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

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

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2019

Annual Financial Highlights:

For the year ended December 31, 2019, the Group's:

- revenue was approximately RMB3,608 million, which increased by 7.5% as compared with 2018;
- profit before income tax was approximately RMB244 million, which increased by 12.5% as compared with 2018;
- net profit attributable to equity holders of the Company was approximately RMB204 million, which increased by 24.4% as compared with 2018; and
- earnings per Share was approximately RMB0.61, which increased by 17.3% as compared with 2018.

The Board proposed to pay a final dividend of RMB0.1355 per Share (including tax) to the Shareholders, totaling an aggregate amount of RMB60.4728 million (including tax) based on a current total number of shares of the Company of 446,272,000 shares. Subject to Shareholders' approval at the 2019 AGM, the dividend is expected to be paid on or before Wednesday, August 26, 2020.

The Board of the Company is pleased to announce the audited consolidated results of the Group for the year ended December 31, 2019 together with the comparative data for the year ended December 31, 2018 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	**Year ended December 31,** **2019** ***RMB'000***	2018 *RMB'000*
Revenue	*3*	**3,608,075**	3,357,117
Cost of sales	*5*	**(3,200,677)**	(2,997,649)
Gross profit		**407,398**	359,468
Selling expenses	*5*	**(13,136)**	(14,407)
Administrative expenses	*5*	**(133,981)**	(114,553)
Net impairment losses on financial assets	*5*	**(8,129)**	(11,870)
Other income	*3*	**2,257**	5,221
Other (losses)/gains — net	*4*	**(1,210)**	814
Operating profit		**253,199**	224,673
Finance income	*6*	**1,354**	1,147
Finance costs	*6*	**(10,358)**	(8,738)
Finance costs — net	*6*	**(9,004)**	(7,591)
Profit before income tax		**244,195**	217,082
Income tax expense	*7*	**(28,509)**	(37,633)
Profit for the year		**215,686**	179,449
Profit attributable to:			
— The equity holders of the Company		**203,685**	163,748
— Non-controlling interests		**12,001**	15,701
		215,686	179,449
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*	**0.61**	0.52

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Profit for the year	**215,686**	179,449
Other comprehensive income		
Items that may be reclassified to profit or loss		
— Changes in the fair value of debt instruments at fair value through other comprehensive income	**(2,171)**	—
— Income tax relating to the item	**351**	—
Other comprehensive loss for the year, net of tax	**(1,820)**	—
Total comprehensive income for the year	**213,866**	179,449
Total comprehensive income attributable to:		
— The equity holders of the Company	**201,942**	163,748
— Non-controlling interests	**11,924**	15,701

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

	Note	**As at December 31, 2019** *RMB'000*	2018 *RMB'000*
ASSETS			
Non-current assets			
Land use rights		**20,102**	20,602
Property, plant and equipment		**194,502**	258,105
Investment properties		**2,821**	3,011
Intangible assets		**930**	20
Other non-current assets		**7,950**	—
Deferred income tax assets		**14,791**	12,539
		241,096	294,277
Current assets			
Inventories		**47,474**	45,704
Financial assets at fair value through other comprehensive income		**137,202**	55,637
Trade receivables	*9*	**2,416,622**	2,448,270
Prepayments and other receivables	*10*	**38,615**	59,766
Restricted cash		**20,772**	15,680
Cash and cash equivalents		**640,009**	240,026
		3,300,694	2,865,083
Total assets		**3,541,790**	3,159,360

	Note	As at December 31, 2019 RMB'000	2018 RMB'000
EQUITY			
Share capital		**446,272**	312,390
Reserves		**458,658**	245,799
Retained earnings		**262,937**	321,464
Total equity attributable to equity holders of the Company		**1,167,867**	879,653
Non-controlling interests		**60,481**	75,344
Total equity		**1,228,348**	954,997
LIABILITIES			
Non-current liabilities			
Lease liabilities		**15,601**	15,565
Provision for close down, restoration and environmental cost		**5,411**	8,419
		21,012	23,984
Current liabilities			
Trade and other payables	*11*	**2,128,626**	2,002,587
Lease liabilities		**13,132**	21,655
Provision for close down, restoration and environmental cost		**6,454**	3,234
Contract liabilities		**14,130**	48,146
Current income tax liabilities		**15,470**	24,757
Borrowings		**114,618**	80,000
		2,292,430	2,180,379
Total liabilities		**2,313,442**	2,204,363
Total equity and liabilities		**3,541,790**	3,159,360

1 GENERAL INFORMATION

YNJG Green High-Performance Concrete Co., Ltd. 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 (the "**Company Law**"). 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 address of its registered office is YCIH Zhaotong Development Building, Zhaotong Avenue, Zhaoyang District, Zhaotong, Yunnan Province, the PRC.

The parent company of the Group was Yunnan Construction Engineering Group Co., Ltd ("**YNJG**") before March 2017 and Yunnan Construction and Investment Holding Group Co., Ltd. ("**YCIH**") since March of 2017. Both YNJG and YCIH are operating under the supervision and regulation of the State-Owned Assets Supervision and Administration Commission of Yunnan Province.

The Group is principally engaged in the research, development, production, sales, transportation and pumping of ready-mixed concrete as well as providing quality and technology management service in the PRC.

The Company completed its global initial public offering and listed its 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 financial statements have been approved for issue by the board of directors of the Company (the "**Board**") on March 27, 2020.

The financial position of the Group was particularly affected by the initial public offering on October 31, 2019 during the year ended December 31, 2019.

