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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)

2020 INTERIM RESULTS ANNOUNCEMENT

Financial Highlights:

For the six months ended June 30, 2020, the Group's:

- revenue amounted to approximately RMB1,836.3 million, representing an increase of 11.2% from the corresponding period of 2019;
- profit before tax amounted to approximately RMB159.3 million, representing an increase of 28.6% from the corresponding period of 2019;
- net profit attributable to equity holders of the Company amounted to approximately RMB122.6 million, representing an increase of 18.1% from the corresponding period of 2019;
- earnings per share amounted to approximately RMB0.27, representing a decrease of 18.2% from the corresponding period of 2019.

The board of directors of the Company (the “**Board**”) is pleased to announce the unaudited consolidated results of the Group for the six months ended June 30, 2020, together with the comparative data for the corresponding period in 2019, as follows:

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED JUNE 30, 2020

		Unaudited	
		Six months ended June 30,	
	<i>Note</i>	2020	2019
		RMB'000	RMB'000
Revenue	4	1,836,260	1,651,357
Cost of sales		(1,612,960)	(1,457,249)
Gross profit		223,300	194,108
Selling expenses		(5,942)	(6,106)
Administrative expenses		(56,303)	(58,872)
Net impairment losses on financial assets		(7,757)	(1,145)
Other income	4	6,015	531
Other losses — net		(569)	(5)
Operating profit		158,744	128,511
Finance income		3,988	714
Finance costs		(3,463)	(5,359)
Finance income/(costs) — net		525	(4,645)
Profit before income tax		159,269	123,866
Income tax expense	5	(27,815)	(14,462)
Profit for the period		131,454	109,404
Profit attributable to:			
— The equity holders of the Company		122,594	103,797
— Non-controlling interests		8,860	5,607
		131,454	109,404
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in RMB per share)			
— Basic and diluted earnings per share	6	0.27	0.33

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2020

	Unaudited	
	Six months ended June 30,	
Note	2020	2019
	RMB'000	RMB'000
Profit for the period	<u>131,454</u>	<u>109,404</u>
Other comprehensive income/(loss)		
<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/(loss)	1,628	(1,395)
— Income tax relating to the item	<u>(255)</u>	<u>259</u>
Other comprehensive income/(loss) for the period, net of tax	<u>1,373</u>	<u>(1,136)</u>
Total comprehensive income for the period	<u><u>132,827</u></u>	<u><u>108,268</u></u>
Total comprehensive income attributable to:		
— The equity holders of the Company	123,911	102,672
— Non-controlling interests	<u><u>8,916</u></u>	<u><u>5,596</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

		Unaudited As at June 30, 2020 RMB'000	Audited As at December 31, 2019 RMB'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Land use rights		31,924	20,102
Property, plant and equipment		184,919	194,502
Investment properties		2,710	2,821
Intangible assets		1,158	930
Other non-current assets		7,969	7,950
Deferred income tax assets		16,155	14,791
		<u>244,835</u>	<u>241,096</u>
Current assets			
Inventories		42,784	47,474
Financial assets at fair value through other comprehensive income		60,331	137,202
Trade receivables	7	3,135,628	2,416,622
Prepayments and other receivables	8	31,801	38,615
Restricted cash		18,535	20,772
Cash and cash equivalents		603,246	640,009
		<u>3,892,325</u>	<u>3,300,694</u>
Total assets		<u><u>4,137,160</u></u>	<u><u>3,541,790</u></u>

		Unaudited As at June 30, 2020 RMB'000	Audited As at December 31, 2019 RMB'000
	<i>Note</i>		
EQUITY			
Share capital		446,272	446,272
Reserves		459,975	458,658
Retained earnings		325,061	262,937
Total equity attributable to equity holders of the Company		1,231,308	1,167,867
Non-controlling interests		81,997	60,481
Total equity		1,313,305	1,228,348
LIABILITIES			
Non-current liabilities			
Lease liabilities		15,481	15,601
Provision for close down, restoration and environmental cost		5,080	5,411
		20,561	21,012
Current liabilities			
Trade and other payables	9	2,621,490	2,128,626
Lease liabilities		7,507	13,132
Provision for close down, restoration and environmental cost		5,735	6,454
Contract liabilities		17,989	14,130
Current income tax liabilities		19,573	15,470
Borrowings		131,000	114,618
		2,803,294	2,292,430
Total liabilities		2,823,855	2,313,442
Total equity and liabilities		4,137,160	3,541,790

