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雲建綠砼
— **GHPC** —

YCIH Green High-Performance Concrete Company Limited

雲南建投綠色高性能混凝土股份有限公司

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

(Stock Code: 1847)

**ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE 2025-2027 LAND AND PROPERTY LEASING
FRAMEWORK AGREEMENT**

INTRODUCTION

For details of (among others) the existing continuing connected transactions under the 2021 Land and Property Leasing Framework Agreement, please refer to the continuing connected transactions announcement of the Company dated November 26, 2021.

As the term of the 2021 Land and Property Leasing Framework Agreement will expire on December 31, 2024, the Company and YCIH entered into the 2025-2027 Land and Property Leasing Framework Agreement on November 29, 2024 to renew the 2021 Land and Property Leasing Framework Agreement. Pursuant to the 2025-2027 Land and Property Leasing Framework Agreement, YCIH and its associates agreed to lease certain land and properties lawfully owned by YCIH and its associates to the Company and its subsidiaries for a three-year period from January 1, 2025 to December 31, 2027.

LISTING RULES IMPLICATIONS

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

In respect of the transactions contemplated under the 2025-2027 Land and Property Leasing Framework Agreement, the highest applicable percentage ratio exceeds 0.1% but is less than 5%. Such transactions, together with the proposed annual caps, are therefore subject to the reporting, announcement and annual review requirements, but exempt from compliance with the independent Shareholders' approval requirements, under Chapter 14A of the Listing Rules.

I. INTRODUCTION

For details of (among others) the existing continuing connected transactions under the 2021 Land and Property Leasing Framework Agreement, please refer to the continuing connected transactions announcement of the Company dated November 26, 2021.

As the term of the 2021 Land and Property Leasing Framework Agreement will expire on December 31, 2024, the Company and YCIH entered into the 2025-2027 Land and Property Leasing Framework Agreement on November 29, 2024 to renew the 2021 Land and Property Leasing Framework Agreement. Pursuant to the 2025-2027 Land and Property Leasing Framework Agreement, YCIH and its associates agreed to lease certain land and properties lawfully owned by YCIH and its associates to the Company and its subsidiaries for a three-year period from January 1, 2025 to December 31, 2027.

II. EXISTING LEASES UNDER THE 2021 LAND AND PROPERTY LEASING FRAMEWORK AGREEMENT

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

- (i) two pieces of land in Kunming where two batching plants of the Company are located to serve the regional market, covering an area of 16 mu and 42 mu, respectively;
- (ii) one property in Kunming leased for use as the Company's headquarters office, with an aggregate GFA of 4,179.61 m²;
- (iii) one property in Zhaotong leased for use as the Company's office, with an aggregate GFA of 463.71 m²; and
- (iv) one site in Dashiba in the eastern suburbs of the Economic and Technological Development Zone, Kunming, and its existing above-ground buildings and structures for the purpose of operation of the Company, with a total area of 19,447 m².

III. 2025-2027 LAND AND PROPERTY LEASING FRAMEWORK AGREEMENT

1. Parties

- (i) Party A: YCIH (YCIH and its associates acting as the “lessor”)
- (ii) Party B: the Company (the Company and its subsidiaries acting as the “lessee”)

2. Principal terms

The Company entered into the 2025-2027 Land and Property Leasing Framework Agreement on November 29, 2024 with YCIH, pursuant to which the Company and its subsidiaries may lease certain land and properties lawfully owned by YCIH and its associates.

The principal terms of the 2025-2027 Land and Property Leasing Framework Agreement are as follows:

- (i) the term of the 2025-2027 Land and Property Leasing Framework Agreement will commence on January 1, 2025 and end on December 31, 2027, subject to early termination by either party giving at least 30 Business Days’ prior written notice to the other party. The parties can renew the 2025-2027 Land and Property Leasing Framework Agreement by mutual agreement in accordance with the principle of good faith upon expiration of the term, provided that the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations are complied with;
- (ii) during the term of the 2025-2027 Land and Property Leasing Framework Agreement, the relevant parties will enter into individual agreements which specify and record the terms and provisions of the specific leasing transactions to be carried out in accordance with the principles and terms of the 2025-2027 Land and Property Leasing Framework Agreement in all material aspects; and
- (iii) calculation and settlement of rentals and related expenses:
 - a. the rentals of the land and properties leased by the lessor to the lessee shall be negotiated on an arm’s length basis, and be determined with reference to the lease contracts (if any) that have been or are being performed by the parties, the market rentals of similar land and properties in the neighboring areas of the relevant land and properties (the lessee will inquire about and compare the prices of no less than three land and property units for lease in the neighboring areas of the land and properties to be leased) and other factors, to ensure that the rentals are maintained at a fair and reasonable level, while the rentals per unit area shall not be higher than the prices for the leases of land and

properties in the same area by the lessor to independent third parties. Both parties shall review and adjust (if applicable) the rentals upon the renewal of the leasing agreements by reference to the prevailing market conditions, including factors such as the geographical location, the standard of construction and the surrounding areas;

