 1 | 0.0% | 0 | 0 | 0.0% | 0.0% | 0.0% | 0.0% |
| Cement | 43 | 41 | 4.7% | 0 | 0 | 0.0% | 0.0% | 0.0% | 0.0% |
| Total | 1,681 | 1,498 | 10.9% | 2,103 | 1,962 | 6.7% | -20.1% | -23.8% | 64.1% |

For the year ended December 31, 2022, the majority of our revenue was derived from the production and sales of ready-mixed concrete. In 2022, our revenue generated from production and sales of ready-mixed concrete was RMB1,541 million, accounting for 91.7% of the total revenue. Compared to 2021, our other businesses have gradually increased in proportion, and the market and new business expansion have begun to show some results.

In 2022, the gross profit of the Group's operation was RMB183 million (2021: RMB141 million), and the overall gross margin in 2022 was 10.9%, representing an increase of 4.2 percentage points as compared with 6.7% in 2021. Such increases in gross profit and gross profit margin are attributed to the fact the the Group's strengthened its control of cost quotas and implemented a series of cost reduction and efficiency enhancing measures, therefore various production and manufacturing costs including transportation costs have been under control. The gross profit margin for the production and sales of ready-mixed concrete is 11.2%, for the production and sales of polycarboxylic admixtures is 9.1%, for the production and sales of aggregates is 10.0% and for the sales of cement is 4.7%.

By customer category

For the year ended December 31, 2022, the revenue generated by the Group from independent third-party customers was RMB543.3 million, representing a decrease of 32.1% compared to RMB799.6 million for the same period in 2021. For the reasons for such decrease in revenue, please refer to the analysis of the revenue decrease on page 25 of this results announcement. It accounted for 32.3% of the revenue in 2022, a decrease of 5.7 percentage points from 38.0% for the same period in 2021.

Long-term business model

The Group's existing businesses include the production and sales of ready-mixed concrete, polycarboxylic admixtures, aggregates and other related products. In terms of the production and sales of ready-mixed concrete, we are continuing to focus on the development of UHPC and related products, with the goal of breaking the bottleneck of its production and application and establishing a complete UHPC industrial chain. Meanwhile, we will continue to adhere to transformation and upgrading, as well as green and low-carbon development, extend the industrial chain, expand new products and new business, achieve the Company's own high-quality development, and promote and lead the development of the industry. Accordingly, we plan to use the proceeds from the global offering (the "Global Offering") to acquire aggregate mining resources, purchase new energy equipment and facilities, research and develop new products and new technologies, as well as upgrade and renovate green and low-carbon concrete. At the same time, we have adjusted our organizational structure and management model, and established seven centers (material supply chain center, quality and technology management center, financial management center, cost control center, marketing management center, production management center and technology innovation center) and five major business divisions (UHPC business division, commercial mortar business division, resource utilization of construction waste business division, green and low-carbon new material business division and intelligent construction business division). Under the new management model, we gradually achieve new management results. The centralized procurement platform for the three major raw materials operates smoothly, simplifies the procurement process, strictly controls the procurement prices, reduces the waste of unnecessary costs, achieves the improvement of cost control management work, and effectively improves the efficiency of business operations. In the future, we will continuously transform and upgrade to develop new businesses, optimize business structure, market structure and customer structure, and promote connotative high-quality development and strive to become a leader in the national concrete industry on the basis of maintaining business stability.

Business Strategy and Major Operational Measures

Enhance marketing and expand sales network and products

In 2022, to ensure the stable increase of our operating efficiency, the major operational measures adopted by the Group include: (i) establishing a reasonably structured, streamlined and efficient organization, and cultivating and developing a proactive and hardworking team of talent; (ii) effectively integrating operation resources, improving the salary incentive mechanism, optimizing the marketing network and layout, and continuously improving our ability to operate independently; (iii) improving product quality in all aspects and efficiently creating brand benefit; (iv) doing meticulous cost management to effectively reduce costs and increase efficiency, enhancing the competitiveness of product pricing; (v) relying on the main industry to continuously extend the upstream and downstream industrial chain business and gradually open up the market of polycarboxylic admixtures, aggregates, commercial mortar and UHPC products; and (vi) strengthening service awareness, maintaining brand image, and promoting the upgrading of the Company's production, quality and after-sales services.

Further reduce raw material costs and optimise operational efficiency

In 2022, under the unprecedented pressure of environmental protection, the Group emphasized innovation and green development. It leveraged its technological advantages, continuously conducted external benchmarking management, identified gaps and improved performance, gradually optimized operational quality, and continuously refined cost management. The Company optimized supply chain management, was increasing centralized bidding and procurement efforts for major materials such as cement and aggregates, and further reduced costs. The Company also strengthened the research and development and promotion of UHPC, commercial mortar, and special mortar, comprehensively enhanced product specialization, improved the acquisition rate of high-quality project orders, continuously expanded the Company's presence in external markets, and enhanced the Company's competitiveness.

Actively respond to the COVID-19 pandemic

Although the COVID-19 pandemic has been managed with “Measures Against Class B Infectious Diseases” in December 2022, there were frequent occurrence in multiple locations before. In the face of the COVID-19 pandemic, the Group carefully analyzed the international and domestic macroeconomic conditions and the development positioning of Yunnan Province, reformed the organizational structure, streamlined the cadre team, optimized industry layout, improved management capabilities and service awareness, overcame adverse effect brought by COVID-19 pandemic and made every effort to resume work and prevent pandemic. The Group took up the responsibility of a state-owned enterprise and carried out the supply of concrete for key regions and major projects in an orderly manner. Taking the “Five Resolutions” and “Five Specialties” as the guide, we raised the political stance, strengthened risk awareness and bottom-line thinking, and made winning the battle against the pandemic a major political task to ensure the safety and stability of the Company during the period of pandemic prevention and control.