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. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 Compliance with the International Financial Reporting Standards and the Hong Kong Companies Ordinance

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

2.1.2 Historical cost convention

The 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, 2019, and have been adopted by the Group in current period and also early adopted in prior period for the purpose of IPO of the Company:

IFRS 16	Leases
IFRIC 23	Uncertainty over income tax treatments
Amendments to the International Accounting Standards ("**IAS**") 19	Plan amendment, curtailment or settlement
Amendments to IFRS 9	Prepayment features with negative compensation
Amendments to IAS 28	Long-term interests in associates and joint ventures
Annual improvements IFRS Standards 2015–2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

2.1.4 New standards and amendments of IFRS issued but are not yet effective for the financial year beginning on January 1, 2020 and have not been early adopted by the Group

		Effective for annual periods beginning on or after
IFRS 17	Insurance contracts	January 1, 2022
Amendments to IAS 1 and IAS 8	Definition of Material	January 1, 2020
Amendments to IFRS 3	Definition of Business	January 1, 2020
Revised conceptual framework	Revised conceptual framework for financial reporting	January 1, 2020
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 assessing the full impact of these new standards, amendments and interpretations. According to the preliminary assessment, these standards, amendments and interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.2 *Subsidiaries*

2.2.1 Consolidation

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 consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(b) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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 sale 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 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,	
	2019	2018
	RMB'000	*RMB'000*
Sales of ready-mixed concrete	**3,542,345**	3,294,261
Sales of polycarboxylic admixtures	**36,284**	38,336
Sales of aggregates	**13,440**	15,027
Quality and technology management service	**16,006**	9,493
	3,608,075	3,357,117

(a) *The Group is principally engaged in research, development, production and sale of ready-mixed concrete and related products and providing quality and technology management service.*

The Group's most senior executive management regularly review their consolidated financial information to assess the performance and make resource allocation decisions.

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,	
	2019	2018
	RMB'000	*RMB'000*
Group A	**2,522,396**	2,459,814
Group B	**241,933**	134,835
Group C	**84,518**	88,567
	2,848,847	2,683,216

The customer portfolio of the Group is concentrated, which is consistent with the industry practice. Group A represents YCIH Group. If major customers substantially defaults in payment or terminates 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,	
	2019	2018
	RMB'000	*RMB'000*
Contract liabilities related to sales of ready-mixed concrete	**14,130**	48,146

(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,	
	2019	2018
	RMB'000	*RMB'000*
Revenue recognised that was included in the contract liabilities balance at the beginning of the year — sales of ready-mixed concrete	**45,570**	38,313

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 products that have not yet been delivered to the customers. As at December 31, 2019 and 2018, the contract liabilities mainly included the advanced payments received from related-party customers for sales of ready-mixed concrete.

3.3 Other income

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Government grants *(Note (a))*	**1,718**	3,205
Rental income	**539**	1,329
Labour service income	**—**	687
	2,257	5,221

(a) Government grants mainly represent grants received from the PRC government authorities for subsidising the Group's general operation, research and development activities. 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,	
	2019	2018
	RMB'000	*RMB'000*
(Losses)/gains on disposal of property, plant and equipment	**(144)**	550
Others	**(1,066)**	264
	(1,210)	814

5 EXPENSES BY NATURE

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Raw materials and purchased goods consumed	**2,334,373**	2,171,454
Transportation expenses	**273,564**	255,700
Employee benefit expenses	**274,447**	253,904
Outsourcing costs	**156,629**	133,399
Lease expenses	**88,433**	91,813
Amortisation of land use rights	**500**	500
Depreciation of properties, plant and equipment	**104,302**	114,705
Depreciation of investment properties	**213**	213
Amortisation of intangible assets	**94**	34
Net impairment losses on trade receivables *(Note 9)*	**7,452**	11,287
Net impairment losses on other receivables *(Note 10)*	**677**	583
Taxes and levies	**20,265**	19,012
Utilities and electricity	**13,198**	14,431
Maintenance expenses	**10,120**	10,143
Office expenses	**5,638**	6,959
Travelling expenses	**5,829**	6,858
Auditor's remuneration	**4,100**	1,244
Listing expenses	**3,154**	280
Miscellaneous	**52,935**	45,960
Total cost of sales, selling expenses, administrative expenses and net impairment losses on financial assets	**3,355,923**	3,138,479

6 FINANCE INCOME AND COSTS

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Interest income:		
— Bank deposits	**689**	359
— Deposits within a financial institution	**665**	788
Total finance income	**1,354**	1,147
Interest expenses:		
— Guaranteed borrowings	**(1,158)**	(4,502)
— Unsecured bank borrowings	**(3,669)**	—
— Lease liabilities	**(2,725)**	(3,619)
— Exchange loss	**(1,367)**	—
— Others	**(1,439)**	(617)
Total finance costs	**(10,358)**	(8,738)
Finance costs — net	**(9,004)**	(7,591)

7 INCOME TAX EXPENSE

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

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Current income tax	**30,410**	38,405
Deferred income tax	**(1,901)**	(772)
Income tax expense	**28,509**	37,633

(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 all of the Group's subsidiaries during the year, except for the Company which is qualified as a High-tech Enterprise and enjoy a preferential income tax rate of 15% as approved by the local tax authority for the years ended December 31, 2019, 2018 and 2017, YCIH Polymer Material Co., Ltd.* (雲南建投高分子材料有限公司 ("**Polymer Company**")) is qualified as a High-tech Enterprise and enjoy a preferential income tax rate of 15% as approved by the local tax authority for the year ended December 31, 2019.