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2020

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. 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 Group was Yunnan Construction and Investment Holding Group Co., Ltd. (“**YCIH**”) (雲南省建設投資控股集團有限公司). YCIH is operating under the supervision and regulation of the State-Owned Assets Supervision and Administration Commission of Yunnan Province.

The Company and its subsidiaries (together, the “**Group**”) are 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 H shares on the Main Board of The Stock Exchange of Hong Kong Limited on October 31, 2019.

This condensed consolidated interim financial information are presented in Renminbi thousand dollars (“**RMB’000**”), unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board on August 27, 2020.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six-months ended June 30, 2020 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34, ‘Interim financial reporting’. The condensed consolidated interim financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended December 31, 2019, which have been prepared in accordance with International Financial Reporting Standard (“**IFRS**”).

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the annual financial statements for the year ended December 31, 2019, except for the estimate of income tax and the adoption of new and amended standards as set out below.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3.1 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, 2020 and have been adopted by the Group for first time for its 2020 interim report.

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of Business
Revised conceptual framework	Revised conceptual framework for financial reporting
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform
Amendment to IFRS 16	Covid-19-Related Rent Concessions

3.2 New standards and amendments of IFRS issued effective for the financial periods beginning on and after January 1, 2020 and have not been early adopted by the Group

		Effective for annual periods beginning on or after
Amendment to IAS 37	Onerous contracts — Cost of fulfilling a contract	January 1, 2022
Annual Improvements	Annual Improvements to IFRS standard 2018–2020	January 1, 2022
Amendment to IAS 16	Property, plant and equipment — proceeds before intended use	January 1, 2022
IFRS 17	Insurance contracts	January 1, 2023
Amendment to IAS 1	Classification of liabilities as current or non-current	January 1, 2023
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.

4 SEGMENT INFORMATION, REVENUE AND OTHER INCOME

4.1 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.

4.2 Revenue

	Unaudited Six months ended June 30,	
	2020 RMB'000	2019 RMB'000
Sales of ready-mixed concrete	1,828,953	1,618,600
Sales of polycarboxylic admixtures	6,795	18,656
Sales of aggregates	512	8,974
Quality and technology management service	—	5,127
	<u>1,836,260</u>	<u>1,651,357</u>

- (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 or services is transferred to the customers.

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

	Unaudited	
	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
Group A	1,476,595	1,075,892
Group B	63,160	41,158
Group C	43,938	131,497
	<u>1,583,693</u>	<u>1,248,547</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 terminates the business relationship with the Group, it could materially affect the Group's financial position and results of operations.

4.3 Other income

	Unaudited	
	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
Government grants	5,696	312
Rental income	319	219
	<u>6,015</u>	<u>531</u>

5 INCOME TAX EXPENSE

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

	Unaudited	
	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
Current income tax	29,434	14,992
Deferred income tax	(1,619)	(530)
Income tax expense	<u>27,815</u>	<u>14,462</u>

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 PRC enterprises is 25% from January 1, 2008. The income tax rate of 25% is applicable to all the Group’s PRC subsidiaries during the six months ended June 30, 2020 and 2019, except for the Company and YCIH Polymer Material Co., Ltd. (“Polymer Company”) that enjoy preferential income tax rate as approved by the tax authorities, which were discussed as follows:

- (a) The Company was qualified as a High-tech Enterprise and enjoyed a preferential income tax rate of 15% as approved by the local tax authority for the years ended December 31, 2019, 2018 and 2017. The Company is in the process of renewal of qualification during the period. The Company estimated that it will be qualified as a High-tech Enterprise, and estimated tax rate of 15% for the six months ended June 30, 2020.
- (b) During the six months ended June 30, 2020 and 2019, Polymer Company qualified as a High-tech Enterprise was granted the preferential income tax rate of 15%.
- (c) The Group estimated that the forecasted effective tax rate for the year ending December 31, 2020 is 17.5% and the effective tax rate for the year ended December 31, 2019 was 11.7%.

