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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)

2022 INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS:

For the six months ended June 30, 2022, the Group recorded:

revenue of approximately RMB806.3 million, representing a decrease of 25.4% from the corresponding period of 2021;

gross profit of approximately RMB90.6 million, representing an increase of 17.4% from the corresponding period of 2021;

profit before income tax of approximately RMB27.2 million, representing an increase of 15.7% from the corresponding period of 2021; and

earnings per share of approximately RMB0.04, representing an increase of 33.3% from the corresponding period of 2021.

The Board is pleased to announce the unaudited consolidated results of the Group for the six months ended June 30, 2022, together with the comparative data for the corresponding period in 2021, as follows:

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED JUNE 30, 2022

		Unaudited	
		Six months ended June 30,	
	<i>Note</i>	2022	2021
		RMB'000	RMB'000
Revenue	4	806,297	1,080,225
Cost of sales		(715,675)	(1,002,984)
Gross profit		<u>90,622</u>	<u>77,241</u>
Selling expenses		(6,867)	(3,350)
Administrative expenses		(42,193)	(59,593)
Net impairment (losses)/reversals on financial assets		(10,755)	3,519
Other income	4	2,289	2,831
Other (losses)/gains – net	4	<u>(1,687)</u>	<u>680</u>
Operating profit		<u>31,409</u>	<u>21,328</u>
Finance income		3,176	6,557
Finance costs		<u>(7,402)</u>	<u>(4,427)</u>
Finance (costs)/income – net		<u>(4,226)</u>	<u>2,130</u>
Profit before income tax		<u>27,183</u>	<u>23,458</u>
Income tax expense	5	<u>(6,480)</u>	<u>(5,275)</u>
Profit for the period		<u>20,703</u>	<u>18,183</u>
Profit attributable to:			
– The equity holders of the Company		18,753	13,957
– Non-controlling interests		<u>1,950</u>	<u>4,226</u>
		<u>20,703</u>	<u>18,183</u>
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	<u>0.04</u>	<u>0.03</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2022

	Unaudited	
	Six months ended June 30,	
<i>Note</i>	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period	<u>20,703</u>	<u>18,183</u>
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
– Changes in the fair value of debt instruments at fair value through other comprehensive income	840	960
– Income tax relating to the item	<u>(165)</u>	<u>(144)</u>
Other comprehensive income for the period, net of tax	<u>675</u>	<u>816</u>
Total comprehensive income for the period	<u><u>21,378</u></u>	<u><u>18,999</u></u>
Total comprehensive income attributable to:		
– The equity holders of the Company	19,415	14,773
– Non-controlling interests	<u>1,963</u>	<u>4,226</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

	<i>Note</i>	Unaudited As at June 30, 2022 RMB'000	Audited As at December 31, 2021 RMB'000
ASSETS			
Non-current assets			
Land use rights		42,195	42,687
Property, plant and equipment		203,580	199,919
Investment properties		63	66
Intangible assets		757	850
Deferred income tax assets		26,568	27,284
Other non-current assets		<u>1,862</u>	<u>6,197</u>
		<u>275,025</u>	<u>277,003</u>
Current assets			
Inventories		26,500	27,464
Financial assets at fair value through other comprehensive income		11,877	95,221
Trade and notes receivables	7	4,046,204	3,847,991
Prepayments and other receivables	8	34,910	39,005
Restricted cash		378,458	119,036
Cash and bank deposits		<u>159,781</u>	<u>355,812</u>
		<u>4,657,730</u>	<u>4,484,529</u>
Total assets		<u><u>4,932,755</u></u>	<u><u>4,761,532</u></u>
EQUITY			
Share capital		446,272	446,272
Reserves		478,168	477,506
Retained earnings		<u>355,669</u>	<u>336,916</u>
Total equity attributable to equity holders of the Company		<u>1,280,109</u>	1,260,694
Non-controlling interests		<u>88,715</u>	<u>86,752</u>
Total equity		<u><u>1,368,824</u></u>	<u><u>1,347,446</u></u>