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Profit before income tax	**244,195**	217,082
Tax calculated at the domestic CIT rate applicable	**25%**	25%
	61,049	54,271
Tax effect of:		
Expenses not deductible for tax purpose	**858**	128
Additional deduction of research and development expenses incurred	**(517)**	(130)
Effect of preferential income tax rate of the Company	**(26,880)**	(15,425)
Effect of change in income tax rate	**28**	—
Additional expenses allowable for tax deduction	**(6,029)**	(1,211)
Income tax expense	**28,509**	37,633

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,	
	2019	2018
Profit attributable to equity holders of the Company (RMB'000)	**203,685**	163,748
Weighted average number of ordinary shares in issue (in thousands)	**334,765**	312,390
Basic earnings per share (RMB)	**0.61**	0.52

(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 year ended December 31, 2019 and 2018.

9 TRADE RECEIVABLES

	As at December 31, 2019 RMB'000	2018 RMB'000
Trade receivables — related parties	**1,604,395**	1,753,353
Trade receivables — third parties	**867,461**	743,002
	2,471,856	2,496,355
Less: Provision for impairment of receivables *(Note (b))*	**(55,234)**	(48,085)
Trade receivables — net	**2,416,622**	2,448,270

As at December 31, 2019 and 2018, the fair values of trade receivables of the Group approximated their carrying amounts.

As at December 31, 2019 and 2018, all the carrying amounts of trade receivables were denominated in RMB.

(a) Aging analysis of trade receivables at the respective statement of financial position dates, based on the invoice dates, are as follows:

	As at December 31, 2019 RMB'000	2018 RMB'000
— Within one year	**2,181,615**	1,942,450
— One year to two years	**187,805**	450,158
— Two years to three years	**67,878**	71,677
— Three years to four years	**18,207**	14,916
— Four years to five years	**10,832**	14,530
— Over five years	**5,519**	2,624
	2,471,856	2,496,355

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 aging days. The expected credit losses also incorporate forward-looking information. As at December 31, 2019, provision of approximately RMB55,234,000 was made against trade receivables (December 31, 2018: RMB48,085,000).

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

	Year ended December 31, 2019 RMB'000	2018 RMB'000
Beginning of the year	**48,085**	36,810
Provision for impairment on trade receivables	**7,452**	11,287
Write-off for impairment on trade receivables	**(303)**	(12)
End of the year	**55,234**	48,085

10 PREPAYMENTS AND OTHER RECEIVABLES

	As at December 31,	
	2019	2018
	RMB'000	*RMB'000*
Other receivables — related parties	**3,911**	2,322
Other receivables — third parties	**21,703**	23,026
	25,614	25,348
Less: Provision for impairment of receivables *(Note (b))*	**(2,878)**	(2,201)
Other receivables — net	**22,736**	23,147
Prepayments — listing expenses	**—**	11,207
Prepayments — others	**6,746**	19,444
Prepayments	**6,746**	30,651
Other current assets	**9,133**	5,968
Prepayments and other receivables — net	**38,615**	59,766

As at December 31, 2019 and 2018, the fair values of other receivables of the Group approximated their carrying amounts.

As at December 31, 2019 and 2018, all the carrying amounts of prepayments and other receivables were denominated in RMB.

(a) Aging analysis of prepayments and other receivables at the respective statement of financial position dates, based on the invoice dates, are as follows:

	As at December 31,	
	2019	2018
	RMB'000	*RMB'000*
— Within one year	**27,516**	47,014
— One year to two years	**3,446**	8,501
— Two years to three years	**5,306**	1,687
— Three years to four years	**1,226**	995
— Four years to five years	**797**	3,201
— Over five years	**3,202**	569
	41,493	61,967

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 aging days. The expected credit losses also incorporate forward looking information. As at December 31, 2019, provisions for impairment of approximately RMB2,878,000 were made against other receivables (December 31, 2018: approximately RMB2,201,000).

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

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Beginning of the year	**2,201**	1,618
Provision for impairment on other receivables	**677**	583
End of the year	**2,878**	2,201

11 TRADE AND OTHER PAYABLES

	As at December 31,	
	2019	2018
	RMB'000	*RMB'000*
Notes payable	**50,080**	62,050
Trade payables — related parties	**112,643**	145,918
Trade payables — third parties	**1,806,451**	1,470,721
Other payables — related parties	**14,871**	74,601
Other payables — third parties	**54,859**	50,303
Staff salaries and welfare payable	**79,262**	84,556
Interest payable	**138**	148
Dividends payable	**—**	82,810
Accrued taxes other than income tax	**10,322**	31,480
	2,128,626	2,002,587

(a) As at December 31, 2019 and 2018, 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) Aging analysis of trade and other payables at the respective statement of financial position dates is as follows:

	As at December 31,	
	2019	2018
	RMB'000	*RMB'000*
— Within one year	**1,757,677**	1,632,689
— One year to two years	**278,745**	294,718
— Two years to three years	**57,968**	28,117
— Three years to four years	**23,789**	14,753
— Four years to five years	**6,863**	27,973
— Over five years	**3,584**	4,337
	2,128,626	2,002,587

12 DIVIDENDS

(a) Ordinary shares

	As at December 31,	
	2019	2018
	RMB'000	*RMB'000*
Final dividend for the year ended December 31, 2018 of RMB0.7785 per fully paid share (2017: nil)	**243,225**	—

For dividends RMB243,225 thousand declared to the shareholders of the Company during the year ended December 31, 2019, the Company settled RMB243,225 thousand during the year ended December 31, 2019, and the Group settled RMB60,317 thousand in cash which was declared to the shareholders of the Company in previous years.