6 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.

	Unaudited	
	Six months ended June 30,	
	2020	2019
Profit attributable to equity holders of the Company (RMB’000)	122,594	103,797
Weighted average number of ordinary shares in issue in thousands	446,272	312,390
Basic earnings per share (RMB)	0.27	0.33

- (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 six months ended June 30, 2020 and 2019.

7 TRADE RECEIVABLES

	Unaudited	Audited
	As at	As at
	June 30,	December 31,
	2020	2019
	RMB’000	RMB’000
Trade receivables — related parties	2,284,568	1,604,395
Trade receivables — third parties	914,449	867,461
	3,199,017	2,471,856
Less: Provision for impairment of receivables (<i>Note (b)</i>)	(63,389)	(55,234)
Trade receivables — net	3,135,628	2,416,622

As at June 30, 2020 and as at December 31, 2019, the fair values of trade receivables of the Group approximated their carrying amounts.

As at June 30, 2020 and as at December 31, 2019, all the carrying amounts of trade receivables were denominated in RMB.

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

	Unaudited As at June 30, 2020 RMB'000	Audited As at December 31, 2019 RMB'000
— Within one year	2,783,927	2,181,615
— One to two years	292,650	187,805
— Two to three years	84,897	67,878
— Three to four years	22,387	18,207
— Four to five years	7,098	10,832
— Over five years	8,058	5,519
	<u>3,199,017</u>	<u>2,471,856</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 lifetime 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 days past due. The expected credit losses also incorporate forward-looking information. As at June 30, 2020, provision of approximately RMB63,389,000 was made against trade receivables (December 31, 2019: RMB55,234,000).

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

	Unaudited Six months ended June 30, 2020 RMB'000	2019 RMB'000
Beginning of the period	55,234	48,085
Provision for impairment on trade receivables	8,155	1,384
	<u>63,389</u>	<u>49,469</u>

8 PREPAYMENTS AND OTHER RECEIVABLES

	Unaudited As at June 30, 2020 RMB'000	Audited As at December 31, 2019 RMB'000
Other receivables — related parties	2,862	3,911
Other receivables — third parties	20,176	21,703
	<u>23,038</u>	25,614
Less: Provision for impairment of receivables (<i>Note (b)</i>)	(2,480)	(2,878)
Other receivables — net	<u>20,558</u>	22,736
Prepayments	3,157	6,746
Interest receivables	1,828	—
Other current assets	6,258	9,133
Prepayments and other receivables — net	<u>31,801</u>	<u>38,615</u>

As at June 30, 2020 and as at December 31, 2019, the fair values of other receivables of the Group approximated their carrying amounts.

As at June 30, 2020 and as at December 31, 2019, all the carrying amounts of prepayments and other receivables were denominated in RMB.

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

	Unaudited	Audited
	As at	As at
	June 30,	December 31,
	2020	2019
	RMB'000	RMB'000
— Within one year	21,163	27,516
— One to two years	4,067	3,446
— Two to three years	3,605	5,306
— Three to four years	1,735	1,226
— Four to five years	384	797
— Over five years	3,327	3,202
	<u>34,281</u>	<u>41,493</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 June 30, 2020, provisions for impairment of approximately RMB2,480,000 were made against other receivables (December 31, 2019: RMB2,878,000).