Operation highlights in 2022

In 2022, the Company adhered to the “sales + finance” concept and actively transformed its business strategy. It promoted concrete supply chain cooperation projects in the main urban area of Kunming and six prefectures, and promoted upstream and downstream supply chain business in external markets. At the same time, it insisted on a high-level promotion, continuously increased market development efforts, and led management personnel to focus on key projects and effectively managed major housing and highway projects. **Firstly, the newly signed contract amount reached a historic high.** In 2022, the newly signed contract amount was RMB4.562 billion, representing an increase of approximately 12.31% compared to the same period in 2021, which set a new record for the Company's newly signed contract amount. **Secondly, progress was made on major projects.** Through multiple coordination efforts, a new model of “general contracting for construction and operation management by us” was explored in projects such as Chengjiang-Huaning Highway, Chuxiong Southeast Bypass Highway, Xuanwei-Fuyuan Highway, and Nanjian-Yunxian Highway. **Thirdly, cooperation with key customers was deepened and became more practical.** The Company conducted in-depth discussions with construction industry enterprises such as Yunnan Yuntou Supply Chain Management Company* (雲南雲投供應鏈管理有限公司), China State Construction Engineering Corporation, Yunnan Design Institute Group Co. Ltd. (雲南省設計院集團有限公司) and Zhaotong Yuanda Industrial Group Investment Co., Ltd.*

(昭通遠大實業集團投資有限公司) on cooperation. It also signed a concrete centralized procurement framework agreement with companies such as China Construction First Group Corporation Limited, China State Construction Engineering Corporation, and Yunnan Baiyao Group Co., Ltd.* (雲南白藥集團股份有限公司), and expanded external market information channels. **Fourthly, a new chapter was opened in new business development.** The commercial mortar business division gradually opened up the market, won four projects in Kunming, and signed a framework cooperation agreement to provide commercial mortar for related projects, taking the first step to success. The UHPC business division carried out a large amount of preliminary work, conducted technical reserves, raw material purchases, production equipment selection, production base expansion, sample production, and promotion for RPC cover plates used in highway tunnel cable trenches and PC prefabricated components used in municipal roads, urban squares, parks, beautiful countryside construction, and ancient town construction, laying a solid foundation. The resource utilization of construction waste business division actively promoted the pilot construction of solid waste sand production at production stations and has already carried out waste-made sand production at the Longquan and Anning stations under the direct management department of Kunming.

Financial Review

Revenue

During the year ended December 31, 2022, the Group achieved a revenue of RMB1,680.7 million, representing a year-on-year decrease of 20.1%. The decrease in revenue was mainly due to the tightening of bank loans to real estate enterprises, a shortage of funds for construction enterprises, and slow progress in the construction of new highways in Yunnan Province, as well as the frequent occurrence of COVID-19 pandemic in multiple locations resulting in a decrease of approximately 24.0% of the Group's sales of ready-mixed concrete compared to 2021, which led to a decrease in revenue for the Group. The total sales revenue of ready-mixed concrete was RMB1,541 million, representing a decrease of RMB546 million compared to the previous year. In addition to the sales revenue of ready-mixed concrete products, the Group also generated sales revenue from aggregates, polycarboxylic admixtures, mortar and cement products during the Reporting Period. The following table sets forth the breakdown of revenue for the year ended December 31, 2022 and for the year ended December 31, 2021:

| | 2022 | | 2021 | |
|---------------------------|-----------------------|--|-----------------------|--|
| | <i>RMB in million</i> | <i>Percentage of operating revenue</i> | <i>RMB in million</i> | <i>Percentage of operating revenue</i> |
| Ready-mixed concrete | 1,541 | 91.6% | 2,087 | 99.2% |
| Polycarboxylic admixtures | 66 | 3.9% | 16 | 0.8% |
| Aggregates | 30 | 1.8% | 0 | 0.0% |
| Cement | 43 | 2.6% | 0 | 0.0% |
| Mortar | 1 | 0.1% | 0 | 0.0% |
| Total | <u>1,681</u> | <u>100.0%</u> | <u>2,103</u> | <u>100.0%</u> |

Operating Expenses

In 2022, the Company continued to strengthen cost control, improve operational service efficiency and promote cost reduction and efficiency enhancing. The Group's accumulated operating expenses for the year were RMB1,635 million, with a decrease of 22.6% compared to the previous year, representing 97.3% of operating revenue and a decrease of 3.1 percentage points compared to the previous year.

Gross Profit and Gross Margin

During the Reporting Period, the gross profit generated from operations of the Group was RMB183 million (2021: RMB141 million). The overall gross margins for 2022 and 2021 were 10.9% and 6.7%, respectively. For specific reasons in relation to the apparent increases in gross profit and gross margin, please refer to the analysis in the section headed "Results of Operation" of this results announcement. The gross profit margin for the production and sales of ready-mixed concrete is 11.2%, for the production and sales of polycarboxylic admixtures is 9.1%, for the production and sales of aggregates is 10.0% and for the sales of cement is 4.7%.