		Unaudited	Audited
		As at	As at
	<i>Note</i>	June 30,	December 31,
		2022	2021
		RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		28,387	30,233
Provision for close down, restoration and environmental cost		<u>2,710</u>	<u>2,060</u>
		<u>31,097</u>	<u>32,293</u>
Current liabilities			
Trade and other payables	9	3,177,078	3,143,885
Lease liabilities		28,066	20,856
Provision for close down, restoration and environmental cost		1,704	3,157
Contract liabilities		2,087	5,981
Current income tax liabilities		7,099	7,441
Borrowings		<u>316,800</u>	<u>200,473</u>
		<u>3,532,834</u>	<u>3,381,793</u>
Total liabilities		<u>3,563,931</u>	<u>3,414,086</u>
Total equity and liabilities		<u><u>4,932,755</u></u>	<u><u>4,761,532</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED JUNE 30, 2022

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**”). YCIH is operating under the supervision and regulation of the State-Owned Assets Supervision and Administration Commission of Yunnan Province (“**Yunnan SASAC**”).

The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the research, development, production, sales, transportation and pumping of ready-mixed concrete 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 financial information is presented in Renminbi thousand (“**RMB'000**”), unless otherwise stated. This information has been approved for issue by the Board of Directors on August 26, 2022.

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, 2022 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, 2021, which have been prepared in accordance with International Financial Reporting Standard (“**IFRS**”) and any public announcements made by the Company during the interim reporting period.

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the annual financial statements for the year ended December 31, 2021, 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, 2022, and have been adopted by the Group in current period:

Amendments to annual improvements project Amendment to IAS 16	Annual Improvements 2018-2020 cycle Property, plant and equipment – proceeds before intended use
Annual improvements to IFRS 9 Amendment to IAS 37 Amendments to IFRS 3	Financial Instruments Onerous contracts – Cost of fulfilling a contract Reference to the Conceptual Framework

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

		Effective for annual periods beginning on or after
IFRS 17	Insurance contracts	January 1, 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	January 1, 2023
Amendments to IAS 8	Definition of Accounting Estimates	January 1, 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
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 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

	Unaudited	
	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
Sales of ready-mixed concrete	744,048	1,067,106
Sales of cement	26,775	–
Sales of polycarboxylic admixtures	26,510	8,057
Sales of aggregates	8,964	345
Quality and technology management service	–	4,717
	<u>806,297</u>	<u>1,080,225</u>

- (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:

	Unaudited	
	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
Group A	541,093	626,543
Group B	15,054	37,847
Group C	12,877	2,366
Group D	12,766	50,028
	<u>581,790</u>	<u>716,784</u>

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

4.3 Other income

	Unaudited	
	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
Government grants (<i>Note (a)</i>)	2,215	2,793
Rental income	74	38
	<u>2,289</u>	<u>2,831</u>

- (a) Government grants mainly represent refund of unemployment insurance and grants for subsidising the Group's general operation and research and development activities received from PRC government authorities for the six months ended June 30, 2022. Government grants mainly represent awards for the initial public offering and grants for subsidising the Group's general operation and research and development activities received from PRC government authorities for the six months ended June 30, 2021. There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of government assistance.

4.4 Other (losses)/gains – net

	Unaudited	
	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
Losses of law suits	(1,079)	–
(Losses)/gains on disposal of property, plant and equipment	(112)	131
Others	(496)	549
	<u>(1,687)</u>	<u>680</u>

5 INCOME TAX EXPENSE

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

	Unaudited	
	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
Current income tax	5,929	7,134
Deferred income tax	551	(1,859)
Income tax expense	<u>6,480</u>	<u>5,275</u>