- b. the lessee shall pay the rentals to the lessor for the above-mentioned leases of land and properties, and the actual transaction amount for each year from 2025 to 2027 shall be controlled to fall within the annual cap of each year determined by both parties, subject to the aggregate amount audited by the accountant subsequent to the signing of the relevant individual agreements by the parties during such period;
- c. all the utility bills of the leased properties shall be borne by the lessee, whereas the lessor shall calculate the amount of utility bills to be allocated on a monthly basis, and upon the confirmation in writing by the lessee, the lessor collects it on behalf of the lessee and finally makes payments to the utility bureaus; and
- d. the lessee shall be responsible for maintenance and repair of the leased land and properties and also the costs incurred thereunder during the term of the lease.

IV. INTERNAL CONTROL MEASURES

In order to ensure that the 2025-2027 Land and Property Leasing Framework Agreement complies with the connected transaction policies of the Group, the Group has implemented the following internal control measures:

- (i) the Company has formulated the Connected Transactions Management Measures which sets out the internal control framework and requirements with respect to connected transactions of the Group, with which the Company will strictly comply;
- (ii) the financial management center and the enterprise management department of the Company will conduct regular inspections or supervision and review over the transactions contemplated under the 2025-2027 Land and Property Leasing Framework Agreement and evaluate the risks of the annual caps being exceeded on an annual basis, and report the same to the Board;
- (iii) the Board and the relevant functional departments of the Company may make suggestions from time to time to strengthen the procedural compliance of the Group and ensure the completeness and effectiveness of the internal control measures of the Group;

- (iv) the relevant functional departments of the Company will conduct interim and annual reviews of the Group's continuing connected transactions, so as to confirm that the relevant transactions have been approved by the Board and are carried out in accordance with the 2025-2027 Land and Property Leasing Framework Agreement without exceeding the annual caps;
- (v) the independent non-executive Directors have reviewed and will review the Group's continuing connected transactions annually to ensure that the terms of the relevant transactions are fair and reasonable and that the relevant transactions are conducted in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Company and the Shareholders as a whole; and
- (vi) the Company's auditors will review the terms of the relevant continuing connected transactions (including the pricing policies) and their annual caps on an annual basis to ensure that the transaction amounts do not exceed the relevant annual caps and that such transactions are conducted in accordance with the relevant agreements in all material respects.

V. HISTORICAL TRANSACTION AMOUNTS AND PROPOSED ANNUAL CAPS

1. Historical Transaction Amounts

The actual transaction amounts of the total value of the right-of-use assets involved in the leasing of land and properties for each of the two years ended December 31, 2022 and 2023 and the ten months ended October 31, 2024 under the 2021 Land and Property Leasing Framework Agreement are set out as follows:

Unit: RMB million

	Year ended December 31,		Ten months
	2022	2023	ended
	<i>(audited)</i>	<i>(audited)</i>	October 31, 2024
			<i>(unaudited)</i>
Land and properties leased from YCIH and its associates	3.82	0.00	2.76

2. Proposed Annual Caps

The proposed annual caps on the total value of the right-of-use assets ^{Note} involved in the leasing of land and properties during the term of the 2025-2027 Land and Property Leasing Framework Agreement are set out as follows:

Unit: RMB million

	Year ending December 31,		
	2025	2026	2027
Land and properties leased from YCIH and its associates	8.00	4.00	8.00

Note: Pursuant to ASBE 21, the leases to be entered into by the Company and its subsidiaries as lessee under the 2025-2027 Land and Property Leasing Framework Agreement will be recognised as right-of-use assets. The proposed annual caps are formulated on the basis of the total value of the right-of-use assets relating to the individual lease agreements expected to be entered into by the Company and its subsidiaries in each year, with such total value being calculated by reference to the total annual rentals for the entire lease term of the individual lease agreements newly entered into in each year and discounted at the Company's incremental borrowing rate.

VI. BASIS OF DETERMINATION OF THE PROPOSED ANNUAL CAPS

In determining the abovementioned proposed annual caps for the years of 2025 to 2027, the Directors have considered the following:

- (i) the historical transaction amounts for each of the two years ended December 31, 2022 and 2023 and the ten months ended October 31, 2024;
- (ii) assuming that the leasing areas of the existing land and properties will remain unchanged, and the market rentals may increase (calculated at 5% per annum temporarily); and
- (iii) due to the needs of the Group's business development within and outside Yunnan Province, resulting in potential additional land and properties leased for production and/or office purposes.