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

	Unaudited	
	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
Beginning of the period	2,878	2,201
Provision for impairment on other receivables	(398)	(239)
	<u>2,480</u>	<u>1,962</u>

9 TRADE AND OTHER PAYABLES

	Unaudited As at June 30, 2020 RMB'000	Audited As at December 31, 2019 RMB'000
Notes payable	44,500	50,080
Trade payables — related parties	97,331	112,643
Trade payables — third parties	2,224,712	1,806,451
Other payables — related parties	15,662	14,871
Other payables — third parties	58,357	54,859
Staff salaries and welfare payable	91,582	79,262
Interest payable	124	138
Dividends payable	60,470	—
Accrued taxes other than income tax	28,752	10,322
	<u>2,621,490</u>	<u>2,128,626</u>

- (a) As at June 30, 2020 and as at December 31, 2019, 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) Ageing analysis of trade and other payables at the respective statement of financial position dates, based on their recording dates, is as follows:

	Unaudited As at June 30, 2020 RMB'000	Audited As at December 31, 2019 RMB'000
— Within one year	2,093,179	1,757,677
— One to two years	379,690	278,745
— Two to three years	101,130	57,968
— Three to four years	24,263	23,789
— Four to five years	16,997	6,863
— Over five years	6,231	3,584
	<u>2,621,490</u>	<u>2,128,626</u>

10 DIVIDENDS

On March 15, 2019, a final dividend of RMB243,225,000 was declared to all shareholders of the Company, which was fully paid out on and before October 17, 2019.

On March 27, 2020, the Board recommended a final dividend of RMB0.1355 each share for the year ended December 31, 2019, amounting to a total amount of RMB60,470,000 calculated based on the total number of shares in issue of 446,272,000. On June 29, 2020, the final dividend had been approved by the shareholders at the annual general meeting and had been distributed to the Shareholder on August 24, 2020.

The Board has not recommended the payment of any interim dividend for the six months ended June 30, 2020 (six months ended June 30, 2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

I. INDUSTRY OVERVIEW

As the economy continues to grow, China will continue to promote the construction of a modernized infrastructure network, and Yunnan Province will continue to promote the construction of the Five Networks and accelerate urbanization construction. Investment in infrastructure construction and real estate fixed assets will continue to grow in the coming few years and such growth will continue to drive the stable development of the engineering and construction industry, which will in turn bring about continuous increasing demands for ready-mixed concrete. In 2020, the Yunnan Provincial Government initiated the Double Ten major infrastructure construction projects and Four Hundred key construction projects and issued the Implementation Plan for Promoting New Infrastructure Construction in Yunnan Province (雲南省推進新型基礎設施建設實施方案), which will greatly stimulate the demands for concrete in the region.

In the first half of 2020, construction projects across the PRC basically all came to a halt due to the impact of the COVID-19 pandemic. Currently, according to economic recovery needs, infrastructure construction projects are the first to begin to recover. Under the strong promotion of the Yunnan Provincial Government, provincial state-owned construction enterprises play a key role in the recovery of infrastructure projects and the demand for concrete is showing growth.

II. BUSINESS OVERVIEW

(I) 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 2020, the Company was again awarded the title of “China’s Top Ten Ready-mixed Concrete Enterprise (中國預拌混凝土十強企業)” (ranking sixth for three consecutive years) and was awarded the honorary title of “AAA Credit Enterprise in Yunnan Province (雲南省AAA信用企業)”. 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 can ensure 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.

For the six months ended June 30, 2020, the Group recorded a revenue of RMB1,836.3 million, representing a year-on-year increase of 11.2%; a profit before tax of RMB159.3 million, representing a year-on-year increase of 28.6%; a net profit of RMB131.5 million, representing a year-on-year increase of 20.2%; and net profit attributable to equity holders of the Company of RMB122.6 million, representing a year-on-year increase of 18.1%.

As at June 30, 2020, the Group had 52 concrete batching plants and 90 production lines with an annual capacity of 21,084,000 m³. The Group also had 158 concrete transport vehicles, 2 pump trucks and 279 sets of test equipment.

(II) Results of Operation

The following table sets forth the revenue, cost of sales, gross margin and change in percentage by business category for the six months ended June 30, 2019 and the six months ended June 30, 2020.