- (a) Under the Law of the PRC on Corporate Income Tax (the “**CIT Law**”) and implementation regulations of the CIT Law, the tax rate of the Group is 25% from January 1, 2008. The income tax rate of 25% is applicable to the Group, except for: i) the Company and its subsidiary YCIH Polymer Material Co., Ltd. are qualified as High-tech Enterprises and enjoy a preferential income tax rate of 15% for the six months ended June 30, 2022 and 2021; ii) the subsidiary YCIH Qujing Building Material Co., Ltd. is qualified as a High-tech Enterprise and enjoys a preferential income tax rate of 15% for the six months ended June 30, 2022; iii) the subsidiary YCIH Baoshan Yongchang Building Material Co., Ltd. (“**Baoshan Building Material**”) enjoys a preferential income tax rate of 15% according to the policies of Western Area Development for the six months ended June 30, 2022.
- (b) Income tax expense is recognized based on management’s estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the six months ended June 30, 2022 is 23.9%, compared to 22.5% for the six months ended June 30, 2021.

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,	
	2022	2021
Profit attributable to equity holders of the Company (RMB'000)	18,753	13,957
Weighted average number of ordinary shares in issue in thousands	<u>446,272</u>	<u>446,272</u>
Basic earnings per share (RMB)	<u><u>0.04</u></u>	<u><u>0.03</u></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, 2022 and 2021.

7 TRADE AND NOTES RECEIVABLES

	Unaudited	Audited
	As at	As at
	June 30,	December 31,
	2022	2021
	RMB'000	RMB'000
Trade receivables – related parties	2,906,648	2,791,014
Trade receivables – third parties	<u>1,095,549</u>	<u>1,044,173</u>
	4,002,197	3,835,187
Less: Provision for impairment of trade receivables (Note (b))	<u>(104,485)</u>	<u>(94,215)</u>
Notes receivable – related parties	136,368	61,895
Notes receivable – third parties	<u>12,124</u>	<u>45,124</u>
Trade and notes receivables – net	<u><u>4,046,204</u></u>	<u><u>3,847,991</u></u>

As at June 30, 2022 and December 31, 2021, the fair values of trade and notes receivables of the Group approximated their carrying amounts.

As at June 30, 2022 and December 31, 2021, all the carrying amounts of trade and notes receivables were denominated in RMB.

As at June 30, 2022, the notes receivable of RMB21,098,000 (December 31, 2021: RMB30,473,000) were pledged for borrowings of RMB21,098,000 (December 31, 2021: RMB30,473,000).

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

	Unaudited	Audited
	As at	As at
	June 30,	December 31,
	2022	2021
	RMB'000	RMB'000
– Within one year	1,869,269	1,867,233
– One to two years	1,602,078	1,678,380
– Two to three years	531,542	315,651
– Three to four years	108,053	41,462
– Four to five years	20,100	26,493
– Over five years	19,647	12,987
	<u>4,150,689</u>	<u>3,942,206</u>

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

- (b) The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the life time expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward-looking information. As at June 30, 2022, provision of approximately RMB104,485,000 was made against trade receivables (December 31, 2021: RMB94,215,000).

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

	Unaudited	
	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
Beginning of the period	94,215	82,452
Provision for/(reversal of) impairment on trade receivables	<u>10,270</u>	<u>(3,542)</u>
End of the period	<u>104,485</u>	<u>78,910</u>

8 PREPAYMENTS AND OTHER RECEIVABLES

	Unaudited As at June 30, 2022 RMB'000	Audited As at December 31, 2021 RMB'000
Other receivables – related parties	3,292	4,693
Other receivables – third parties	<u>24,312</u>	<u>18,503</u>
	27,604	23,196
Less: Provision for impairment of other receivables (Note (b))	<u>(5,855)</u>	<u>(5,370)</u>
Other receivables – net	<u>21,749</u>	<u>17,826</u>
Prepayments	<u>8,740</u>	<u>10,358</u>
Interest receivable	2,568	7,555
Other current assets	<u>1,853</u>	<u>3,266</u>
Prepayments and other receivables – net	<u>34,910</u>	<u>39,005</u>

As at June 30, 2022 and December 31, 2021, the fair values of other receivables of the Group approximated their carrying amounts.