(b) Dividends not recognised at the end of the year ended December 31, 2019

	As at December 31,	
	2019	2018
	RMB'000	*RMB'000*
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of RMB0.1355 per fully paid ordinary share for the year ended December 31, 2019 (2018: RMB0.7785). The aggregate amount of the proposed dividend is expected to be paid on or before August 26, 2020 out of retained earnings as at December 31, 2019, but not recognised as a liability at year end, is	**60,473**	243,225

13 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

(a) Pursuant to a resolution of the Board of Directors date March 27, 2020, the Company has proposed dividend of RMB0.1355 per share, which is RMB60,473 thousand in total. The proposal is subject to approval in the annual general meeting.

(b) Since the outbreak of Coronavirus Disease 2019 ("**COVID-19 outbreak**") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the PRC. The Group paid and will continue to pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. As at the date on which this set of financial statements were authorised for issue, the Group was not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

As the economy continues to grow, the Chinese government will continue to promote the construction of a modernized infrastructure network and Yunnan Province will continue to promote its "Five Networks", accelerate its urbanization and continue to increase investment in infrastructure construction and real estate fixed assets in the coming years. Such growth will continue to serve as the driving force for the stable development of the engineering construction industry, which will in turn bring about continuous increasing demands for ready-mixed concrete. The "Double Ten" key construction projects and "Four Hundred" infrastructure construction projects initiated by the Yunnan Provincial Government in 2020 will greatly stimulate the demands for concrete in the region.

BUSINESS OVERVIEW

Overview

The Company is a ready-mixed concrete producer located in Yunnan Province. We boast powerful research and development capabilities and have introduced modernized, scientific and environment-friendly manufacturing concepts into our production. In 2019, the Company was again awarded as "China's Top Ten Ready-mixed Concrete Enterprise (中國預拌混凝土十強企業)" (ranking sixth for two consecutive years). The Group has a stable customer base in Yunnan Province and has built an extensive production and sales network covering the vast majority of prefectures and cities in Yunnan Province which ensures a massive and stable supply of products. Our principal businesses include production and sales of ready-mixed concrete, polycarboxylic admixtures and aggregates, and provision of concrete-related quality and technology management services.

In 2019, the Group recorded a revenue of RMB3,608 million, representing a year-on-year increase of 7.5%; a profit before tax of RMB244 million, representing a year-on-year increase of 12.5%; a net profit of RMB216 million, representing a year-on-year increase of 20.2%; and net profit attributable to equity holders of the Company of RMB204 million, representing a year-on-year increase of 24.4%.

As at December 31, 2019, the Group had 55 concrete mixing plants and 93 production lines with an annual capacity of 22.3545 million cubic meters. The Group also had 158 concrete transport vehicles, 2 pump trucks and 277 sets of test equipment.

Results of Operation

The following table sets forth revenue, cost of sales and gross margin and percentage of changes by business category for the years ended December 31, 2018 and 2019.

	For the year ended December 31								
	2019 (in RMB million)			2018 (in RMB million)			Percentage of changes (%)/ percentage points		
Business	**Revenue**	**Cost of sales**	**Gross margin (%)**	Revenue	Cost of sales	Gross margin (%)	Revenue	Cost of sales	Gross margin (%)
Ready-mixed concrete	**3,542**	**3,157**	**10.9%**	3,294	2,949	10.5%	7.5%	7.1%	3.8%
Polycarboxylic admixtures	**36**	**32**	**13.0%**	38	34	11.9%	-5.4%	-6.5%	9.2%
Aggregates	**13**	**9**	**36.0%**	15	12	21.3%	-10.6%	-27.2%	69.0%
Quality and technology management services	**16**	**3**	**80.6%**	9	3	64.5%	68.6%	-8.0%	25.0%
Total	**3,608**	**3,201**	**11.3%**	3,357	2,998	10.7%	7.5%	6.8%	5.6%

For the year ended December 31, 2019, the majority of the Group's revenue came from the production and sales of ready-mixed concrete. In 2019, the Group's revenue generated from production and sales of ready-mixed concrete was RMB3,542 million, accounting for 98.2% of the total revenue.

During the Reporting Period, the gross profit of the Group's operation was RMB407 million (2018: RMB359 million), and the overall gross margin in 2019 and 2018 were 11.3% and 10.7%, respectively, which represents stable improvement, of which, the gross margin was 10.9% for the production and sales of ready-mixed concrete, 13.0% for the production and sales of polycarboxylic admixtures, 36.0% for the production and sales of aggregates and 80.6% for the provision of concrete-related quality and technology management services.

Long-term business model

The Group's existing businesses include the production and sales of ready-mixed concrete, polycarboxylic admixtures and aggregates and the provision of concrete-related quality and technology management services. In terms of the production and sales of ready-mixed concrete, we focus on the development of ultra-high performance concrete and related products. We plan to break the bottleneck of the production and application of ultra-high performance concrete and establish a complete ultra-high performance concrete industry chain. Therefore, we plan to use the proceeds from the global offering to build a development center for ultra-high performance concrete and related products and production bases for new materials of recycled solid waste in Kunming, as well as production bases for green and environmentally friendly new materials in Zhaotong and Yuxi. In terms of the production of aggregates, we plan to obtain mining concessions of aggregates with substantial reserves, long mining life and good quality aggregates through public bidding and acquiring existing aggregates production enterprises. We also plan to participate in aggregates mine exploitation projects around Zhaotong, Kunming and Yuxi as soon as possible, in order to speed up the integration of upstream raw materials resources, thereby reducing the upstream raw material purchasing cost.

