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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)**

**2021 INTERIM RESULTS ANNOUNCEMENT**

**FINANCIAL HIGHLIGHTS:**

For the six months ended June 30, 2021, the Group recorded:

- revenue of approximately RMB1,080.2 million, representing a decrease of 41.2% from the corresponding period of 2020;
- gross profit of approximately RMB77.2 million, representing a decrease of 65.4% from the corresponding period of 2020;
- profit before income tax of approximately RMB23.5 million, representing a decrease of 85.3% from the corresponding period of 2020; and
- earnings per share of approximately RMB0.03, representing a decrease of 88.9% from the corresponding period of 2020.

The Board is pleased to announce the unaudited consolidated results of the Group for the six months ended June 30, 2021, together with the comparative data for the corresponding period in 2020, as follows:

## INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED JUNE 30, 2021

		Unaudited	
		Six months ended June 30,	
	Note	2021	2020
		RMB'000	RMB'000
<b>Revenue</b>	4	<b>1,080,225</b>	1,836,260
Cost of sales		<u>(1,002,984)</u>	<u>(1,612,960)</u>
<b>Gross profit</b>		<u><b>77,241</b></u>	<u>223,300</u>
Selling expenses		(3,350)	(5,942)
Administrative expenses		(59,593)	(56,303)
Net impairment reversals/(losses) on financial assets		<b>3,519</b>	(7,757)
Other income	4	<b>2,831</b>	6,015
Other gains/(losses) – net		<u><b>680</b></u>	<u>(569)</u>
<b>Operating profit</b>		<u><b>21,328</b></u>	<u>158,744</u>
Finance income		<b>6,557</b>	3,988
Finance costs		<u>(4,427)</u>	<u>(3,463)</u>
Finance income – net		<u><b>2,130</b></u>	<u>525</u>
<b>Profit before income tax</b>		<u><b>23,458</b></u>	<u>159,269</u>
Income tax expense	5	<u>(5,275)</u>	<u>(27,815)</u>
<b>Profit for the period</b>		<u><b>18,183</b></u>	<u>131,454</u>
<b>Profit attributable to:</b>			
– The equity holders of the Company		<b>13,957</b>	122,594
– Non-controlling interests		<u><b>4,226</b></u>	<u>8,860</u>
		<u><b>18,183</b></u>	<u>131,454</u>
<b>Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in RMB per share)</b>			
– Basic and diluted earnings per share	6	<u><b>0.03</b></u>	<u>0.27</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2021**

	<b>Unaudited</b>	
	<b>Six months ended June 30,</b>	
<i>Note</i>	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Profit for the period</b>	<u><b>18,183</b></u>	<u>131,454</u>
<b>Other comprehensive income</b>		
<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	<b>960</b>	1,628
– Income tax relating to the item	<u><b>(144)</b></u>	<u>(255)</u>
<b>Other comprehensive income for the period, net of tax</b>	<u><b>816</b></u>	<u>1,373</u>
<b>Total comprehensive income for the period</b>	<u><b>18,999</b></u>	<u>132,827</u>
<b>Total comprehensive income attributable to:</b>		
– The equity holders of the Company	<b>14,773</b>	123,911
– Non-controlling interests	<u><b>4,226</b></u>	<u>8,916</u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

		Unaudited As at June 30, 2021 RMB'000	Audited As at December 31, 2020 RMB'000
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Land use rights		43,180	31,552
Property, plant and equipment		204,774	199,280
Investment properties		2,324	2,433
Intangible assets		952	1,055
Deferred income tax assets		22,016	20,301
Other non-current assets		4,432	18,382
		<u>277,678</u>	<u>273,003</u>
<b>Current assets</b>			
Inventories		25,364	30,909
Financial assets at fair value through other comprehensive income		169,488	207,772
Trade receivables	7	3,532,736	3,497,156
Prepayments and other receivables	8	34,541	29,633
Restricted cash		21,978	32,280
Cash and bank deposits		484,410	529,389
		<u>4,268,517</u>	<u>4,327,139</u>
<b>Total assets</b>		<u><b>4,546,195</b></u>	<u><b>4,600,142</b></u>

		<b>Unaudited</b>	<b>Audited</b>
		<b>As at</b>	<b>As at</b>
		<b>June 30,</b>	<b>December 31,</b>
	<i>Note</i>	<b>2021</b>	<b>2020</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>EQUITY</b>			
Share capital		<b>446,272</b>	446,272
Reserves		<b>476,610</b>	475,794
Retained earnings		<b>350,495</b>	391,474
<b>Total equity attributable to equity holders of the Company</b>			
		<b>1,273,377</b>	1,313,540
Non-controlling interests		<b>92,298</b>	88,072
<b>Total equity</b>		<b>1,365,675</b>	1,401,612
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>30,610</b>	18,400
Provision for close down, restoration and environmental cost		<b>2,142</b>	3,220
		<b>32,752</b>	21,620
<b>Current liabilities</b>			
Trade and other payables	9	<b>2,956,290</b>	2,983,888
Lease liabilities		<b>21,783</b>	19,326
Provision for close down, restoration and environmental cost		<b>7,684</b>	8,035
Contract liabilities		<b>2,034</b>	1,093
Current income tax liabilities		<b>4,824</b>	8,428
Borrowings		<b>155,153</b>	156,140
		<b>3,147,768</b>	3,176,910
<b>Total liabilities</b>		<b>3,180,520</b>	3,198,530
<b>Total equity and liabilities</b>		<b>4,546,195</b>	4,600,142

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED JUNE 30, 2021

## 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 Avenue, Zhaoyang District, Zhaotong, Yunnan Province, the PRC.

The parent company of the Company is 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 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 H shares on the Main Board of The Stock Exchange of Hong Kong Limited on October 31, 2019. The total number of shares are 446,272,000 shares after the offering.