As at June 30, 2022 and December 31, 2021, 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:

	Unaudited	Audited
	As at	As at
	June 30,	December 31,
	2022	2021
	RMB'000	RMB'000
– Within one year	25,295	30,579
– One to two years	2,963	3,229
– Two to three years	2,674	2,004
– Three to four years	3,234	2,296
– Four to five years	2,532	2,606
– Over five years	4,067	3,661
	40,765	44,375

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, 2022, provisions for impairment of approximately RMB5,855,000 were made against other receivables (December 31, 2021: RMB5,370,000).

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

	Unaudited	
	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
Beginning of the period	5,370	2,640
Provision for impairment on other receivables	485	23
End of the period	5,855	2,663

9 TRADE AND OTHER PAYABLES

	Unaudited As at June 30, 2022 RMB'000	Audited As at December 31, 2021 RMB'000
Notes payable	523,816	251,455
Trade payables – related parties	74,009	141,267
Trade payables – third parties	2,369,489	2,559,539
Other payables – related parties	13,520	27,511
Other payables – third parties	92,263	64,640
Staff salaries and welfare payable	64,201	63,321
Interest payable	329	222
Dividends payable	7,696	7,696
Accrued taxes other than income tax	31,755	28,234
	<u>3,177,078</u>	<u>3,143,885</u>

- (a) As at June 30, 2022 and December 31, 2021, all trade and other payables of the Group were non-interest bearing, and their fair values, except for the staff salaries and welfare payables and accrued taxes other than income tax which are not financial liabilities, approximated their carrying amounts due to their short maturities.
- (b) At each of the end of the reporting periods, the Group's trade and other payables are denominated in RMB.
- (c) The ageing analysis of trade payables at the respective statement of financial position dates, based on the recording dates, are as follows:

	Unaudited As at June 30, 2022 RMB'000	Audited As at December 31, 2021 RMB'000
– Within one year	1,129,819	1,453,989
– One to two years	957,322	925,611
– Two to three years	244,690	174,041
– Three to four years	51,643	100,506
– Four to five years	27,167	26,827
– Over five years	32,857	19,832
	<u>2,443,498</u>	<u>2,700,806</u>

10 DIVIDENDS

On March 26, 2021, the Board of Directors 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.

On March 29, 2022 and August 26, 2022, the Board of Directors has not recommended any payment of final dividend for the year ended December 31, 2021 nor any payment of interim dividend for the six months ended June 30, 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

I. INDUSTRY OVERVIEW

As a basic building material industry for urbanization and economic and social development, the ready-mixed concrete industry with conversion of development momentum and change of development mode has gradually developed towards intensification, standardization, high-end, high value-added and high-quality, green and low-carbon, digital and Internet+ under the new development pattern. The State is implementing the strategies of the construction of China into a powerhouse with science and technology, manufacturing, transportation and the coordinated region development. The enormous infrastructure and transportation system construction, metropolitan area and urban agglomeration development under “two new-types and one major development” (namely new-type infrastructure construction, new-type urbanization and construction of major engineering projects for transportation and water conservancy) will bring along huge market demand for the industry.

Based on the “14th Five-Year Plan” for Coordinated Region Development of Yunnan Province issued by the General Office of People’s Government of Yunnan Province in April 2022, the Yunnan Development and Reform Commission issued the List of Major Provincial Projects in Yunnan Province for 2022 and the List of “Top Priority” Projects in Yunnan Province for 2022 in June 2022, which covered more than 1,200 projects, including the infrastructure construction projects for numerous industrial parks/bases. In general, the multiple policies in Yunnan Province involve key programs and major construction projects including rail transit construction and interconnection of infrastructure at border and port in central Yunnan, regional medical center construction, comprehensive transportation system construction, water conservancy infrastructure construction, comprehensive logistics hub construction, energy hub construction, new-type urbanization and rural revitalization, which will greatly stimulate the demand for concrete products in Yunnan Province.