Business	For the six months ended June 30								
	2020 (in RMB'000,000)			2019 (in RMB'000,000)			Change in percentage (%)		
	Revenue	Cost of sales	Gross margin (%)	Revenue	Cost of sales	Gross margin (%)	Revenue	Cost of sales	Gross margin (%)
Ready-mixed concrete	1,829.0	1,606.9	12.1%	1,618.6	1,433.3	11.4%	13.0%	12.1%	6.1%
Polycarboxylic admixtures	6.8	5.9	13.2%	18.7	16.2	13.4%	-63.6%	-63.6%	-1.5%
Aggregates	0.5	0.2	60.0%	9.0	6.8	24.4%	-94.4%	-97.1%	145.9%
Quality and technology management services	—	—	—	5.1	1.0	80.4%	-100.0%	-100.0%	-100.0%
Total	<u>1,836.3</u>	<u>1,613.0</u>	<u>12.2%</u>	<u>1,651.4</u>	<u>1,457.3</u>	<u>11.8%</u>	<u>11.2%</u>	<u>10.7%</u>	<u>3.4%</u>

For the six months ended June 30, 2020, the majority of the Group's revenue derived from the production and sales of ready-mixed concrete, of which the Group's revenue generated from the production and sales of ready-mixed concrete was RMB1,829.0 million, accounting for 99.6% of the total revenue.

During the Reporting Period, the gross profit of the Group's operation was RMB223.3 million (the first half of 2019: RMB194.1 million), and the overall gross margins for the first half of 2020 and the first half of 2019 were 12.2% and 11.8%, respectively, which represents stable improvement. In the first half of 2020, the gross margin was 12.1% for the production and sales of ready-mixed concrete, 13.2% for the production and sales of polycarboxylic admixtures and 60.0% for the production and sales of aggregates.

(III) Major Operational Measures

In the first half of 2020, in order to ensure the stable growth of the Group's operating efficiency, the major operational measures adopted include: (i) establishing a reasonable, streamlined and efficient organizational structure, 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 the Group's ability to operate independently; (iii) improving product quality in all aspects and efficiently creating brand benefit; (iv) refining cost control, and focusing on cost reduction and efficiency enhancement; (v) continuously strengthening safety awareness, and emphasizing on production safety; (vi) strengthening service awareness, maintaining brand image, and promoting the upgrading of the Group's production management service; and (vii) taking corresponding measures to seize the internal market and ensure concrete sales in light of the severe impact of the COVID-19 pandemic on the external market.

III. FINANCIAL REVIEW

(I) Revenue

For the six months ended June 30, 2020, the Group realized a revenue of RMB1,836.3 million, representing an increase of 11.2% from the corresponding period of 2019. The increase in the revenue was mainly attributable to our continuing efforts to develop the market, as well as favorable policies and market conditions and the major operating measures adopted by the Group. In the total revenue generated by the Group in the first half of 2020, the total revenue from sales of concrete products was RMB1,829.0 million, representing an increase of 13.0% from the corresponding period of 2019. 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 and aggregates. There was no provision of quality and technology management services during the Reporting Period. The following table sets forth the breakdown of revenue of the Group for the six months ended June 30, 2020 and the six months ended June 30, 2019:

	For the six months ended June 30, 2020		For the six months ended June 30, 2019	
	<i>In millions of RMB</i>	<i>Percentage of operating revenue</i>	<i>In millions of RMB</i>	<i>Percentage of operating revenue</i>
Ready-mixed concrete	1,829.0	99.6%	1,618.6	98.1%
Polycarboxylic admixtures	6.8	0.4%	18.7	1.1%
Aggregates	0.5	0.0%	9.0	0.5%
Revenue from sales of products	1,836.3	100.0%	1,646.3	99.7%
Revenue from quality and technology management services	—	0.0%	5.1	0.3%
Total	1,836.3	100.0%	1,651.4	100.0%

(II) Operating Expenses

In the first half of 2020, the Group continuously strengthened cost control and improved operational efficiency to promote cost reduction and efficiency enhancement. For the six months ended June 30, 2020, the operating expenses were RMB1,683.0 million, representing an increase of 10.5% from the six months ended June 30, 2019. Operating expenses accounted for 91.7% of the revenue, representing a decrease of 0.5 percentage point from the corresponding period of 2019.