Business strategy and major operational measures

Strengthen the Group's leading market position by expansion and optimization of production capacity

Our concrete production network covers the vast majority of prefectures and cities in Yunnan Province. In order to enhance our market penetration in Yunnan Province, we established concrete production lines in markets with considerable demand and extended our production network from prefecture-level cities to county-level regions in 2019. We continuously participated in the construction of large-scale infrastructure and projects connected to people's livelihood, such as highway and relocation projects, which continued to optimize the layout of our production network and strengthened our leading position in Southwest China through leveraging the efficiency of our large-scale operations.

Enhancement of sales and marketing capabilities and expansion of sales network

In 2019, the Group adopted a number of measures to continuously expand our sales network, thereby enhancing its market position and market share. Such measures include market research, customer visits and collection of clients' feedback, analysis of competitors' products and pricing models, establishment of professional sales teams in each branch and subsidiary, improvement in the technical training for sales personnel and appropriate assignment of sales personnel in accordance with the particular circumstances of potential clients in different regions. Furthermore, we have established a marketing department in the Group's headquarters to specifically serve the large-scale and high-profile projects.

Further reduction of production cost and optimization of operational efficiency

In 2019, the Group, with a view to cutting the procurement costs of raw materials such as aggregates and cement, adopted a centralized procurement model by means of tendering and bidding, competitive negotiation and price inquiries. The Group leveraged the efficiency created under its large-scale operations through mass procurement and standardized procurement procedures to enhance our bargaining power and further exert our influence on the prices offered by our suppliers. In the meanwhile, the Group vigorously promoted research on the reuse of concrete waste and solid waste to further lower production costs and promote energy saving and green development.

FINANCIAL REVIEW

Revenue

For the year ended December 31, 2019, the Group realized a revenue of RMB3,608 million, which represents an increase of 7.5% as compared with 2018. The increase in the revenue was mainly attributable to our continuing efforts to develop the market, as well as a favorable market environment and major operating measures adopted by the Group. In the total revenue generated by the Group in 2019, the total revenue from sales of concrete products was RMB3,542 million, representing an increase of 7.5% as compared with 2018. In addition to the sales revenue of concrete products, the total revenue of the Group during the Reporting Period also included the revenue from sales of polycarboxylic admixtures, aggregates, and from provision of quality and technology management services. The following table sets forth the breakdown of revenue of the Group for the years ended December 31, 2018 and 2019:

	Year ended December 31, 2019		**Year ended December 31, 2018**	
	In millions of RMB	***Percentage of operating revenue***	*In millions of RMB*	*Percentage of operating revenue*
Ready-mixed concrete	**3,542**	**98.2%**	3,294	98.2%
Polycarboxylic admixtures	**36**	**1.0%**	38	1.1%
Aggregates	**13**	**0.4%**	15	0.4%
Revenue from sales of products	**3,592**	**99.6%**	3,348	99.7%
Revenue from quality and technology management services	**16**	**0.4%**	9	0.3%
Total	**3,608**	**100.0%**	3,357	100.0%

Operating Expenses

In 2019, the Company continuously strengthened cost control and improved operational efficiency to promote cost reduction and efficiency. For the year ended December 31, 2019, operating expenses were RMB3,356 million, which represents an increase of 6.9% from the year ended December 31, 2018. Operating expenses accounted for 93.0% of revenue, which represents a decrease of 0.5 percentage point from 2018.

Gross profit and gross margin

During the Reporting Period, the gross profit generated from operations of the Group was RMB407 million (2018: RMB359 million). The overall gross margins for 2019 and 2018 were 11.3% and 10.7%, respectively, which represents stable improvement. The gross margin was 10.9% for production and sales of ready-mixed concrete, 13.0% for production and sales of polycarboxylic admixtures, 36.0% for production and sales of aggregates, and 80.6% for provision of concrete-related quality and technology management services.

Gross margin for production and sales of ready-mixed concrete increased slightly as compared with 2018, which was mainly attributable to price adjustment of certain projects and relocation projects with high gross profit. Gross margin for production and sales of polycarboxylic admixtures increased slightly as compared with 2018, mainly due to the continuous increase in the price of raw materials between 2016 and 2018 followed by a decline of the same in 2019. Gross margin for production and sales of aggregates increased significantly as compared with 2018. This was because with the improved market conditions in 2019, freight was borne by the buyers as stipulated in sales terms.

Profitability

Profit before income tax

Benefiting from the good revenue growth and cost control, the Group recorded a profit before income tax of RMB244 million for the year ended December 31, 2019, representing an increase of 12.5% as compared with that for the year ended December 31, 2018.

Income tax

For the year ended December 31, 2019, the income tax was RMB28 million.

Profit for the year

For the year ended December 31, 2019, the Company realized profit for the year of RMB216 million, representing an increase of 20.2% as compared with that for the year ended December 31, 2018. The basic earnings per Share was RMB0.61.

Administration expenses

For the year ended December 31, 2019, the administration expenses were RMB134 million (2018: RMB115 million), representing a year-on-year increase of 17.0%, primarily due to the increase in staff remuneration and labor costs as a result of business expansion after the Listing and partially expensed listing fee.

General information of assets and liabilities

As at December 31, 2019, the total assets were RMB3,542 million (December 31, 2018: RMB3,159 million), representing an increase of 12.1% as compared with the end of 2018. The assets were mainly trade receivables, cash and cash equivalents, and property, plant and equipment. Such assets accounted for 91.8% of the total assets, with trade receivables and other assets accounting for 68.2% and 23.6% of the total assets, respectively.

As at December 31, 2019, the total liabilities were RMB2,313 million (December 31, 2018: RMB2,204 million), representing an increase of 4.9% as compared with the end of 2018.