Profitability

Profit before income tax

In 2022, the Group recorded a profit before income tax of RMB36.4 million, representing an increase of 142.7% as compared with that for the previous year.

Income tax expense

In 2022, the income tax expense of the Group was RMB6.5 million, with an effective tax rate of 17.9% for the whole year.

Profit for the year

In 2022, the Group realized a profit for the year of RMB29.9 million, representing an increase of 346.3% as compared with that for the previous year. Earnings per Share were RMB0.06.

Administration and research and development expenses

In 2022, the Group incurred administration and research and development expenses of RMB100 million (2021: RMB127 million), representing a year-on-year decrease of 21.3%, mainly due to the lower production and sales volume and operating revenue of the Group's ready-mixed concrete as compared to the corresponding period of the previous year, and the effect of cost reduction and efficiency enhancing measures and corresponding lower administrative expenses.

General information of assets and liabilities

As at December 31, 2022, the total assets of the Group were RMB4,831 million (December 31, 2021: RMB4,762 million), representing an increase of 1.4% as compared with that for the end of 2021. The assets of the Group were mainly trade and notes receivables, cash and bank deposits, and property, plant and equipment. Such assets accounted for 90.2% of the total assets of the Group, with trade and notes receivables and other assets accounting for 83.2% and 7.0% of the total assets, respectively.

As at December 31, 2022, the total liabilities of the Group were RMB3,461 million (December 31, 2021: RMB3,414 million), representing an increase of 1.4% as compared with that for the end of 2021.

Borrowings and solvency

As at December 31, 2022, the total liabilities of the Group were RMB3,461 million (December 31, 2021: RMB3,414 million), of which 9.0% (December 31, 2021: 5.9%) were bank borrowings and 89.3% (December 31, 2021: 92.1%) were trade and other payables.

As at December 31, 2022, the total borrowings of the Group were RMB312 million (December 31, 2021: RMB200 million), all of which were bank borrowings, of which RMB309 million were repayable within one year.

As at December 31, 2022, the weighted average effective interest rate for bank borrowings of the Group was 4.52%.

During the Reporting Period, the total finance costs of the Group were RMB15 million (2021: RMB8 million) and the earnings before interest and tax were RMB51 million (2021: RMB23 million). The interest coverage ratio (earnings before interest and tax divided by interest expenses) was 3.4 (2021: 2.9).

As at December 31, 2022, the gearing ratio (i.e. total liabilities divided by total assets) of the Group was 71.6% (December 31, 2021: 71.7%).

Liquidity and capital resources

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

As at December 31, 2022, the total current assets of the Group were RMB4,553 million (December 31, 2021: RMB4,485 million), including: (i) cash and bank deposits of RMB135 million (December 31, 2021: RMB356 million), accounting for 3.0% of current assets (December 31, 2021: 7.9%); (ii) trade and notes receivables of RMB4,019 million (December 31, 2021: RMB3,848 million), accounting for 88.3% of current assets (December 31, 2021: 85.8%); and (iii) prepayments and other receivables of RMB33 million (December 31, 2021: RMB39 million), accounting for 0.7% of current assets (December 31, 2021: 0.9%).

As at December 31, 2022, the current ratio (i.e. current assets divided by current liabilities) of the Group was 132.4% (December 31, 2021: 132.6%), representing a decrease of 0.2 percentage points as compared with last year.

During the Reporting Period, the net cash flow from operating activities of the Group was approximately RMB314 million net cash outflow (2021: approximately RMB151 million net cash outflow), representing a year-on-year increase of 107.9%. On the one hand, in order to reduce raw material and transportation costs and enhance profitability, the Group centralized on purchasing raw materials and transportation services, and increased the proportion of payments on the purchase side by means of notes payable, etc. The notes payable were paid in cash on maturity, resulting in an increase in cash outflow from operating activities; on the other hand, there was an increase in restricted funds related to disbursements.

Human Resources

As at December 31, 2022, we employed a total of 1,087 employees (December 31, 2021: 1,197). The table below sets out a breakdown of the number of employees by role as at December 31, 2022:

| Role | Number |
|--------------------------------|----------------------------|
| Management | 143 |
| Production management | 287 |
| Quality and technology | 252 |
| Procurement (materials supply) | 109 |
| Marketing | 103 |
| Administration and finance | 111 |
| Others | <u>82</u> |
| Total | <u><u>1,087</u></u> |

We recruit employees in the open market, and established a scientific, reasonable, fair and impartial remuneration management system. The remuneration of employees mainly includes fixed salary, statutory allowances and subsidies, performance-related salary and benefits. In accordance with the PRC laws, the Group also makes contributions to pension, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing fund for employees. For the year ended December 31, 2022 and the year ended December 31, 2021, employee benefits and labor expenses were RMB181 million and RMB255 million, respectively. The decrease in employee benefits and labor expenses was due to (1) a decrease in the number of employees; and (2) a decrease in the volume of concrete production cubes.

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

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

Proceeds from the Global Offering

(i) Use of proceeds from the Global Offering

The Company received net proceeds from the Global Offering of approximately HK\$366.11 million, equivalent to approximately RMB329.50 million. As disclosed in the 2021 annual results announcement of the Company dated March 29, 2022, the Company's remaining proceeds from the Global Offering amounted to HK\$250.66 million as of March 29, 2022, excluding the decided unutilization portion. On March 29, 2022, the Board resolved to change a portion of the use of proceeds from the Global Offering to the (i) acquisition and consolidation of aggregate mining resources and investments in related fixed assets; (ii) technical renovation of concrete production and related equipment purchases and investments in fixed assets; and (iii) research and development of new products and new technologies and related equipment purchases and investments in fixed assets.