(III) Profitability

Profit before income tax

Benefiting from the good revenue growth and cost control, the Group recorded a profit before income tax of RMB159.3 million for the six months ended June 30, 2020, representing an increase of 28.6% from the corresponding period of 2019.

Income tax

For the six months ended June 30, 2020, the income tax of the Group was RMB27.8 million. It is estimated that the effective tax rate for the whole year is 17.5%.

Profit for the period

For the six months ended June 30, 2020, the Group realized profit of RMB131.5 million, representing an increase of 20.2% from the corresponding period of 2019. The basic earnings per share were RMB0.27, representing a decrease of 18.2% from the corresponding period of 2019.

(IV) Administrative Expenses

For the six months ended June 30, 2020, the administrative expenses were RMB56.3 million (for the six months ended June 30, 2019: RMB58.9 million), representing a year-on-year decrease of 4.4%, primarily due to social security reduction and exemption policies and the decrease in remuneration expenses during the outbreak of the COVID-19 pandemic.

(V) General Information of Assets and Liabilities

As at June 30, 2020, the total assets were RMB4,137.2 million (December 31, 2019: RMB3,541.8 million), representing an increase of 16.8% as compared with the end of 2019. The assets were mainly trade receivables, cash and cash equivalents, and property, plant and equipment. Such assets accounted for 94.8% of the total assets, with trade receivables and other assets accounting for 75.8% and 19.0% of the total assets, respectively.

As at June 30, 2020, the total liabilities were RMB2,823.9 million (December 31, 2019: RMB2,313.4 million), representing an increase of 22.1% as compared with the end of 2019.

(VI) Borrowings and Solvency

As at June 30, 2020, the total liabilities were RMB2,823.9 million (December 31, 2019: RMB2,313.4 million), of which 4.6% (December 31, 2019: 5.0%) were bank borrowings and 82.2% (December 31, 2019: 83.0%) were trade payables.

As at June 30, 2020, the total borrowings were RMB131.0 million (December 31, 2019: RMB114.6 million), all of which were bank borrowings and must be repaid within one year.

As at June 30, 2020, the weighted average effective interest rate for bank borrowings was 4.9%.

For the six months ended June 30, 2020, the total interest expenses were RMB3.5 million (for the six months ended June 30, 2019: RMB5.4 million), earnings before interest and tax were RMB162.8 million (for the six months ended June 30, 2019: RMB129.3 million), and the interest coverage ratio (earnings before interest and tax divided by interest expenses) was 46.5 (for the six months ended June 30, 2019: 23.9).

As at June 30, 2020, gearing ratio (i.e. total liabilities divided by total assets) was 68.3% (December 31, 2019: 65.3%).

(VII)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 June 30, 2020, total current assets were RMB3,892.3 million (December 31, 2019: RMB3,300.7 million), including: (i) cash and cash equivalents of RMB603.2 million (December 31, 2019: RMB640.0 million), accounting for 15.5% of current assets (December 31, 2019: 19.4%); (ii) trade receivables of RMB3,135.6 million (December 31, 2019: RMB2,416.6 million), accounting for 80.6% of current assets (December 31, 2019: 73.2%); and (iii) prepayments and other receivables of RMB31.8 million (December 31, 2019: RMB38.6 million), accounting for 0.8% of current assets (December 31, 2019: 1.2%).

As at June 30, 2020, current ratio (current assets divided by current liabilities) was 1.39 times (December 31, 2019: 1.44 times). The decrease was mainly due to the fact that YCIH Yuxi Building Material Co., Ltd. High-tech Branch, which was established by the Group, purchased non-current assets with working capital.