The condensed consolidated interim financial information is presented in Renminbi thousand (“**RMB’000**”), unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board on August 24, 2021.

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, 2021 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 consolidated financial statements for the year ended December 31, 2020, 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, 2020, 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 financial statements 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, 2021, and have been adopted by the Group in current period:

Amendments to IFRS 9, IAS 39 and IAS 7	Interest Rate Benchmark Reform – Phase 2
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

#### 3.2 New standards and amendments of IFRS issued effective for the financial periods beginning on and after January 1, 2022 and have not been early adopted by the Group

		Effective for annual periods beginning on or after
Amendments to annual improvements project	Annual Improvements 2018-2020 cycle	January 1, 2022
Amendment to IAS 16	Property, plant and equipment – proceeds before intended use	January 1, 2022
Annual improvements to IFRS 9	Financial Instruments	January 1, 2022
Amendment to IAS 37	Onerous contracts – Cost of fulfilling a contract	January 1, 2022
Amendments to IAS 3	Reference to the Conceptual Framework	January 1, 2022
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
IFRS 17	Insurance contracts	January 1, 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023

The Group is assessing the full impact of these new standards and amendments. According to the preliminary assessment, these standards and amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. The Group expects to adopt relevant new standards, amendments to standards and conceptual framework when they become effective.

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

#### *Geographical information*

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

### 4.2 Revenue

	<b>Unaudited</b>	
	<b>Six months ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Sales of ready-mixed concrete	<b>1,067,106</b>	1,828,953
Sales of polycarboxylic admixtures	<b>8,057</b>	6,795
Sales of aggregates	<b>345</b>	512
Quality and technology management services	<b>4,717</b>	—
	<b><u>1,080,225</u></b>	<b><u>1,836,260</u></b>



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

The Group's most senior executive management regularly reviews its 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:

	<b>Unaudited</b>	
	<b>Six months ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Group A	<b>626,543</b>	1,476,595
Group B	<b>50,028</b>	43,938
Group C	<b>37,847</b>	63,160
	<b><u>714,418</u></b>	<b><u>1,583,693</u></b>

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

#### 4.3 Other income

	<b>Unaudited</b>	
	<b>Six months ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Government grants ( <i>Note (a)</i> )	<b>2,793</b>	5,696
Rental income	<b>38</b>	319
	<b><u>2,831</u></b>	<b><u>6,015</u></b>

- (a) Government grants mainly represent awards for the initial public offering and grants received from the PRC government authorities for subsidising the Group's general operation and 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.

## 5 INCOME TAX EXPENSE

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

	<b>Unaudited</b>	
	<b>Six months ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Current income tax	<b>7,134</b>	29,434
Deferred income tax	<b>(1,859)</b>	(1,619)
<b>Income tax expense</b>	<b><u>5,275</u></b>	<b><u>27,815</u></b>

- (a) Under the Law of the PRC on Corporate Income Tax (the “**CIT Law**”) and implementation regulations of the CIT Law, the tax rate of the Group is 25% from January 1, 2008. The income tax rate of 25% is applicable to the Group, except for the Company and its subsidiary YCIH Polymer Material Co., Ltd. (“**Polymer Company**”) which are qualified as High-tech Enterprise for the six months ended June 30, 2021 and 2020. The Company and Polymer Company enjoy a preferential income tax rate of 15% as approved by the local tax authority for the six months ended June 30, 2021 and 2020.
- (b) The Group estimated that the forecasted effective tax rate for the year ending December 31, 2021 is 22.5% and the effective tax rate for the year ended December 31, 2020 was 18.3%.

## 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.

	<b>Unaudited</b>	
	<b>Six months ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
Profit attributable to equity holders of the Company (RMB'000)	<b>13,957</b>	122,594
Weighted average number of ordinary shares in issue in thousands	<b><u>446,272</u></b>	<u>446,272</u>
Basic earnings per share (RMB)	<b><u>0.03</u></b>	<u>0.27</u>

- (b) The diluted earnings per share was the same as the basic earnings per share as there was no potential dilutive share issued during the six months ended June 30, 2021 and 2020.

## 7 TRADE RECEIVABLES

	Unaudited As at June 30, 2021 RMB'000	Audited As at December 31, 2020 RMB'000
Trade receivables – related parties	2,594,715	2,543,273
Trade receivables – third parties	<u>1,016,931</u>	<u>1,036,335</u>
	3,611,646	3,579,608
Less: Provision for impairment of trade receivables (Note (b))	<u>(78,910)</u>	<u>(82,452)</u>
<b>Trade receivables – net</b>	<b><u>3,532,736</u></b>	<b><u>3,497,156</u></b>

As at June 30, 2021 and December 31, 2020, the fair values of trade receivables of the Group approximated their carrying amounts.

As at June 30, 2021 and December 31, 2020, all the carrying amounts of trade receivables were denominated in RMB.

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

	Unaudited As at June 30, 2021 RMB'000	Audited As at December 31, 2020 RMB'000
– Within one year	2,555,624	2,644,548
– One to two years	862,554	778,952
– Two to three years	130,678	87,196
– Three to four years	31,854	47,502
– Four to five years	19,909	9,195
– Over five years	<u>11,027</u>	<u>12,215</u>
	<b><u>3,611,646</u></b>	<b><u>3,579,608</u></b>

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 days past due. The expected credit losses also incorporate forward-looking information. As at June 30, 2021, provision of approximately RMB78,910,000 was made against trade receivables (December 31, 2020: RMB82,452,000).