During the period from March 29, 2022 to the date of this results announcement:

- (a) In terms of acquisition and consolidation of aggregate mining resources and investment in fixed assets, the Company has actually used RMB14.79 million, decided but not yet actually used RMB37.26 million, and the unused amount is RMB97.95 million;
- (b) In terms of technical renovation of concrete production and related equipment purchases and investments in fixed assets, the Company has actually used RMB27.19 million, decided but not yet actually used RMB47.16 million, and the unused amount is RMB0.65 million; and
- (c) In terms of research and development of new products and new technologies and related equipment purchases and investments in fixed assets, the Company has actually used RMB0.50 million, decided but not yet actually used RMB17.54 million, and the unused amount is RMB7.62 million.

The total amount of unused funds under the three categories mentioned above is RMB106.22 million. As at March 29, 2022, December 31, 2022 and the date of this results announcement, the relevant utilization details are as follows:

| Net proceeds from the Global Offering and the actual usage (RMB million) | | | | | | |
|---|----------------------|---------------------|----------------------|---------------------------|---------------------------------------|----------------------|
| | As at | As at | | As at the date of | | |
| | March 29, 2022 | December 31, 2022 | | this results announcement | | |
| | Available | Utilized | Unutilized | Utilized | Decided but actually unutilized | Unutilized |
| Acquisition and consolidation of aggregate mining resources and investments in related fixed assets | 150.00 | 4.61 | 145.39 | 14.79 | 37.26 | 97.95 |
| Technical renovation of concrete production and related equipment purchases and investments in fixed assets | 75.00 | 22.97 | 52.03 | 27.19 | 47.16 | 0.65 |
| Research and development of new products and new technologies and related equipment purchases and investments in fixed assets | <u>25.66</u> | <u>0.00</u> | <u>25.66</u> | <u>0.50</u> | <u>17.54</u> | <u>7.62</u> |
| Total | <u>250.66</u> | <u>27.58</u> | <u>233.08</u> | <u>42.48</u> | <u>101.96</u> | <u>106.22</u> |

In addition, as disclosed in the Company's 2021 annual results announcement dated March 29, 2022, as of March 29, 2022, the Company has utilized (has decided to use but not actually utilized at that time) RMB8.99 million for building new production bases. As at the date of this results announcement, the Company has actually utilized RMB8.40 million for such purpose and has decided but not actually utilized RMB0.59 million and plans to continue to do so.

Accordingly, as at the date of this results announcement, the net proceeds from the Global Offering remaining available for change of use by the Company amounted to RMB106.22 million.

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

In conjunction with the Company's development plan, the Board has assessed the actual business needs of the Company and, after due consideration, resolved to further change the use and amount of the unutilized net proceeds from the Global Offering:

- (a) approximately RMB20.00 million will be used for acquisition and consolidation of aggregate mining resources and investments in related fixed assets;
- (b) approximately RMB70.57 million will be used for upgrading and renovation of green and low-carbon concrete and purchases of new energy equipment and facilities, new concrete production lines and related equipment; and
- (c) approximately RMB15.65 million will be used for research and development of new products and new technologies and related equipment purchases and investments in fixed assets.

The details for use and amount of proceeds after the change are set out as follows:

| | Allocation of the unutilized proceeds from the Global Offering after the change ^(Note) (RMB million) | Plan for use of proceeds from the Global Offering after the change |
|---|--|---|
| Acquisition and consolidation of aggregate mining resources and investments in related fixed assets | 20.00 | By end of 2025 |
| Upgrading and renovation of green and low-carbon concrete and purchases of new energy equipment and facilities, new concrete production lines and related equipment | 70.57 | By end of 2025 |
| Research and development of new products and new technologies and related equipment purchases and investments in fixed assets | <u>15.65</u> | By end of 2025 |
| Total | <u><u>106.22</u></u> | |

Note: After the change in the use and amount of the proceeds as shown above, the unutilized proceeds will be used for the following three categories of purposes: (i) acquisition and consolidation of aggregate mining resources and investments in related fixed assets; (ii) upgrading and renovation of green and low-carbon concrete and purchases of new energy equipment and facilities, new concrete production lines and related equipment; and (iii) research and development of new products and new technologies and related equipment purchases and investments in fixed assets. The total amount of unutilized proceeds for each category will be, accordingly, RMB57.26 million, RMB117.73 million and RMB33.19 million respectively.

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

The purpose of the aforementioned change in the proceeds from the Global Offering is mainly to make minor adjustments to the use based on national and industry policies, the Company's development strategies and reallocation of the amount. The changes was made for the following reasons:

- (i) The unutilized amount of technical renovation of concrete production and related equipment purchases and investment in fixed assets is minimal. However, in the future, Yunnan Province will initiate infrastructure construction projects such as Nanjian County to Yunxian Highway, Chuxiong Southeast Bypass Highway, and Yuanmou to Dayao Highway. The Company will participate in such infrastructure construction projects by supplying commercial concrete, PC gutter covers and other products. Secondly, based on the new development stage, Yunnan Province will implement the new development concept in a complete, accurate and comprehensive manner, coordinate to promote the reduction of carbon emissions and pollution, expansion of green areas and growth, vigorously optimize and upgrade traditional industries such as building materials, and promote the deep integration and high-end development of green energy and manufacturing industries, as well as the development of green and low-carbon industries such as new energy. Therefore, the Company intends to seize the strategic opportunity of green and low-carbon development, purchase new energy equipment and facilities, carry out concrete green and low-carbon upgrading and transformation, build a green factory, green production, and new energy green and low-carbon logistics system, and lead the ready-mixed concrete industry towards the development of green and low-carbon building materials industries. Consequently, the Company will adjust the use of proceeds to the upgrading and renovation of green and low-carbon concrete, the purchase of new energy equipment and facilities, the construction of new concrete production lines, and the related equipment purchase, and plans to use more proceeds from the Global Offering for this purpose;
- (ii) in recent years, under the development concept of “green mountains and clear waters are as valuable as mountains of gold and silver”, local government departments across the country have successively increased efforts to strictly regulate the management of mining resources. Combining with the planning and construction of various mining sites in Yunnan Province, although the Group has been paying continuous attention and actively seeking connections, we have not yet found a suitable aggregate mining. Therefore, the Company plans to reduce the amount of proceeds available for the acquisition and consolidation of aggregate mining resources and investment in related fixed assets; and

- (iii) the Company has successively established the commercial mortar business division, the UHPC business division, and the resource utilization of construction waste business division, and been fully promoting new products such as UHPC, RPC and commercial mortar, and new businesses such as the utilization of construction waste resources. Breakthroughs were achieved in the year 2022. In the future, the Group will increase efforts to promote new products and new businesses. Therefore, the Company plans to use more proceeds from the Global Offering to invest in research and development of new products and new technologies, related equipment purchases and investment in fixed assets.

Material Acquisition, Disposal and Investments

For the year ended December 31, 2022, the Company did not make any material acquisitions and disposals of subsidiaries, associates or joint ventures. As at December 31, 2022, the Group did not hold any significant investments.

Charge on the Group's Assets

As at December 31, 2022, no property, plant and equipment had been provided as bank collaterals.

Foreign Exchange Risk

Although the Company operates in China and collects revenues and pays costs/fees in RMB, the Company is listed on the Hong Kong Stock Exchange and has raised proceeds denominated in HKD of approximately HK\$366.11 million (less the underwriting commission and other estimated expenses paid and payable by the Company for the Global Offering). As at December 31, 2022, the balance of the Group's carrying cash and bank deposits denominated in HKD amounted to HK\$12.98 million. The exchange rate fluctuations have certain influence on the foreign currency that we hold. The Group has currently not entered into any hedging arrangement against foreign exchange exposure.

Contingent Liabilities

As at December 31, 2022, the Group had no material contingent liabilities.

Major Investment Plans

The Group intends to expand its industrial layout and participate in key projects and major works under the “14th Five-Year Plan” for the coordinated regional development of Yunnan Province. The first is to combine the State and Yunnan Province’s policies on promoting the development of green and low-carbon and green building materials, and carry out research and development of new products and new technologies, as well as invest in relevant new energy equipment. The Company will continue to improve its industrial chain structure and eventually achieve closure; the second is to enhance the concrete main business, carry out green and low-carbon upgrade and transformation of existing concrete production, and configure related equipment, as well as build new concrete batching plants; the third is to expand upstream raw material resources, carry out acquisition and consolidation of aggregate mining resources and investment in related fixed assets, including acquisition and consolidation of aggregate mining for production and process, acquisition of high-quality aggregate mining enterprises and investment in aggregates production and processing equipment. If such investment projects are carried out in the next year, their source of funding will be primarily from proceeds from the Global Offering or liquidity of the Company.

Outlook

The “14th Five-Year” is an important period for the ready-mixed concrete industry to upgrade, breakthrough and reinvent itself. As for real economy, the “14th Five-Year Plan for National Economic and Social Development of Yunnan Province and the Outline of the 2035 Vision” put forward the spatial layout of “the rise of central Yunnan Province, the opening up of the border, the development of northeastern Yunnan Province and the integration of western Yunnan Province”, and focused on the implementation of ten major projects for urban construction, the construction of well-off villages along the border, and the construction project of large transport links. At the same time, in accordance with the “14th Five-Year Plan for Construction Industry Development of Yunnan Province”, “14th Five-Year Plan Outline for Housing and Urban-Rural Development of Yunnan Province” and other planning documents, the construction industry will see greater development during the “14th Five-Year” period. In terms of finance, since the publication of “Guiding Opinions on Promoting Supply Chain Finance for Serving the Real Economy” by China Banking and Insurance Regulatory Commission, the implementation of such document has been further promoted in various places. The digital supply chain financial platform built by the Group was put into operation in the second half of 2022. The Group will further seize the development opportunities in the construction industry, and at the same time make full use of the green financing policy and leverage the digital supply chain financial platform to enhance its competitiveness and continuously increase the depth of cooperation with upstream and downstream enterprises and expand its business scale.

Industry Outlook

In 2022, the concrete industry was facing significant challenges due to the slowdown in investment growth in infrastructure projects such as real estate, railways and highways, as well as the impact of A Dual Control System of Energy Consumption under the carbon peaking and carbon neutrality strategy. Additionally, the unstable and uncertain nature of the COVID-19 pandemic further exacerbates the difficulties faced by the industry. Different industries were impacted significantly, with both traditional and new economic industries experiencing challenges. In 2023, the concrete industry has an indispensable industrial responsibility to develop energy-saving buildings, new urbanization construction, new green building materials, industrial solid waste, and construction waste resource utilization. Especially in emergency response and disaster reduction areas in urban and rural areas, the Company bears an undeniable historical mission and faces enormous challenges while also welcoming opportunities for development.