VII. REASONS FOR AND BENEFITS OF ENTERING INTO THE 2025-2027 LAND AND PROPERTY LEASING FRAMEWORK AGREEMENT

The Group had been leasing land and properties from YCIH and its associates for use in its ordinary and usual course of business during the term of the 2021 Land and Property Leasing Framework Agreement. Given that such transactions were carried out on an ongoing basis on

normal commercial terms, the Group and YCIH and its associates continuing to conduct the transactions pursuant to the 2025-2027 Land and Property Leasing Framework Agreement will ensure smooth business operations and save administrative costs.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the 2025-2027 Land and Property Leasing Framework Agreement (including the proposed annual caps) are entered into in the ordinary and usual course of business of the Company on normal commercial terms, and the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

VIII. LISTING RULES IMPLICATIONS

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

In respect of the transactions contemplated under the 2025-2027 Land and Property Leasing Framework Agreement, the highest applicable percentage ratio exceeds 0.1% but is less than 5%. Such transactions, together with the proposed annual caps, are therefore subject to the reporting, announcement and annual review requirements, but exempt from compliance with the independent Shareholders' approval requirements, under Chapter 14A of the Listing Rules.

Ms. Yang Jia, a non-executive Director, who holds a position in a controlling subsidiary of YCIH, has abstained from voting on the Board resolution in relation to the 2025-2027 Land and Property Leasing Framework Agreement. Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the 2025-2027 Land and Property Leasing Framework Agreement or is required to abstain from voting on the Board resolution in relation to the 2025-2027 Land and Property Leasing Framework Agreement.

IX. INFORMATION ON THE PARTIES

(i) Information on the Company and the Group

The Company is a joint stock company incorporated in the PRC with limited liability, whose H Shares are listed on the Main Board of the Stock Exchange (Stock Code: 1847). As at the date of this announcement, the Company's controlling shareholder is YCIH, which directly and indirectly holds 62.75% equity interest in the Company.

The Group is primarily engaged in the production and sales of ready-mixed concrete and related products as well as the provision of quality and technology management service in the PRC.

(ii) Information on YCIH

YCIH is a limited liability company established in the PRC in 2016. It is a wholly state-owned entity which, as at the date of this announcement, is held as to 97.35% by the Yunnan SASAC and as to 2.65% by the Yunnan Provincial Department of Finance (雲南省財政廳) respectively and operates under the supervision and regulation of the Yunnan SASAC.

YCIH and its subsidiaries (including the Group) are primarily engaged in, among others, infrastructure construction, urban construction and development, real estate development, commercial concrete production and building materials and equipment supply in the PRC and internationally.

X. DEFINITIONS

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

“2021 Land and Property Leasing Framework Agreement”	the land and property leasing framework agreement dated November 26, 2021 entered into between the Company and YCIH
“2025-2027 Land and Property Leasing Framework Agreement”	the 2025-2027 land and property leasing framework agreement dated November 29, 2024 entered into between the Company and YCIH, pursuant to which YCIH and its associates agreed to lease certain land and properties lawfully owned by YCIH and its associates to the Company and its subsidiaries
“ASBE”	Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC, including amendments and interpretations issued
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Business Day(s)”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
“Company”	YCIH Green High-Performance Concrete Company Limited (雲南建投綠色高性能混凝土股份有限公司)

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign invested ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange and are subscribed for and traded in Hong Kong dollars
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“m ² ”	square meter
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“mu”	a Chinese unit of area, also spelled “mou”, equivalent to approximately 0.066 hectares
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC” or “China”	the People’s Republic of China, but for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

“YCIH”	Yunnan Construction and Investment Holding Group Co., Ltd.* (雲南省建設投資控股集團有限公司)
“Yunnan Province”	Yunnan Province of the PRC
“Yunnan SASAC”	State-Owned Assets Supervision and Administration Commission of Yunnan Provincial People’s Government (雲南省人民政府國有資產監督管理委員會)
“%”	per cent

* *For identification purpose only*

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

Kunming, China, November 29, 2024

As at the date of this announcement, the Board comprises Mr. Li Zhangjian, Mr. Zhang Long, Mr. Liu Zhen and Ms. Wang Fang (employee Director) as executive Directors; Ms. Yang Jia and Mr. Yang Jie as non-executive Directors; and Mr. Wong Kai Yan Thomas, Mr. Yu Dingming and Mr. Li Hongkun as independent non-executive Directors.