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

	<b>Unaudited</b>	
	<b>Six months ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Beginning of the period	<b>82,452</b>	55,234
(Reversal of)/provision for impairment on trade receivables	<b>(3,542)</b>	8,155
End of the period	<b>78,910</b>	63,389

## **8 PREPAYMENTS AND OTHER RECEIVABLES**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>June 30,</b>	<b>December 31,</b>
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Other receivables – related parties	<b>3,222</b>	3,932
Other receivables – third parties	<b>23,291</b>	17,605
	<b>26,513</b>	21,537
Less: Provision for impairment of other receivables (Note (b))	<b>(2,663)</b>	(2,640)
Other receivables – net	<b>23,850</b>	18,897
Prepayments	<b>2,523</b>	3,483
Interest receivable	<b>4,876</b>	2,571
Other current assets	<b>3,292</b>	4,682
Prepayments and other receivables – net	<b>34,541</b>	29,633

As at June 30, 2021 and December 31, 2020, the fair values of other receivables of the Group approximated their carrying amounts.

As at June 30, 2021 and December 31, 2020, all the carrying amounts of prepayments and other receivables were denominated in RMB.

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

	<b>Unaudited</b> <b>As at</b> <b>June 30,</b> <b>2021</b> <i>RMB'000</i>	<b>Audited</b> <b>As at</b> <b>December 31,</b> <b>2020</b> <i>RMB'000</i>
– Within one year	25,278	20,813
– One to two years	1,740	2,249
– Two to three years	3,305	2,760
– Three to four years	2,805	2,628
– Four to five years	894	582
– Over five years	<u>3,182</u>	<u>3,241</u>
	<u><b>37,204</b></u>	<u><b>32,273</b></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, 2021, provisions for impairment of approximately RMB2,663,000 were made against other receivables (December 31, 2020: RMB2,640,000).

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

	<b>Unaudited</b> <b>Six months ended June 30,</b> <b>2021</b> <i>RMB'000</i>	<b>2020</b> <i>RMB'000</i>
Beginning of the period	2,640	2,878
Provision for/(reversal of) impairment on other receivables	<u>23</u>	<u>(398)</u>
End of the period	<u><b>2,663</b></u>	<u><b>2,480</b></u>

## 9 TRADE AND OTHER PAYABLES

	Unaudited As at June 30, 2021 RMB'000	Audited As at December 31, 2020 RMB'000
Notes payable	58,000	78,532
Trade payables – related parties	130,800	147,151
Trade payables – third parties	2,573,167	2,563,002
Other payables – related parties	74,638	24,879
Other payables – third parties	11,075	54,884
Staff salaries and welfare payable	95,472	84,847
Interest payable	114	145
Dividends payable	2,333	5,702
Accrued taxes other than income tax	10,691	24,746
	<b>2,956,290</b>	<b>2,983,888</b>

- (a) As at June 30, 2021 and December 31, 2020, all trade and other payables of the Group were non-interest bearing, and their fair values, except for the staff salaries and welfare payables and accrued taxes other than income tax which are not financial liabilities, approximated their carrying amounts due to their short maturities.
- (b) At each of the end of the reporting periods, the Group's trade and other payables are denominated in RMB.
- (c) The ageing analysis of trade and other payables at the respective statement of financial position dates, based on the recording dates, are as follows:

	Unaudited As at June 30, 2021 RMB'000	Audited As at December 31, 2020 RMB'000
– Within one year	2,259,367	2,320,414
– One to two years	469,903	441,683
– Two to three years	137,645	161,413
– Three to four years	53,019	37,784
– Four to five years	19,570	18,126
– Over five years	16,786	4,468
	<b>2,956,290</b>	<b>2,983,888</b>

## **10 DIVIDENDS**

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 shareholders on August 24, 2020.

On March 26, 2021, the Board recommended a final dividend of RMB0.1231 each share for the year ended December 31, 2020, amounting to a total amount of RMB54,936,000 calculated based on the total number of shares in issue of 446,272,000. On May 25, 2021, the final dividend had been approved by the shareholders at the annual general meeting and had been distributed to the shareholders on June 23, 2021.

The Board has not recommended the payment of any interim dividend for the six months ended June 30, 2021 (six months ended June 30, 2020: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### I. INDUSTRY OVERVIEW

As a basic building material industry for urbanization and economic and social development, the demand of ready-mixed concrete industry from downstream mainly includes markets of real estate and infrastructures. According to the industry report issued by Sullivan, the production capacity of ready-mixed concrete in China is 6.69 billion m<sup>3</sup> in the first half of 2021, with the future production capacity expected to have certain growths as continuously driven by the demand from downstream market. Meanwhile, under the new development pattern, conversion of development momentum, change of development mode, intensification, standardization, high-end, high value-added and high-quality development, and green and low-carbon development, digital transformation development and Internet plus have gradually become the direction and theme of industry development. Infrastructure investment including unblocking the domestic cycle and promoting the domestic and international dual cycle, the “two new-types and one major development” (new-type of infrastructure development, new-type of urbanization and development of major engineering construction projects for transportation and water conservancy) and “compensating for shortcomings” has brought new development opportunities to the industry.

According to the industry report issued by Sullivan, the market size of ready-mixed concrete in Yunnan Province is 22.447 million m<sup>3</sup> in terms of production volume in the first half of 2021, representing a decrease of approximately 36% as compared with the corresponding period of 2020, which was mainly due to the fact that (1) there are more precipitation in most regions than previous years with an increase of 10% to 20% in precipitation in some regions, which has resulted in different degrees of stagnation of construction projects; and (2) the operating rate of real estate projects in some regions is not sufficient, which have resulted in a curbed demand of concrete. Due to the continuing influence of above issues which is expected to last by the end of 2021, it is expected that the production volume of concrete in Yunnan Province for the full year of 2021 is 46.035 million m<sup>3</sup>, representing a decrease of approximately 40% as compared with the full year of 2020.