Market Prospect

Broad market prospect in Yunnan Province. Driven by the rapid economic development in Yunnan Province, the investment in infrastructure construction and fixed assets in real estate industry in Yunnan Province has increased rapidly. In the future, as the potential of economic development continues to be released, the construction of “Five Networks” in Yunnan Province will continue to advance, the construction of urbanization will accelerate and maintain strong growth momentum, which will in turn promote the rapid increase in the demand for ready-mixed concrete in Yunnan Province. In the next five years, on the basis of the “All Access” project for county highways in Yunnan Province will launch the “Interconnection and Intercommunication” project, starting construction of 78 highway projects, covering 6,024 kilometers, with a total investment of RMB1,024.1 billion. The project will gradually build a well-defined, functional, extensive and interconnected highway network, laying a solid transport foundation for Yunnan Province to achieve quality and leapfrog development.

Good prospects for the Southeast Asian market. According to the national development strategy, Yunnan Province has always prioritized accelerating the construction of interconnectivity with neighboring countries as a way to provide strong support for the construction of its radiating center and has achieved certain success in the construction of railway, highway and energy channels. We will continue to follow “The Belt and Road” initiative and the construction of the radiating center in South Asia and Southeast Asia, making full use of our geographical advantages and expanding our market coverage to neighboring Southeast Asian countries such as Laos, Cambodia, Malaysia and Indonesia as soon as possible. In the future, as projects such as highways, railways and airports are further promoted, investment in infrastructure construction in South Asian and Southeast Asian countries will continue to increase, providing better development opportunities for the concrete industry. The prospect of the concrete market is promising.

Future Focus

We must continue to work tirelessly, redouble our efforts, grasp and consolidate the achievements of the Company's development. We will fully implement the "14th Five-Year Plan" and the production and operation work for the whole year of 2023. While doing well in the concrete industry, we will continue to adhere to green development, intelligent manufacturing, and increase investment in scientific research and development. We will continue to adjust the talent structure and optimize the talent team construction. We will adhere to the strategy of strengthening the enterprise with talents and innovate the employment mechanism. By using the "Internet +" model, we will accelerate the development of traditional industries, establish a big data platform through upgrading the ERP management system, continuously collect, mine, and analyze business information, and build a supply chain financing industry chain with three major procurement platforms as the core, improve payment efficiency, innovate business models, and integrate industry resources. We will enhance management service capabilities, accelerate the development of green building materials and new building industrialization, and promote high-quality and sustainable development with "dual benefits" (economic and social benefits).

Green and Low-Carbon Development

In order to actively respond to the national requirements for green and low-carbon development, accelerate the promotion of energy utilization efficiency in Yunnan Province, ensure the completion of energy-saving and consumption-reduction targets during the "14th Five-Year" period, and help achieve carbon peaking and carbon neutrality goals, leading the ready-mixed concrete industry towards the development of green and low-carbon building material industry, the Company always adheres to the new development concept, leading the transformation and upgrading of traditional industries, promoting the integration and high-end development of green new energy and the construction industry. It has built Yunnan Province's first integrated green new energy and low-carbon logistics demonstration industrial park, consisting of "photovoltaic power generation + integrated energy station for charging, swapping and storing for heavy trucks + pure electric production and transportation equipment". The Company has also purchased new energy electric transportation equipment to achieve closed-loop production chains of green factory area, green production, and new energy green and low-carbon logistics system.

The Company will always take green, low-carbon, and intelligent manufacturing as its development direction, aiming to achieve energy-saving, environmental protection, and improve the quality and service life of its products. It will comprehensively assist the transformation and upgrading of the building material industry towards green and low-carbon development. The Company will comprehensively promote the construction of a green manufacturing system, guided by standards and focusing on green products, green factories, new energy green and low-carbon logistics, and green supply chains. It will promote the utilization of solid waste resources, demonstrate and create a green and low-carbon building materials industrial park, and comprehensively embark on the path of green development.