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 green and environmentally-friendly manufacturing concepts into our production, and lead and drive the technological progress and green and low-carbon development in the concrete industry of Yunnan Province. The Company has established a diversified business landscape focusing on the production of ready-mixed concrete, including ultra-high performance concrete (“UHPC”) and related products, and supplemented with the production of aggregates, polycarboxylic admixtures and other products, 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 and infrastructure construction including railways, highways, integrated pipeline networks and other projects. We have established a completed industrial chain of “technical research and development, resource processing, production and sales”.

In June 2022, the Company was awarded the honorary title of “KZJ Cup” for 2021 China’s Top Ten Commercial Concrete Enterprises, and it is the eighth time for the Company to gain this recognition since 2013.

For the six months ended June 30, 2022, the Group produced and sold 2.18 million m³ of ready-mixed concrete, representing a period-on-period decrease of 31.9%. The Group recorded a revenue of RMB806.3 million, representing a period-on-period decrease of 25.4%; a profit before income tax of RMB27.2 million, representing a period-on-period increase of 15.7%; a net profit of RMB20.7 million, representing a period-on-period increase of 13.7%; and a net profit attributable to equity holders of the Company of RMB18.8 million, representing a period-on-period increase of 34.3%.

As at June 30, 2022, the Group had 43 concrete batching plants and 78 production lines with an annual capacity of 18.06 million m³. The Group also had 172 concrete transport vehicles, 2 pump trucks and 298 sets of test equipments.

(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, 2021 and the six months ended June 30, 2022.

Business	For the six months ended June 30,								
	2022 (in RMB'000,000)			2021 (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	744.0	659.5	11.4%	1,067.1	994.4	6.8%	-30.3%	-33.7%	67.6%
Polycarboxylic admixtures	26.5	23.1	12.8%	8.1	6.7	17.3%	227.2%	244.8%	-26.0%
Aggregates	9.0	7.7	14.4%	0.3	0.1	66.7%	2,900.0%	7,600.0%	-78.4%
Cements	26.8	25.4	5.2%	-	-	-	-	-	-
Quality and technology management services	-	-	-	4.7	1.8	61.7%	-	-	-
Total	<u>806.3</u>	<u>715.7</u>	<u>11.2%</u>	<u>1,080.2</u>	<u>1,003.0</u>	<u>7.1%</u>	<u>-25.4%</u>	<u>-28.6%</u>	<u>57.7%</u>

For the six months ended June 30, 2022, 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 RMB744.0 million, accounting for 92.3% of the total revenue.

During the Reporting Period, the gross profit of the Group's operation was RMB90.6 million (the first half of 2021: RMB77.2 million), and the overall gross margin for the first half of 2022 was 11.2%, representing an increase of 4.1 percentage points from 7.1% for the corresponding period of 2021. The increase of gross profit and gross profit margin was mainly because the Group promoted the centralized procurement of raw materials and transportation in the first half of 2022, which reduced the cost of raw materials and transportation to a certain extent. Meanwhile, the Group strengthened the control of cost quota and implemented a series of measures to reduce costs and increase efficiency, resulting in significant cost savings. In the first half of 2022, the gross margin was 11.4% for the production and sales of ready-mixed concrete, 12.8% for the production and sales of polycarboxylic admixtures, 14.4% for the production and sales of aggregates and 5.2% for the sales of cements.

By customer category

For the six months ended June 30, 2022, the revenue of the Group from independent third party customers amounted to RMB264.5 million, representing a decrease of 41.7% as compared with RMB453.7 million for the corresponding period of 2021. For the reasons of such decrease in revenue, please refer to the analysis relating to revenue decrease as set out in page 23 of this results announcement. The revenue from independent third party customers accounted for 32.8% of the revenue for the first half of 2022, representing a decrease of 9.2 percentage points as compared with 42.0% for the corresponding period of 2021.