Along with the Yunnan Development and Reform Commission issuing the “14th Five-Year Plan” for Regional Coordinated Development of Yunnan Province (2021-2025, Consultation Draft) in July 2021, which covers key programs and major construction projects including rail transit construction and interconnection of infrastructure at border and port in central Yunnan, China-Laos industrial park construction, regional medical center construction, comprehensive transportation system construction, water conservancy infrastructure construction, comprehensive logistics hub construction, energy hub construction, and will greatly stimulate the demand for concrete products in Yunnan Province, the concrete market is expected to pick up in the next few years.



## II. BUSINESS OVERVIEW

### (I) Overview

The Company is a ready-mixed concrete producer located in Yunnan Province. We have a team with extensive management experience and robust technical capabilities, and have powerful research and development capabilities with an integration of technical research and development, results promotion and application and technical services. We have introduced modernized, scientific and environment-friendly manufacturing concepts into our production, and lead and drive the technological progress and green low-carbon development in the concrete industry of Yunnan Province. The Company has established a diversified business landscape focusing on the production of ready-mixed concrete, and is supplemented with the products of cement, aggregates and polycarboxylic admixtures, basically forming the production capacity layout covering the east, west, south and north markets in the centre of Kunming, as well as prefecture-level cities in Yunnan Province that are developing and expanding business at the same pace. Our business scope covers housing construction, infrastructure, railways, highways, integrated pipeline networks and other project areas. We have established a completed industrial chain of “technical research and development, resource processing, production and sales”.

In May 2021, 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 four consecutive years from 2017 to 2020) and awarded the honorary title of “AAA Credit Enterprise in Yunnan Province (雲南省AAA信用企業)”. According to the industry report issued by Sullivan, the concrete production volume and revenue of the Group both ranked first in Yunnan Province for the first half of 2021, of which the market share of the Group’s concrete production volume accounted for 14.4%, which is far ahead of the second ranked.

For the six months ended June 30, 2021, the Group produced and sold 3.2 million m<sup>3</sup> of ready-mixed concrete, representing a period-on-period decrease of 37.8%. The Group recorded a revenue of RMB1,080.2 million, representing a period-on-period decrease of 41.2%; a profit before income tax of RMB23.5 million, representing a period-on-period decrease of 85.3%; a net profit of RMB18.2 million, representing a period-on-period decrease of 86.2%; and a net profit attributable to equity holders of the Company of RMB14.0 million, representing a period-on-period decrease of 88.6%.

As at June 30, 2021, the Group had 53 concrete batching plants and 97 production lines with an annual capacity of 21 million m<sup>3</sup>. The Group also had 155 concrete transport vehicles, 2 pump trucks and 280 sets of test equipment.

## (II) Results of Operation

### By business category

The following table sets forth the revenue, cost of sales, gross margin and change in percentage by business category of the Group for the six months ended June 30, 2020 and the six months ended June 30, 2021.

Business	For the six months ended June 30,								
	2021 (in RMB'000,000)			2020 (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	1,067.1	994.4	6.8%	1,829.0	1,606.9	12.1%	-41.7%	-38.1%	-43.8%
Polycarboxylic admixtures	8.1	6.7	17.3%	6.8	5.9	13.2%	19.1%	13.6%	31.1%
Aggregates	0.3	0.1	66.7%	0.5	0.2	60.0%	-40.0%	-50.0%	11.2%
Quality and technology management services	4.7	1.8	61.7%	—	—	—	—	—	—
Total	<u>1,080.2</u>	<u>1,003.0</u>	<u>7.1%</u>	<u>1,836.3</u>	<u>1,613.0</u>	<u>12.2%</u>	<u>-41.2%</u>	<u>-37.8%</u>	<u>-41.8%</u>

For the six months ended June 30, 2021, 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 RMB1,067.1 million, accounting for 98.9% of the total revenue.

During the Reporting Period, the gross profit of the Group's operation was RMB77.2 million (the first half of 2020: RMB223.3 million), and the overall gross margin for the first half of 2021 was 7.1%, representing a decrease of 5.1 percentage points from 12.2% for the corresponding period of 2020. The decrease of gross profit and gross profit margin resulted from lower decrease in cost of sales than in revenue. This was mainly due to the sales volume of concrete decreased for the first half of 2021 as compared with the corresponding period of 2020 while the fixed costs were not decreased proportionally. In the first half of 2021, the gross margin was 6.8% for the production and sales of ready-mixed concrete, 17.3% for the production and sales of polycarboxylic admixtures, 66.7% for the production and sales of aggregates and 61.7% for the concrete-related quality and technology management services.

### *By customer category*

Due to that the Group has been continuously developing independent third party customers, for the six months ended June 30, 2021, the revenue of the Group from independent third party customers amounted to RMB453.7 million, representing an increase of 26.1% as compared with RMB359.7 million for the corresponding period of 2020. The revenue from independent third party customers accounted for 42.0% of the revenue for the first half of 2021, representing an increase of 22.4 percentage points as compared with 19.6% for the corresponding period of 2020.