Borrowings and Solvency

As at December 31, 2019, the total liabilities were RMB2,313 million (December 31, 2018: RMB2,204 million), of which 5.0% (December 31, 2018: 3.6%) were bank borrowings and 83.0% (December 31, 2018: 73.3%) were trade payables.

As at December 31, 2019, the total borrowings were RMB115 million (December 31, 2018: RMB80 million), all of which were bank borrowings and must be repaid within one year.

As at December 31, 2019, the weighted average effective interest rate for bank borrowings was 5.655%.

For the year ended December 31, 2019, the total finance costs were RMB10 million (2018: RMB9 million), earnings before interest and tax were RMB255 million (2018: RMB226 million), and the interest coverage ratio (earnings before interest and tax divided by interest expenses) was 24.6 (2018: 25.8).

As at December 31, 2019, gearing ratio (i.e. total liabilities divided by total assets) was 65.3% (December 31, 2018: 69.8%).

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, 2019, total current assets were RMB3,301 million (December 31, 2018: RMB2,865 million), including: (i) cash and cash equivalents of RMB640 million (December 31, 2018: RMB240 million), accounting for 19.4% of current assets (December 31, 2018: 8.4%); (ii) trade receivables of RMB2,417 million (December 31, 2018: RMB2,448 million), accounting for 73.2% of current assets (December 31, 2018: 85.5%); and (iii) prepayments and other receivables of RMB39 million (December 31, 2018: RMB60 million), accounting for 1.2% of current assets (December 31, 2018: 2.1%).

As at December 31, 2019, current ratio (current assets divided by current liabilities) was 144.0% (December 31, 2018: 131.4%). The increase was mainly due to the increase in cash and cash equivalents caused by fundraising through the Listing.

During the Reporting Period, the net cash flow from operating activities was approximately RMB377 million (2018: approximately RMB97 million), representing a year-on-year increase of 290.5%. The significant increase is mainly due to better collection from business activities in 2019, as well as the increase in the Group's revenue as compared to 2018 due to business expansion.

Human Resources

As at December 31, 2019, we employed a total of 1,175 employees (December 31, 2018: 1,059). The table below sets out a breakdown of the number of our employees by role as at December 31, 2019:

Role	Number
Management	128
Production management	306
Quality and technology	356
Procurement	114
Marketing	86
Administration and finance	181
Others	4
Total	**1,175**

We recruit employees in the open market. The remuneration of employees includes fixed salary, performance-related salary, contributions to pension plans and social insurance plans, as well as other employee benefits. For the years ended December 31, 2018 and 2019, employee benefits and labor expenses were RMB253.9 million and RMB274.4 million, respectively.

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

The labor union of the Company represents the interests of employees and communicates closely with management in relation to labor matters. During the Reporting Period, we did not have any operation interruption due to major labor dispute, nor did we have any complaints or claims from employees that were materially 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.

Use of Proceeds from Global Offering

The Company received net proceeds of approximately HK$366.11 million from the global offering, which will be gradually allocated for use in accordance with the purposes set out in the Prospectus. From the Listing Date to December 31, 2019, the details of use of the aforementioned net proceeds are set out as follows:

	Percentage of the net proceeds from the global offering (Percentage)	Net proceeds from the global offering and their use					
		Available	Utilised	Unutilised	Future use plan (HK$ million)		
		HK$ million	HK$ million	HK$ million	Remaining period of 2020	2021	2022
Construction of new materials production bases and project batching plants	35%	128.14	—	128.14	70.62	40.37	1.98
Integration of upstream raw material resources to further consolidate industry chain of concrete production	35%	128.14	—	128.14	77.90	50.24	—
Improvement, integration and expansion of existing concrete production lines	20%	73.22	—	73.22	24.26	48.96	—
For working capital and general corporate purposes	10%	36.61	36.61	0	—	—	—
Total	100%	366.11	36.61	329.50	172.78	139.57	1.98

Material Acquisition, Disposal and Investments

For the year ended December 31, 2019, the Company did not make any material acquisitions and disposals of subsidiaries, associates or joint ventures. As at December 31, 2019, the Group did not hold any significant investments.

Asset Mortgage of the Group

As at December 31, 2019, 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 of approximately HK$366.11 million (less the underwriting commission and other estimated expenses paid and payable by the Company for the global offering). 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, 2019, the Group had no material contingent liabilities.

Material Investment Plan

The Company plans to accelerate the integration of upstream raw material resources, including investment in the construction of aggregates mines exploitation projects around Zhaotong, Kunming and Yuxi. We also plan to obtain the mining concessions of aggregates with substantial reserves, long mining life and good quality aggregates through public bidding and acquiring existing aggregates production enterprises that have high-quality mine resources, sound management, good financial condition, relevant aggregates mining and production qualifications, and good expected future earnings, so as to continuously improve and finally complete the industry chain structure of the Company and ultimately realize recycling development. The principal funds used in the investment project are the proceeds from the global offering.

Outlook

According to the decisions made by Shareholders and the Board, the Company considers the Listing as a new starting point. The Company will rely on the international capital markets to strengthen the listing platform structure and market capitalization management. At the same time, the Company will make full use of the proceeds from the Listing to accelerate the upgrading and transformation of the batching plants and improve the production efficiency and standards of the batching plants. The Company will continuously develop the market and ensure improvement of the Company's profitability to achieve business objectives, reward Shareholders earnestly and demonstrate development vitality and a good capital market image.