(III) Major Operational Measures and Business Update

Major Operational Measures

Improve the top-down design adjustments and the separation between the operation and production responsibility

The business entity does well in market development, contract negotiation and signing, settlement, payment recovery and other business operations. The Company changes the operating mission and innovates the business model. The Company focused on customer concerns, was oriented by customer needs and driven by value creation, continuously strengthened the awareness of business services, achieved the transformation from operating projects to operating resources, and maintained the relationship with major customers, and strived to timely and comprehensively grasp the customer project information at the early stage of project operation and establish a good foundation for follow-up cooperation. In the process of cooperation, the Company made effort in operating services, relied on quality and service to win the trust of customers and enhance the product value, and built the brand advantage of “GHPC”.

The main manufacturer has fully implemented the “Accountability of Manager”, strengthened the sense of responsibility of managers of batching plants, planned the stations layout and production capacity, production and manufacturing investment, arrangement of personnel and concrete transport vehicle and emergency response measures, and improved the safety production control, quality control, cost control, raw material control, transportation control and other production and supply management works in all respects. In addition, large-scale key projects newly commenced were uniformly organized and planned at the Company level to ensure the success of production, cost, profit and other objectives.

Explore operation mode and reinforce cooperation with large scale state-owned group

We combined with the previous experience of participating in the construction of highway projects. Firstly, we continued to explore the general contracting mode of concrete production and supply for major projects of YCIH Group. Secondly, we constantly improved the light asset mode of major projects and managed the introduced social cooperation units, controlled cooperation risks from the source of bidding, reduced cooperation contradictions, and provided quality service for the construction of various major projects. Thirdly, we continuously optimized the cooperation with local governments and independent third-party state-owned enterprises, realized a variety of business cooperation mode and constantly extended the upstream and downstream industrial chain with concrete as its core through integrating their respective resources, technology, personnel, funds and other strengths.

Improve the operation of non-connected transactions

We adjusted business ideas and operation mode, and further strengthened the operation of non-connected transactions. Meanwhile, we established and improved effective incentive and control mechanisms, formulated and enhanced relevant implementation measures for performance evaluation, strengthened the assessment of non-connected transactions, and reduced the proportion of the Company's connected transactions in an effective manner.

Enhance the management of project progress payments

We strengthened management of the progress payments in the process of the project, enhanced the business entity's awareness of safeguarding their rights, and improved the contract performance rate. For projects under construction with low payment proportion and high collection risk, the measures such as suspension of supply were taken in principle to accelerate collection of project and safeguard the interests of the Company and Shareholders.

Benchmark and study advanced management experience of listed companies

We carried out activities like seminars with concrete enterprises listed in Mainland China, established a long-term and effective mechanism for exchange of visits, benchmarked and studied the models and concepts for operation and management from advanced listed enterprises, and constantly improved the operation and management of the Company.

Business Update

As at July 31, 2022, the aggregate amount carried forward of the Group's concrete supply contracts at hand was RMB1.3 billion. On this basis, the Group continued to actively organize and carry out marketing work. For the seven months ended July 31, 2022, the Group has entered into concrete supply contracts with an aggregate amount of approximately RMB2.4 billion in 2022.

Based on the continuous follow-up in terms of business, in terms of non-highway projects, the Group is expected to participate in the concrete supply for projects such as Shanghai-Yunnan Lingang Technopolis*(滬滇臨港科技城) and Huishangcheng*(惠尚城); 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 the ongoing supply for Yongren-Jinshuihe (Xinping (Gasa)-Yuanjiang (Hongguang)) Highway and Nasa-Xingjie Highway, as well as continuous support for Ljgucheng-Ninglang Highway, Xuanwei-Fuyuan Highway, Eshan-Shiping-Honghe Highway, Chengjiang-Huaning Highway and Ludian-Qiaojia Highway. The aforementioned projects are expected to commence construction successively in the second half of 2022 and generate demand for concrete. The amount of the newly signed concrete supply contracts is expected to reach approximately RMB3.8 billion, which will support the future business development of the Group to a certain extent.