Seize market opportunities

- (i) **Seize the development opportunities in Yunnan’s infrastructure market.** According to Yunnan Province’s “14th Five-Year” for highway construction, the construction of highway projects in the province will still maintain high growth during the “14th Five-Year” period. As a leading concrete enterprise in Yunnan Province with advanced technology and the strongest supply capacity, the Company has rich experience in supplying concrete for large-scale projects. Therefore, we will seize the opportunity and actively participate in major project construction, including highways, interregional poverty alleviation relocation, urban comprehensive pipeline networks, and water conservancy facilities. We will maximize our participation in Yunnan Province’s infrastructure construction projects, continuously improve our market share and profitability, and further consolidate our industry leadership position.
- (ii) **Seize the unique advantage of Yunnan Province’s economic growth being higher than the national average.** According to the 2022 economic data released by the Yunnan Provincial Bureau of Statistics (雲南省統計局), the major economic indicators in Yunnan Province are within a reasonable range, and the pace of high-quality development continues to accelerate, achieving a good start to the “14th Five-Year”. In 2022, the province’s fixed asset investment increased by 7.5% year-on-year, which is 2.4 percentage points higher than the national average and 3.5 percentage points higher than that in 2021. Yunnan Province ranks 11th in the country, an improvement of 13 places compared to 2021, and ranks 6th among the 12 western provinces in terms of fixed asset investment growth rate. Under the theme of promoting high-quality development, we will adhere to the general principle of pursuing steady progress while maintaining stability, and make new achievements in the new development pattern. At the same time, the implementation of major strategic initiatives such as ecological environment protection, plateau lake governance, beautiful and green Yunnan construction, and pollution prevention and control will bring new market opportunities to the Group. We will continue to cultivate the market, consolidate our cooperation with large central enterprises such as China Railway Construction Group Co., Ltd. (中鐵建設集團有限公司), China Railway Construction Corporation Limited (中國鐵建股份有限公司), China State Construction Engineering Corporation (中國建築集團有限公司), China Communications Construction Company Ltd. (中國交通建設股份有限公司), MCC Tiangong Group Co., Ltd. (中冶天工集團有限公司) and CSCEC Xinjiang Construction & Engineering Group Co., Ltd. (中建新疆建工集團有限公司); track projects in construction in Yunnan Province by well-known enterprises outside Yunnan Province, such as Shanghai Construction Group (上海建工集團股份有限公司), Dahua (Group) Co., Ltd. (大華(集團)有限公司), Shanhe Group Holdings Limited (山河控股集團有限公司), Jiangsu Suzhong Construction Group Co., Ltd. (江蘇省蘇中建設集團股份有限公司) and Hebei Construction Group Corporation Limited (河北建設集團股份有限公司); and continue to follow up the projects in progress by large real estate companies in Yunnan Province such as Junfa Construction Group Co., Ltd. (俊發建設集團有限公司) and Kunming Northstar Group Co., Ltd. (昆明諾仕達企業(集團)有限公司). We are constantly expanding our information channels, maintaining good cooperative relationships with existing customer units, and achieving the transformation from managing projects to managing resources.

Continuously extend the concrete industrial chain and strengthen scientific research and development and technological innovation

The Group will keep close eyes on and participate in aggregate mining, production and process projects in suitable areas in Yunnan Province and surrounding areas in which highways will be built as soon as possible to accelerate the consolidation of upstream raw material resources, reduce procurement costs of upstream raw materials and continuously optimize the Group's operating benefits.

The Group will also continuously focus on the development of UHPC and related products. We will enhance our cooperation with Chinese colleges and universities (research institutes) and make full use of the Group's existing provincial research platform to continuously improve our scientific research and development and technological innovation capabilities. The Group will actively develop high-end manufacturing, green manufacturing and high-quality manufacturing to comprehensively enhance the quality brand and promote green and low-carbon development and industrial application of advanced technology in an all-round way to promote the concrete industry to develop in the direction of ecological environmental protection industry, and improve the ability of sustainable development.

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

- (i) Accelerate the upgrading of information management.** We will endeavor to optimize our production process, promote the upgrading of facilities and equipment, accelerate informatization upgrades, continuously improve the efficiency of production and delivery, and ensure that all staff and production facilities work in tandem, each business segment is implemented in blocks and all business segment management information is gradually implemented to further improve operational management efficiency. Based on the construction idea of "unifying the platform, meeting the needs and responding to the future", a collectivized, integrated and intelligent application control platform will be established. Combining the current situation and future development plan of the Company, the Company will gradually transfer its production and management operations to the information system, transform and upgrade the system in the direction of intellectualization and Internet of things, and construct a systematic platform with automation of production and operation processes, intellectualization of transportation and logistics, visualization of operations, refinement of business processes and integration of information and data by means of information technology, so as to achieve the construction objectives of horizontal synergy and vertical multi-dimensional management and control, realize the Company's business and finance integration, satisfy the integrated management needs of the Company's various levels of management in different business modes and multiple business modules, realize centralized data management and multi-dimensional analysis of information, and enhance support for leadership decisions, grasp market opportunities and hedge the Company's risks.

- (ii) **Continuously improve the internal control management system.** We will integrate the quality, environment and occupation health and safety management systems and the corporate internal control management system, revise the system and management documents, improve and deepen the business processes, and enhance the regularity and efficiency of the business processes, taking into account the new business layout and management functions of the Company. At the same time, the integration of the management system and informatization will be accelerated. By allowing information flow and business flow to run in a closed pipeline through the management information system, we will release the Company's management resources, allow the management department to better perform its supervision and service effectiveness, and improve the efficiency of daily operation and decision-making. To clarify the strategic positioning and work objectives of each production and operation unit, we will continuously enhance the operational efficiency of our subsidiaries and innovative business units, highlight our core competitiveness while exploring new businesses, and continuously improve our management standards.

PROPOSED DISTRIBUTION OF FINAL DIVIDEND FOR 2022

In accordance with the Board's resolution passed on March 31, 2023, the Board proposed to pay a final dividend for the year ended December 31, 2022 to the Shareholders in cash at RMB0.0331 (including tax) for each Share (the "**Proposed Final Dividend for 2022**"), based on the current total number of Shares of 446,272,000 Shares, which came to a total amount of approximately RMB14.8 million (including tax). If the Shareholders approve the proposal at the 2022 AGM, the Proposed Final Dividend for 2022 is expected to be distributed on or before July 25, 2023.

To determine the list of Shareholders entitled to receive the Proposed Final Dividend for 2022, the register of members of the Company will be closed from Thursday, June 1, 2023 to Tuesday, June 6, 2023 (both days inclusive), during which no transfer of Shares will be effected. Shareholders whose names appear on the register of members of the Company on Tuesday, June 6, 2023 shall be entitled to receive the Proposed Final Dividend for 2022. To be eligible to receive the Proposed Final Dividend for 2022, all transfer documents shall be delivered, no later than 4:30 p.m. on Wednesday, May 31, 2023, 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).