Industry Outlook

In a complex and constantly changing international environment, China plans to promote stable growth and reform, adjust the structure, promote people's livelihood and risk prevention. China has introduced a package of measures for steady growth and it is expected that there will continue to be stable development in its economic operation. As there continues to be stable economic growth, China will continue to build a modernized infrastructure network and optimize the housing supply structure, in hopes that investments in infrastructure construction and real estate in China will continue to grow. Looking back on 2019, China's ready-mixed concrete industry has achieved steady growth and change, with production achieving steady growth and prices reaching high and stable levels. In the future, stable growth in investment in infrastructure construction and real estate will propel the steady development of engineering and construction industry in China and continue to support and ensure a stable growth in demand for ready-mixed concrete.

Market Prospect

Broad market prospects in Yunnan Province. Driven by the rapid economic development in Yunnan Province, the investment in infrastructure construction and real estate fixed assets in Yunnan Province has increased rapidly. In the future, as the potential of economic development continues to be realized, the construction of "Five Networks" in Yunnan Province will continue to advance, urbanization will accelerate and maintain strong growth momentum, which will promote the rapid increase in the demand for ready-mixed concrete in Yunnan Province. Recently, Yunnan Province has made it clear that it will continue to promote the "Double Ten" major infrastructure projects. In addition, Yunnan Province plans to launch 525 key projects under the "Four Hundred" key projects in 2020. The proportion of large-scale infrastructure projects (including several expressways and railways) in these key projects will increase significantly as compared to previous years. As a concrete enterprise with leading technology and the strongest and most stable supply capacity in Yunnan Province, the Company has extensive experience in concrete supply for large-scale projects. Therefore, we will take advantage of the opportunities to heavily participate in infrastructure construction projects in Yunnan Province so as to continuously increase market share and profitability and further consolidate our leading position.

Good market prospect in Southeast Asia. The infrastructure construction in Southeast Asian countries such as Laos and Cambodia are relatively backward. The "Belt and Road" Initiative and the domestic needs of those countries have promoted the upgrading of their infrastructure construction. We will seize this important opportunity and take maximum advantage of our geographical advantage in this respect. We plan to expand our market coverage to neighboring Southeast Asian countries such as Laos, Cambodia, Malaysia and Indonesia as soon as possible. In the future, with the intensive promotion of projects such as expressways, railways, airports, etc., Southeast Asian countries will continue to increase their investments in infrastructure construction. Such infrastructure investments and real estate construction will bring about good development opportunities for the concrete industry and good market prospects for the concrete market. For the year ended December 31, 2019, we actively participated in the preparation for key projects of cooperation between China and Laos, such as the "Laos-China Expressway Phase II" and "Saysettha Development Zone".

Future Focus

Continuously extend the concrete industry chain and strengthen technology research and development and technological innovation

The Group will participate in sand and gravel mining projects in Zhaotong, Kunming and Yuxi and surrounding areas in which expressways will be built as soon as possible to speed up integration of upstream raw material resources, reduce procurement costs of upstream raw materials and continuously optimize the Group's operating benefits.

The Group also focuses on the development of ultra-high performance concrete and related products, with the aim to break the bottleneck in the production and application of ultra-high performance concrete and establish a complete ultra-high performance concrete industry chain covering research and development, production and engineering application, with a special focus on the research and development of carbon nanotube reinforced cement-based composite materials and related products. We plan to use the proceeds from the global offering to build a development center for ultra-high performance concrete and related products and production bases for new materials of recycled solid waste in Kunming area, as well as production bases for green and environmentally friendly new materials in Zhaotong and Yuxi. We will also continue to maintain close cooperation with Chinese colleges and universities (research institutes), make full use of the Group's existing provincial research platform and continuously improve our research and development and technological innovation capabilities.

Continuous market development and strengthening of listed company management

We will take advantage of the good market opportunities and broad market prospects to establish our position in Yunnan Province and enter the Southeast Asian market as soon as possible, so as to continuously expand the marketing network, continue to develop the market and strengthen our market leading position. At the same time, we will further strengthen internal management of the Company to safeguard our objectives of continuous market development and realization of operating objectives, which mainly includes: (i) attaching greater importance to safety in production, increasing safety education and training, implementing the concept of safe production into the entire process of production, operation and management, and continuously enhancing the Company's risk prevention and control capabilities; (ii) continuously and systematically promoting the construction of the Company's talent team, reforming and improving the salary incentive mechanism, strengthening performance appraisal management and stimulating the enthusiasm of employees; (iii) continuously assessing the operational procedures and endeavor to optimize our production processes, promote the upgrade of facilities and equipment, accelerate informatization upgrades, continuously improve the efficiency of our production and delivery appliances, and ensure smooth coordination between all personnel and production equipment, thus further improving operational and management efficiency; and (iv) continuously improving the internal control management system, fully reflecting the important role of the internal control system in ensuring the overall operation of the Company, fully developing and utilizing the Company's information technology, improving the efficiency and effectiveness of internal control related business processes and ensuring that data is timely, complete and reliable, thus promoting the standardization and effectiveness of the entire business process and continuously improving the Company's management standards.

2019 AGM

The 2019 AGM will be held on Friday, June 26, 2020. The notice of the 2019 AGM will be despatched to the Shareholders in due course.

To determine the list of Shareholders entitled to attend the 2019 AGM, the Company will close the register of members from Wednesday, May 27, 2020 to Friday, June 26, 2020 (both days inclusive), during which no transfer of Shares will be affected. To be eligible to attend and vote at the 2019 AGM, all transfer documents shall be delivered, no later than 4:30 p.m. on Tuesday, May 26, 2020, 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, on the 5/F and 9/F, YCIH Development Building, 188 Linxi Road, Information Industrial Base, Economic and Technological Development Zone, Kunming, Yunnan, the PRC (for holders of Domestic Shares).