## ***(III) Major Operational Measures and Business Update***

### *Major Operational Measures*

As the Group's large projects in hand obtained previously have been completed or entered the final stage, in the first half of 2021, the Group has adopted the following major operational measures: (1) we have continuously improved the operating ability, and vigorously expanded business with independent third party customers; (2) we have organized and carried out tracking, planning, layout and raw material reserves around the upcoming new large projects to lay a solid foundation for the follow-up work; (3) taking into account the actual operation status, we have further optimized and improved the internal management structure, optimized the marketing network and layout, effectively integrated operation resources, and striven to increase the Group's market development and market share in various regions of Yunnan Province; (4) we have continued to further cultivate the market of prefectures and cities in Yunnan Province, further expanded into the districts/counties in penetrated prefectures and cities and actively explored new markets in Pu'er City; (5) we have continuously carried out the technical research and development, results transformation and application, improved product quality in all aspects and efficiently created brand benefit; (6) we have refined comprehensive cost control of raw materials, and focused on cost reduction and efficiency enhancement; (7) we have continuously strengthened safety awareness, and emphasized production safety; and (8) we have strengthened service awareness, maintained brand image, and promoted the upgrading of the Group's production management services.

## *Bussiness Update*

In terms of non-highway projects, the total amount of the Group`s newly signed concrete supply contracts for the seven months ended July 31, 2021 and the concrete supply contracts signed in the previous years that have yet to be fulfilled as of July 31, 2021 was approximately RMB2 billion, with a total demand for concrete of approximately 5.50 million m<sup>3</sup>. For the seven months ended July 31, 2021, the amount of newly signed concrete supply contracts with independent third parties accounted for approximately 53%, which was approximately 33 percentage points higher than that of the corresponding period in 2020. Based on the continuous follow-up in terms of new business opportunities, the Group is expected to enter into certain concrete supply contracts in the near future. According to preliminary estimates, the aggregated contract amount is approximately RMB600 million, with a total demand for concrete of approximately 1.80 million m<sup>3</sup>.

In terms of highway projects, the Group will continue to participate in the concrete supply of the construction of more than 10 highways in Yunnan Province, including but not limited to Eshan-Shiping-Honghe Highway, Yongren-Jinshuihe (Xinping (Gasa)-Yuanjiang (Hongguang)) Highway, Chengjiang-Huaning Highway and Nasa-Xingjie Highway. The aforementioned highway projects are expected to commence construction in the second half of 2021 and generate demand for concrete, which will support the future business development of the Group to a certain extent.

### III. FINANCIAL REVIEW

#### (I) Revenue

For the six months ended June 30, 2021, the Group realized a revenue of RMB1,080.2 million, representing a decrease of 41.2% from the corresponding period of 2020. The decrease in revenue was mainly attributable to (1) in the first half of 2021, although the Group's business with independent third parties has increased as compared with the corresponding period in 2020, due to factors such as the conclusion of the 13th Five-Year Plan and the poverty alleviation, the resumption of work and production following the COVID-19 pandemic in 2020, the poverty-alleviation relocation projects (such as the Qiaojia immigration relocation project) and a number of highway projects (including Yuanjiang-Manhao Highway, Mile-Yuxi Highway, Dakaimen-Gasa Highway, Guangnan-Nasa Highway, Shangri-la-Lijiang Highway, etc.) undertaken by the Group perviously were completed or entered the final stage gradually in the second half of 2020 and the first half of 2021, resulting in the demand of concrete (especially high-grade concrete) for the aforementioned projects dropping significantly during the Reporting Period as compared with the corresponding period in 2020; and (2) for the highway projects for which the Group intends to supply concrete in the first half of 2021, as the newly confirmed COVID-19 cases in Yunnan Province, the delayed commencement of the projects and the time-consuming preparatory work, the projects have not yet or entered the construction stage late, so the supply of concrete has decreased significantly during the Reporting Period as compared with the corresponding period in 2020. In the total revenue generated by the Group in the first half of 2021, the total revenue from sales of concrete products was RMB1,067.1 million, representing a decrease of 41.7% from the corresponding period of 2020. In addition to the sales revenue of concrete products, the revenue of the Group during the Reporting Period also included the revenue from sales of polycarboxylic admixtures, aggregates and rendering concrete-related quality and technology management services. The following table sets forth the breakdown of revenue of the Group for the six months ended June 30, 2021 and the six months ended June 30, 2020:

	<b>For the six months ended June 30, 2021</b>		<b>For the six months ended June 30, 2020</b>	
	<i><b>In millions of RMB</b></i>	<i><b>Percentage of revenue</b></i>	<i><b>In millions of RMB</b></i>	<i><b>Percentage of revenue</b></i>
Ready-mixed concrete	<b>1,067.1</b>	<b>98.9%</b>	1,829.0	99.6%
Polycarboxylic admixtures	<b>8.1</b>	<b>0.7%</b>	6.8	0.4%
Aggregates	<b>0.3</b>	<b>0.0%</b>	0.5	0.0%
<b>Revenue from sales of products</b>	<b>1,075.5</b>	<b>99.6%</b>	1,836.3	100.0%
Revenue from quality and technology management services	<b>4.7</b>	<b>0.4%</b>	—	—
<b>Total</b>	<b><u>1,080.2</u></b>	<b><u>100.0%</u></b>	<b><u>1,836.3</u></b>	<b><u>100.0%</u></b>

## **(II) Operating Expenses**

In the first half of 2021, although the Group continuously strengthened cost control, given fixed costs and certain expenses incurred from the preparatory work for the gradual commencement of highway projects, on the whole, the decrease in operating expenses was slightly lower than the decrease in operating revenue. For the six months ended June 30, 2021, the operating expenses were RMB1,062.4 million, representing a decrease of 36.9% from the corresponding period of 2020. Operating expenses accounted for 98.4% of the revenue, representing an increase of 6.7 percentage points from the corresponding period of 2020.

## **(III) Profitability**

### *Profit before income tax*

The Group recorded a profit before income tax of RMB23.5 million for the six months ended June 30, 2021, representing a decrease of 85.3% from the corresponding period of 2020.

### *Income tax expenses*

For the six months ended June 30, 2021, the income tax expenses of the Group were RMB5.3 million. It is estimated that the effective tax rate for the whole year is 22.5%.