For the six months ended June 30, 2020, the net cash outflow from operating activities was approximately RMB54.7 million (for the six months ended June 30, 2019: RMB43.7 million), representing a year-on-year increase of 25.2%. The net cash outflow from operating activities was mainly because of the impact of the COVID-19 pandemic in the first half of 2020, during which there was a slower collection of payments from customers, and no equal reduction in payments upstream by the Group due to a need to maintain relationships with suppliers.

IV. Human Resources

As at June 30, 2020, we employed a total of 1,139 employees (June 30, 2019: 1,170). The table below sets out a breakdown of the number of our employees by role as at June 30, 2020:

Role	Number
Management	107
Production management	317
Quality and technology	343
Procurement	104
Marketing	95
Administration and finance	168
Others	5
Total	<u>1,139</u>

The Group has 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 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 six months ended June 30, 2019 and the six months ended June 30, 2020, employee benefits and labor expenses were RMB131.1 million and RMB112.6 million, respectively.

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.

V. Material Acquisition, Disposal and Investments

For the six months ended June 30, 2020, the Company did not make any material acquisitions and disposals of subsidiaries, associates or joint ventures. As at June 30, 2020, the Group did not hold any significant investments.

VI. Charge on the Group's Assets

As at June 30, 2020, no property, plant and equipment had been provided as bank collaterals.

VII. Foreign Exchange Risk

Although the Group operates in the PRC and collects revenues and pays costs/fees in RMB, the Company is listed on the Hong Kong Stock Exchange and has raised net 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). As at June 30, 2020, the unsettled funds raised amounted to approximately HK\$24.8 million. Exchange rate fluctuations have certain influence on the foreign currency that we hold. To date, the Group has not entered into any hedging arrangement against foreign exchange exposure.

VIII. Contingent Liabilities

As at June 30, 2020, the Group had no material contingent liabilities.

IX. Material Investment Plan

The Group plans to expand its industrial layout, including acquiring suitable concrete enterprises in Yunnan Province, and selecting an appropriate time to establish new concrete enterprises and build new concrete batching plants. At the same time, the Group plans to accelerate the integration of upstream raw material resources and obtain mining concessions of aggregates as soon as possible, so as to continuously improve, and finally complete, the Group's industry chain structure. If aforementioned investment projects are carried out within the next year, their source of funding will be primarily from the proceeds from the global offering.

X. Outlook

According to the decisions made by the Shareholders and the Board, the Group will consider the Listing as a new starting point and 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, and improve the production efficiency and standards, of batching plants. The Company will continuously develop the market and ensure improvement of the Company's profitability to achieve business objectives, reward the Shareholders earnestly, as well as highlight the Group's development vitality and good capital market image. In the first half of 2020, the Group maintained continuous improvement in its operating results. In the future, the stable growth in investment in infrastructure construction and real estate of Yunnan Province will continue to propel the steady development of the engineering and construction industry and support and ensure a stable growth in demand for ready-mixed concrete. The key tasks of the Group in the second half of 2020 are as follows:

Seize market opportunities

- (i) **Seize development opportunities in the infrastructure market in Yunnan Province.** In the first half of 2020, Yunnan Province has specified that it will continue to promote the progress of the Double Ten key projects in infrastructure. In addition, Yunnan Province

plans to launch 525 key projects under the Four Hundred key projects in 2020, as well as 704 key projects under the issued Implementation Plan for Promoting New Infrastructure Construction in Yunnan Province (雲南省推進新型基礎設施建設實施方案). The proportion of large-scale infrastructure projects (including several expressways and railways) in these key projects will increase significantly as compared to that of previous years. As a concrete producer with leading technology and the strongest and most stable supply capability in Yunnan Province, the Group has extensive experience in concrete supply for large-scale projects. Therefore, we will seize 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.