Proposed Final Dividend for 2019

In accordance with the Board resolution passed on March 27, 2020, the Board proposed to pay a final dividend for the year ended December 31, 2019 to Shareholders in cash at RMB0.1355 per Share (dividend before tax) ("**Proposed Final Dividend for 2019**"), based on the current total number of shares of the Company of 446,272,000 Shares, which came to a total amount of approximately RMB60.4728 million (including tax). The Proposed Final Dividend for 2019 is expected to be paid to Shareholders on or before August 26, 2020 if such proposal is approved by the Shareholders at the 2019 AGM.

Corporate Governance Code

The Company has been committed to improving its corporate governance since its establishment. Pursuant to the code provisions of the Corporate Governance Code, it has established an independent 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.

From the Listing Date to December 31, 2019, the Company has observed all applicable code provisions in the Corporate Governance Code. Details of corporate governance of the Company are set out in the 2019 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 of the Company (as defined in the Model Code) 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 from the Listing Date to December 31, 2019.

Purchase, Sale or Redemption of Listed Securities

From the Listing Date to December 31, 2019, the Company or any of its subsidiaries have not purchased, sold or redeemed any of the Company's listed securities.

Audit Committee

The audit committee of the Company ("**Audit Committee**") consists of two independent non-executive Directors, namely, Mr. Li Hongkun (chairman) and Mr. Wong Kai Yan Thomas, and one non-executive Director, namely, Mr. Liu Guangcan.

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 2019 annual results and the 2019 audited financial statements of the Group have been reviewed by the Audit Committee.

Scope of Work of the Group's Auditor

In this results announcement, the figures in the Group's consolidated income statement, consolidated statements of comprehensive income, consolidated statements of financial position and relevant notes ("**financial information**") do not constitute the statutory financial statements of the Group for the year ended December 31, 2019, but represent an extract of the said financial statements. Relevant financial information (including comparative figures) have been reviewed by the Audit Committee and recognized by the Group's international auditor, PwC and is consistent with the figures set out in the audited consolidated financial statements of the Group for the year ended December 31, 2019. PwC's work in this aspect does not constitute assurance engagement as defined in the International Review Standard, International Standard on Review Engagements or International Standard on Assurance Engagements issued by the Association of International Accountants. Therefore, PwC does not provide assurance for this announcement.

Events after the Reporting Period

The relevant matters of the Group after the Reporting Period that need to be brought to attention are presented in the Note 13 to the consolidated financial information of this announcement.

Publication of Annual Results Announcement and 2019 Annual Report on the Websites of the Hong Kong Stock Exchange and the Company

This annual results announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (https://www.ynhnt.com). The 2019 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.

Definition

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

2019 AGM	the 2019 annual general meeting or any adjournment thereof to be held on June 26, 2020 or any other date fixed by the Board
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 and Taiwan region
Companies Ordinance	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
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)
Company Law	the Company Law of the PRC as amended, supplemented or otherwise modified from time to time
Controlling Shareholder(s)	has the meaning ascribed to it under the Hong Kong Listing Rules
Corporate Governance Code	the Code on Corporate Governance Practices as set out in Appendix 14 to the Hong Kong Listing Rules
Cubic meter or m^3	cubic meter
Director(s)	the director(s) of the Company
Domestic Share(s)	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
Double Ten	major infrastructure construction projects in Yunnan Province, including ten projects under construction and ten newly-commenced projects
Five Networks	a development strategy implemented by the Yunnan Provincial Government, including the construction of the networks of road, aviation, energy security, water and Internet
Four Hundred	four kinds of key projects in Yunnan Province for 2020, including 100 completed projects in operation, 100 projects under construction, 100 newly-commenced projects and 100 preliminary projects

general meeting	the general meeting of Shareholders of the Company
Group, our, we or us	the Company and its subsidiaries
H Share(s)	overseas listed foreign invested ordinary share(s) in the ordinary share capital of our Company, with a nominal value of RMB1.00 each, which are listed and traded on the Main Board of the Hong Kong Stock Exchange
H Share Registrar	Computershare Hong Kong Investor Services Limited
High-tech Enterprise(s)	knowledge-intensive and technology-intensive economic entity that continuously carries out research and development as well as transformation of technological achievements within the scope of the New and High Technology Areas with the Government's Primary Support and forms core proprietary intellectual property rights of the enterprise as the basis for business operation
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Hong Kong Dollars or HK$	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
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
Listing	the listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
Listing Date	the date, i.e. October 31, 2019, on which H Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
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

Polymer Company	YCIH Polymer Material Co., Ltd.* (雲南建投高分子材料有限公司), a subsidiary of the Company
Prospectus	prospectus of the Company dated October 21, 2019
PwC	PricewaterhouseCoopers (Hong Kong Certified Public Accountant)
Reporting Period	the year ended December 31, 2019
RMB or 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 Shares
subsidiary(ies)	has the meaning ascribed to it in Hong Kong Listing Rules
Supervisor(s)	supervisor of the Company
Supervisory Committee	the supervisory committee of the Company
YCIH	Yunnan Construction and Investment Holding Group Co., Ltd.* (雲南省建設投資控股集團有限公司), a Controlling Shareholder of the Company
YCIH Group	YCIH and its subsidiaries
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
Ma Minchao
Chairman

Kunming, China, March 27, 2020

As at the date of this announcement, Board comprises Mr. Ma Minchao, Mr. Rao Ye, Mr. Lu Jianfeng and Ms. Hu Zhurong as executive Directors; Mr. Liu Guangcan and Mr. He Jianqiang as non-executive Directors; and Mr. Wong Kai Yan Thomas, Mr. Yu Dingming and Mr. Li Hongkun as independent non-executive Directors.