### *Profit for the Reporting Period*

For the six months ended June 30, 2021, the Group realized profit for the Reporting Period of RMB18.2 million, representing a decrease of 86.2% from the corresponding period of 2020. The basic earnings per share were RMB0.03.

## **(IV) Administration Expenses**

For the six months ended June 30, 2021, the administrative expenses were RMB59.6 million (for the six months ended June 30, 2020: RMB56.3 million), representing a period-on-period increase of 5.9%, primarily due to the increase of related expenses resulted by the increased number of projects in the preparation stage for the Reporting Period.

## **(V) General Information of Assets and Liabilities**

As at June 30, 2021, the total assets were RMB4,546.2 million (December 31, 2020: RMB4,600.1 million), representing a decrease of 1.2% as compared with the end of 2020. The assets were mainly trade receivables, cash and cash equivalents, and property, plant and equipment. Such assets accounted for 92.9% of the total assets, with trade receivables and other assets accounting for 77.7% and 15.2% of the total assets, respectively.

As at June 30, 2021, the total liabilities were RMB3,180.5 million (December 31, 2020: RMB3,198.5 million), representing a decrease of 0.6% as compared with the end of 2020.

**(VI) Borrowings and Solvency**

As at June 30, 2021, the total liabilities were RMB3,180.5 million (December 31, 2020: RMB3,198.5 million), of which 4.9% (December 31, 2020: 4.9%) were bank borrowings and 85.0% (December 31, 2020: 84.7%) were trade payables.

As at June 30, 2021, the total borrowings were RMB155.2 million (December 31, 2020: RMB156.1 million), all of which were bank borrowings and must be repaid within one year.

As at June 30, 2021, the weighted average effective interest rate for bank borrowings was 4.65%.

For the six months ended June 30, 2021, the total interest expenses were RMB4.4 million (for the six months ended June 30, 2020: RMB3.5 million), earnings before interest and tax were RMB27.9 million (for the six months ended June 30, 2020: RMB162.8 million), and the interest coverage ratio (earnings before interest and tax divided by interest expenses) was 6.3 (for the six months ended June 30, 2020: 46.5).

As at June 30, 2021, the gearing ratio (i.e. total liabilities divided by total assets) was 70.0% (December 31, 2020: 69.5%).

**(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, 2021, total current assets were RMB4,268.5 million (December 31, 2020: RMB4,327.1 million), including: (i) cash and cash equivalents of RMB484.4 million (December 31, 2020: RMB529.4 million), accounting for 11.3% of current assets (December 31, 2020: 12.2%); (ii) trade receivables of RMB3,532.7 million (December 31, 2020: RMB3,497.2 million), accounting for 82.8% of current assets (December 31, 2020: 80.8%); and (iii) prepayments and other receivables of RMB34.5 million (December 31, 2020: RMB29.6 million), accounting for 0.8% of current assets (December 31, 2020: 0.7%).

As at June 30, 2021, current ratio (current assets divided by current liabilities) was 135.6% (December 31, 2020: 136.2%).



For the six months ended June 30, 2021, the net cash inflow from operating activities was approximately RMB8.1 million (for the six months ended June 30, 2020: net cash outflow of approximately RMB54.7 million). This is mainly because on the one hand, the effect of the Company's policy of "determining cash outflow based on cash inflow" is obvious; on the other hand, income tax prepaid by the Group was lower than that of the corresponding period last year due to the low profit during the Reporting Period.

#### IV. HUMAN RESOURCES

As at June 30, 2021, we employed a total of 1,146 employees (June 30, 2020: 1,139). The table below sets out a breakdown of the number of our employees by role as at June 30, 2021:

<b>Role</b>	<b>Number</b>
Management	102
Production management	310
Quality and technology	328
Procurement (supply of material)	101
Marketing	129
Administration and finance	172
Others	<u>4</u>
<b>Total</b>	<b><u><u>1,146</u></u></b>

The Group has recruited the employees in the open market and established a scientific, reasonable, fair and impartial remuneration management system. The remuneration of employees mainly includes fixed salary, 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, 2020 and the six months ended June 30, 2021, employee benefits and labor expenses were RMB112.6 million and RMB118.0 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, 2021, the Company did not make any material acquisitions or disposals of subsidiaries, associates or joint ventures. As at June 30, 2021, the Group did not hold any significant investments.

## **VI. CHARGE ON THE GROUP'S ASSETS**

As at June 30, 2021, no property, plant and equipment had been provided as bank collaterals.

## **VII. FOREIGN EXCHANGE RISK**

Although the Company operates in China and collects revenues and pays costs/fees in RMB, the Company is listed on the Hong Kong Stock Exchange and has raised proceeds denominated in HKD of approximately HK\$366.11 million (less the underwriting commission and other estimated expenses paid and payable by the Company for the global offering (the “**Global Offering**”)). As at June 30, 2021, the balance of the Group's carrying cash and bank deposits denominated in HKD amounted to HK\$22 million. 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.

## **VIII. CONTINGENT LIABILITIES**

As at June 30, 2021, the Group had no material contingent liabilities.

## **IX. MATERIAL INVESTMENT PLAN**

The Group intends to expand its industrial layout and participate in key programs and major infrastructure construction projects in the “14th Five-Year Plan” regional coordinated development plan in Yunnan Province. The first is to invest in fixed assets, including building new concrete batching plants and purchasing auxiliary equipment and facilities for aggregate yards. The second is to make equity investments, mainly to strengthen cooperation with local governments and enterprises in relevant prefectures and cities in Yunnan Province, and establish joint-funded subsidiaries or acquire suitable concrete companies in Yunnan Province in order to further expand the market. At the same time, the Group continues to pay attention to the upstream raw material resources, including acquisition of suitable aggregate companies and construction of new aggregate mine production base, so as to continuously improve and finally complete the industry chain structure of the Company. In addition, the Group will invest in the construction of an integrated financial and business platform to further enhance the level of informatization and intelligent management. If such investment projects are carried out in the next year, their source of funding will be primarily from proceeds from the Global Offering or the working capital of the Company generated from daily operation.