- (ii) **Grasp the unique advantage of Yunnan Province's economic growth being above the national average level.** 2020 is a crucial year for building a moderately prosperous society in all respects and the final year of the 13th Five-Year Plan. It is expected that the Chinese economy will maintain its momentum of stable, long-term growth in 2020 and the economic growth rate of Yunnan Province will continue to be higher than the national average level. It is also expected that the implementation of major strategic initiatives in poverty alleviation, ecological environment protection, plateau lake management, construction of a "Beautiful Yunnan", pollution prevention and treatment and other areas will bring new market opportunities to the Group.
- (iii) **Broad market prospects for construction in the Southeast Asian market following the "One Belt and One Road" initiative.** The infrastructure construction in Southeast Asian countries such as Laos and Cambodia are relatively backward and the "One Belt and One 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. During the Reporting Period, we actively participated in the preparation for key projects of cooperation between China and Laos, such as the "Saysettha Development Zone" and "Laos-China Expressway Phase II".

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

The Group will participate in aggregates mining projects in suitable areas in Yunnan Province and surrounding areas in which expressways will be built as soon as possible to accelerate the 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. 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.

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 smooth coordination between all personnel and production facilities to further improve operational and management efficiency; and
- (ii) **Continuously improve the internal control management system.** We will fully develop and utilize information technology, improve the efficiency and effectiveness of internal control related business processes and ensure that data is timely, complete and reliable, thus promoting the standardization and effectiveness of the entire business process and continuously improving the Group's management standards.

Use of Proceeds from the 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. Due to the impact of the COVID-19 pandemic, there was a slowdown in the progress of certain projects which were scheduled to be carried out in the first half of 2020. As of June 30, 2020, the details of use of the aforementioned net proceeds are set out as follows:

	Percentage of the net proceeds from the global offering	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	15.29	112.85	50.85	54.20	7.80
Integration of upstream raw material resources to further consolidate industry chain of concrete production	35%	128.14	—	128.14	41.67	64.24	22.23
Improvement, integration and expansion of existing concrete production lines	20%	73.22	—	73.22	4.44	42.56	26.22
For working capital and general corporate purposes	10%	36.61	36.61	—	—	—	—
Total	100%	366.11	51.90	314.21	96.96	161.00	56.25

Interim Dividend

The Board does not recommend paying any interim dividend for the six months ended June 30, 2020.

Corporate Governance Code

The Company has been committed to improving its corporate governance since its establishment. It has established a modern corporate governance structure comprising the general meeting, the Board, the Supervisory Committee and the senior management of the Company that effectively exercise checks and balances on each other and operate independently, and which emphasizes the corporate governance principles of transparency, accountability and safeguarding the rights and interests of all Shareholders.

For the six months ended June 30, 2020, the Company had complied with all applicable code provisions in the Corporate Governance Code.

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, each of the Directors and Supervisors confirmed that they had strictly complied with the standards set out in the Model Code for the six months ended June 30, 2020.

Purchase, Sale or Redemption of the Company's Listed Securities

For the six months ended June 30, 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Audit Committee

The audit committee of the Company (“**Audit Committee**”) consists of three members, including 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 unaudited consolidated condensed interim results of the Group for the six months ended June 30, 2020 have been reviewed by the Audit Committee.

Events after the Reporting Period

As at the date of this results announcement, the Group did not have any significant events after the Reporting Period.

Publication of the 2020 Interim Results Announcement and the 2020 Interim Report on the Websites of the Hong Kong Stock Exchange and the Company

This interim results announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (<https://www.ynhnt.com>). The 2020 interim 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:

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
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)
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

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
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
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
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
Prospectus	the prospectus of the Company dated October 21, 2019
Reporting Period	the six months ended June 30, 2020
RMB or Renminbi	the lawful currency of the PRC
Share(s)	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising H Shares and Domestic Shares
Shareholder(s)	holder(s) of Shares
subsidiary(ies)	has the meaning ascribed to it in Hong Kong Listing Rules
Supervisor(s)	the supervisor(s) of the Company

Supervisory Committee the supervisory committee of the Company

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, August 27, 2020

As at the date of this announcement, the 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.