CORPORATE GOVERNANCE CODE

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

For the year ended December 31, 2022, the Company has complied with all applicable code provisions set out in Part 2 of the Corporate Governance Code. Details of the Company's corporate governance are set out in the 2022 annual report to be published in due course.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct for all the Directors, Supervisors and relevant employees (as defined in the Model Code) of the Company to conduct securities transactions of the Company. Upon specific enquiries with all the Directors and Supervisors, the Directors and Supervisors confirmed that they have strictly complied with the required standards set out in the Model Code for the year ended December 31, 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the year ended December 31, 2022, the Company or any of its subsidiaries have not purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

For the year ended December 31, 2022, the audit committee of the Company (the “**Audit Committee**”) comprises five members and is chaired by Mr. Li Hongkun as an independent non-executive Director, which includes the independent non-executive Directors, namely Mr. Wong Kai Yan Thomas and Mr. Yu Dingming and the non-executive Directors, namely Mr. Jiang Qian and Mr. Liu Zhumin (who has served as a member since December 30, 2022) and a former non-executive Director, namely Mr. He Jianqiang (who ceased to be a member from October 31, 2022).

The Audit Committee has adopted terms of reference consistent with that in the Corporate Governance Code. The primary duties of the Audit Committee include reviewing and supervising the Group's financial monitoring, risk management and internal control systems and procedures, reviewing the Group's financial data and reviewing the Company's relationship with its external auditors. The 2022 annual results and the 2022 audited financial statements of the Group have been reviewed by the Audit Committee.

SCOPE OF WORK OF THE GROUP'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended December 31, 2022 as set out in the preliminary results announcement for the year ended December 31, 2022 have been agreed by the Group's auditor, PwC, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PwC in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PwC on the preliminary results announcement.

EVENTS AFTER THE REPORTING PERIOD

The relevant matters that the Group needs to bring attention to after the Reporting Period are listed in Note 13 of the consolidated financial statements to this results announcement.

PUBLICATION OF 2022 ANNUAL RESULTS ANNOUNCEMENT AND 2022 ANNUAL REPORT ON THE WEBSITES OF THE HONG KONG STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (<https://www.ynhnt.com>). The 2022 annual report containing all the information required under the Hong Kong Listing Rules will be despatched to the Shareholders and published on the websites of the Hong Kong Stock Exchange and the Company in due course.

DEFINITIONS

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

| | |
|---|---|
| “14th Five-Year” | the five-year period from 2021 to 2025 for the implementation of the “14th Five-Year Plan” of the People’s Republic of China |
| “14th Five-Year Plan” | “14th Five-Year Plan for National Economic and Social Development and the Outline of Visions for 2035 of the People’s Republic of China”, a set of targets to strengthen China’s economy from 2021 to 2025 and a vision target for 2035 |
| “2022 AGM” | the Company’s 2022 annual general meeting or any adjournment thereof to be held on May 25, 2023 or any other date fixed by the Board |
| “A Dual Control System of Energy Consumption” | the “Programme for Improving the Dual Control System of Energy Consumption Intensity and Total Volume” issued by NDRC in September 2021 |
| “Board” | the board of Directors of the Company |
| “China” or “PRC” | the People’s Republic of China, but for the purpose of this results announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan region |
| “Company” | YCIH Green High-Performance Concrete Company Limited |
| “Corporate Governance Code” | the Corporate Governance Code as set out in Appendix 14 to the Hong Kong 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 RMB |
| “Five Networks” | a development strategy implemented by the Yunnan Provincial Government, including the construction of networks of road, aviation, energy, water and Internet |

| | |
|------------------------------|--|
| “Group”, “our”, “we” or “us” | the Company and its subsidiaries |
| “H Share(s)” | overseas listed foreign invested ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed and traded on the Main Board of the Hong Kong Stock Exchange |
| “HKD” or “HK\$” | Hong Kong dollars and Hong Kong cents, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Hong Kong Listing Rules” | the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time |
| “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “IFRSs” | International Financial Reporting Standards promulgated by the International Accounting Standard Board (IASB) and the International Accounting Standards (IAS) including restated standards, amendments and interpretations issued |
| “m ³ ” | cubic meter |
| “Main Board” | the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with GEM of the Hong Kong Stock Exchange |
| “Model Code” | the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules |
| “NDRC” | National Development and Reform Commission of the PRC* (中國國家發展和改革委員會) |
| “PwC” | PricewaterhouseCoopers (Hong Kong Certified Public Accountants) |
| “Reporting Period” | for the year ended December 31, 2022 |
| “RMB” | Renminbi, the lawful currency of the PRC |

| | |
|--------------------------|---|
| “Share(s)” | the ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising H Shares and Domestic Shares |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “subsidiary(ies)” | has the meaning ascribed to it under the Hong Kong Listing Rules |
| “Supervisor(s)” | the supervisor(s) of the Company |
| “Supervisory Committee” | the supervisory committee of the Company |
| “YCIH Financial Company” | Yunnan Construction and Investment Holding Group Financial Management Company Limited* (雲南建投集團財務有限公司) |
| “Yunnan Province” | Yunnan Province of the PRC |
| “%” | percent |

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

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

Kunming, China, March 31, 2023

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. Liu Zhumin 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*