## X. OUTLOOK

The “14th Five-Year Plan” is an important period for the improvement, breakthrough and reshaping of the ready-mixed concrete industry, and 2021 is the opening year of the “14th Five-Year Plan”. The “14th Five-Year Plan Guidelines for National Economic and Social Development of the Yunnan Province and the Outline of Long-term Goals for 2035” puts forward the spatial layout of “the rise of central Yunnan, the opening up of the border, the development of northeastern Yunnan and the integration of western Yunnan”, focusing on the implementation of the ten major urban construction projects, the construction of well-off villages on the border, and the construction of large transportation links. In the first half of 2021, certain cases of COVID-19 pandemic have spread in the border areas of Yunnan Province from time to time. Therefore, the overall total capital and liquidity in the market have been tightened to a certain extent, and projects such as infrastructure construction have slowed down to a certain extent. However, the Group has done sufficient preparatory work. For the seven months ended July 31, 2021, in terms of non-highway projects of the Group, the total concrete demand for the contracts signed in the previous years that have yet to be fulfilled and the contracts to be signed is approximately 7.30 million m<sup>3</sup>. In addition, the Group has participated in the preliminary preparation and construction of batching plants for multiple highways, and will gradually enter into the concrete supply contracts and supply concrete accordingly. According to the industry report issued by Sullivan, although the overall concrete market in Yunnan Province in 2021 decreased as compared with 2020, benefiting from the late-development advantage and the implementation of the “Belt and Road” Initiative and Regional Comprehensive Economic Partnership Agreement in the coming 5 years, it’s expected that the size of concrete market in Yunnan Province will reach 68.618 million m<sup>3</sup> by 2025 with the compound annual growth rate of 10.5% from 2021 to 2025. With the release of the “14th Five-Year Plan” for Regional Coordinated Development of Yunnan Province (2021-2025, Consultation Draft), the direction of infrastructure development in the second half of 2021 in Yunnan Province has become clearer. The Company will seize market opportunities, achieve business objectives, earnestly return to Shareholders, and demonstrate the Company’s development vitality and good image in the capital market.

### *Seize market opportunities*

- (i) **Seize development opportunities in the infrastructure market in Yunnan Province.** In the next five years, Yunnan Province will fully implement the “Connectivity” project based on the decisive victory in building the county highways “As Passable as Possible” projects, starting construction of 78 highway projects with a length of 6,024 kilometers and a total investment of RMB1,024.1 billion. By gradually constructing a highway network with reasonable layout, complete functions, extensive coverage and interconnection, it will lay a solid foundation for the transportation of Yunnan Province to achieve high-quality leap-forward development. As a concrete enterprise with leading technology and the strongest and most stable supply capability in Yunnan Province, the Company has extensive experience in concrete supply for large-scale projects. We will seize the opportunities to heavily participate in the construction of related major projects so as to continuously increase market share and profitability and further consolidate our leading market position.

- (ii) **Grasp the advantages of steady and continuous improvement of economic growth in Yunnan Province.** The economic data of the first half of 2021 released by the Statistics Bureau of Yunnan Province shows that the main economic indicators of the province have rebounded substantially in the first half of 2021, industry has recovered steadily, investment has risen steadily, and consumption potential has been released quickly. Economic development shows a trend of steady and continuous improvement. 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 others will bring new market opportunities to the Group. We will continue to deepen the cultivation in the market and continue to consolidate our cooperation with large state-owned enterprises including China Railway Construction Group Co., Ltd. (中鐵建設集團有限公司), China Railway Construction Corporation Limited (中國鐵建股份有限公司), China State Construction Engineering Corporation (中國建築集團有限公司), China Communications Construction Company Ltd. (中國交通建設股份有限公司), MCC Tiangong Group Co., Ltd. (中冶天工集團有限公司) and CSCEC Xinjiang Construction & Engineering Group Co., LTD (中建新疆建工集團有限公司); track projects in construction in Yunnan Province by well-known enterprises outside Yunnan Province, such as Shanghai Construction Group (上海建工集團股份有限公司), Dahua (Group) Co., Ltd. (大華(集團)有限公司), Shanhe Group Holdings Limited (山河控股集團有限公司), Jiangsu Suzhong Construction Group Co., Ltd. (江蘇省蘇中建設集團股份有限公司) and Hebei Construction Group Corporation Limited (河北建設集團股份有限公司); and continue to follow up the projects in progress by large real estate companies in Yunnan Province such as Junfa Construction Group Co., Ltd. (俊發建設集團有限公司) and Kunming Northstar Group Co., Ltd (昆明諾仕達企業(集團)有限公司). The Company will continuously expand information channels, maintain the good cooperation with existing customers, and realize the transformation from projects operation to resources operation.
- (iii) **Closely follow the “Belt and Road” Initiative and the construction of a radiation center covering South Asia and Southeast Asia.** According to the significant national development strategy, Yunnan Province has always given priority to accelerating the construction of large channels of interconnection with neighboring countries, provided strong support for the construction of radiation center, and made certain achievements in the construction of railways, highways and energy channels. We will continue to closely follow the “Belt and Road” Initiative and the construction of a radiation center covering South Asia and Southeast Asia, and take maximum advantage of our geographical advantage in this respect 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., South Asian and 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.

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

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

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

- (i) **Accelerate the upgrading of information management.** We will endeavor to optimize our production process, promote the upgrading of facilities and equipment, accelerate informatization upgrades, continuously improve the efficiency of production and delivery, and ensure the collaborate work of all personnel and production facilities to further improve the efficiency of operation and management.
- (ii) **Continuously improve the internal control management system.** We will continuously and fully develop and utilize informatization technology, improve the efficiency and effectiveness of internal control related business processes, ensure that data information is timely, complete and reliable, promote the standardization and efficiency of the whole business process, and continuously improve the Company's management standard.

## PROCEEDS FROM THE GLOBAL OFFERING

The Company received net proceeds from the Global Offering of approximately HK\$366.11 million. On March 26, 2021, the second meeting of the second session of the Board was held by the Company and resolved to change the use of the unutilized net proceeds from the Global Offering. For details, please refer to the announcement dated March 26, 2021 published by the Company on the websites of the Hong Kong Stock Exchange and the Company. Upon the completion of the above change and as of June 30, 2021, the summaries of the net proceeds utilized by the Company are set out as follows:

	Allocation of the net proceeds from the Global Offering disclosed in the Prospectus	Allocation of the net proceeds from the Global Offering after the change	The use of the utilized net proceeds from the Global Offering as at June 30, 2021		The unutilized net proceeds from the Global Offering as at June 30, 2021 (HK\$ million)	Use plan for the remaining unutilized proceeds from the Global Offering (HK\$ million)		
	(HK\$ million)	(HK\$ million)	Amounts utilized during the Reporting Period (HK\$ million)	Accumulated amounts utilized (HK\$ million)		Remaining period in 2021	2022	2023
Construction of new materials production bases and project batching plants	128.14	28.60	3.07	28.60	0.00	–	–	–
Integration of upstream raw material resources to further consolidate industry chain of concrete production	128.14	–	–	–	–	–	–	–
Improvement, integration and expansion of existing concrete production lines	73.22	12.94	3.13	3.13	9.81	9.08	0.73	0.00
For working capital and general corporate purposes	36.61	36.61	0.00	36.61	0.00	–	–	–
Building new production bases	–	265.71	0.00	0.00	265.71	88.94	136.19	40.58
Improving the level of informatization of management	–	22.25	0.00	0.00	22.25	4.50	17.25	0.50
<b>Total</b>	<b>366.11</b>	<b>366.11</b>	<b>6.20</b>	<b>68.34</b>	<b>297.77</b>	<b>102.52</b>	<b>154.17</b>	<b>41.08</b>

## **INTERIM DIVIDEND**

The Board does not recommend paying any interim dividend for the six months ended June 30, 2021.

## **CORPORATE GOVERNANCE CODE**

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

For the six months ended June 30, 2021, 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 Directors, Supervisors and relevant employees of the Company (as defined in the Corporate Governance Code) to conduct securities transactions of the Company. After specific inquiries made to all Directors and Supervisors, the Directors and Supervisors have confirmed that they had strictly complied with the standards set out in the Model Code for the six months ended June 30, 2021.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

For the six months ended June 30, 2021, 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 (the “**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. Jiang Qian (appointed as a member of the Audit Committee with effect from January 29, 2021). Mr. Liu Guangcan ceased to serve as a member of the Audit Committee since January 29, 2021.

The Audit Committee has adopted terms of reference which are in line with the Corporate Governance Code. The Audit Committee has reviewed the Group's unaudited condensed consolidated interim results for the six months ended June 30, 2021.

## **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 2021 INTERIM RESULTS ANNOUNCEMENT AND THE 2021 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](http://www.hkexnews.hk)) and the Company (<https://www.ynhnt.com>). The 2021 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:

“13th Five-Year Plan”	the “13th Five-Year Plan Guidelines for National Economic and Social Development of the People’s Republic of China”, a set of goals designed to strengthen China’s economy between 2016 and 2020
“14th Five-Year Plan”	the “14th Five-Year Plan Guidelines for National Economic and Social Development of the People’s Republic of China and the Outline of Long-term Goals for 2035”, a set of goals designed to strengthen China’s economy between 2021 and 2025 and long-term goals for 2035
“Board”	the board of Directors of our Company
“China” or “PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Company” or “our Company”	YCIH Green High-Performance Concrete Company Limited
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules
“Director(s)”	the director(s) of our 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
“Group” or “we”	our Company and its subsidiaries
“H Share(s)”	overseas listed foreign invested ordinary share(s) in the 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
“HKD” or “HK\$”	Hong Kong dollars and Hong Kong cents, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“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
“independent third party(ies)”	persons or entities which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, are not considered as connected persons of the Company under the Hong Kong Listing Rules
“m <sup>3</sup> ”	cubic meter(s)
“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”	our Company’s prospectus dated October 21, 2019
“Reporting Period”	for the six months ended June 30, 2021
“RMB” or “Renminbi”	Renminbi yuan, the lawful currency of China



“Share(s)”	ordinary share(s) with a nominal value of RMB1.00 each in our Company’s share capital, including H Shares and Domestic Shares
“Shareholder(s)”	holder(s) of Share(s)
“subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Sullivan”	Shanghai Branch of Frost & Sullivan (Beijing) Consulting Company Limited
“Supervisor(s)”	the supervisor(s) of our Company
“Supervisory Committee”	the supervisory committee of our Company
“YCIH Group”	Yunnan Construction and Investment Holding Group Co., Ltd. (雲南省建設投資控股集團有限公司) and its subsidiaries
“Yunnan Province”	Yunnan Province, China
“%”	per cent

*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**  
**Zhang Yingyue**  
*Chairman*

Kunming, China, August 24, 2021

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