In addition, the Commercial Mortar Business Division, the establishment of which was inaugurated by the Company in mid-January of 2022, has recently initiated the production and supply of commercial mortar with a supply quantity amounting to approximately 15,000 tons. UHPC Business Division and Resource Utilization of Construction Waste Business Division are also vigorously expanding their presence, which is of great significance to the Group. Looking forward, we will pay sustained attention to the business exploration for new-type construction materials, and promote the research and development (“**R&D**”) of new products and technologies, so as to accelerate the transformation and upgrading of the Group.

III. FINANCIAL REVIEW

(I) Revenue

For the six months ended June 30, 2022, the Group realized a revenue of RMB806.3 million, representing a decrease of 25.4% from the corresponding period of 2021. The decrease in revenue was mainly attributable to (1) in the first half of 2022, continuing depression and a tight cash flow in the real estate industry and the construction market due to the international and domestic economic environment have resulted in slow progress of housing construction projects, thus demand for concrete dropping significantly as compared with the corresponding period in 2021; and (2) for the highway projects for which the Group intended to supply concrete in the first half of 2022, due to the delayed commencement of certain projects and the time-consuming preparatory work at the early stage of the projects, the projects have not yet entered or entered the construction stage late, and certain projects have not yet reached the peak concreting period despite commencement of construction, the supply of concrete has decreased during the Reporting Period as compared with the same period in 2021. In the total revenue generated by the Group in the first half of 2022, the total revenue from sales of concrete products was RMB744.0 million, representing a decrease of 30.3% from the corresponding period of 2021. 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 cements. The following table sets forth the breakdown of revenue of the Group for the six months ended June 30, 2022 and the six months ended June 30, 2021:

	For the six months ended June 30, 2022		For the six months ended June 30, 2021	
	<i>In RMB'000,000</i>	<i>Percentage of revenue</i>	<i>In RMB'000,000</i>	<i>Percentage of revenue</i>
Ready-mixed concrete	744.0	92.3%	1,067.1	98.9%
Polycarboxylic admixtures	26.5	3.3%	8.1	0.7%
Aggregates	9.0	1.1%	0.3	0.0%
Cements	26.8	3.3%	—	—
Revenue from sales of products	806.3	100.0%	1,075.5	99.6%
Revenue from quality and technology management services	—	—	4.7	0.4%
Total	806.3	100.0%	1,080.2	100.0%

(II) Operating Expenses

For the six months ended June 30, 2022, the operating expenses were RMB775.5 million, representing a decrease of 27.0% from the corresponding period of 2021. Operating expenses accounted for 96.2% of the revenue, representing a decrease of 2.2 percentage points from the corresponding period of 2021. In the first half of 2022, operating expenses decreased compared with the corresponding period of last year as the Group's production, sales and operating revenue of ready-mixed concrete decreased compared with the corresponding period of last year. Meanwhile, by virtue of the centralized procurement of raw materials and transportation and the adoption of a series of cost reduction and efficiency increase measures, the decrease in operating expenses was greater than that in revenue, therefore, the proportion of operating expenses in revenue was lower than that in corresponding period of last year.

(III) Profitability

Profit before income tax

The Group recorded a profit before income tax of RMB27.2 million for the six months ended June 30, 2022, representing an increase of 15.7% from the corresponding period of 2021.

Income tax expenses

For the six months ended June 30, 2022, the income tax expenses of the Group were RMB6.5 million. It is estimated that the effective tax rate for the whole year is 23.9%.

Profit for the Reporting Period

For the six months ended June 30, 2022, the Group realized profit for the Reporting Period of RMB20.7 million, representing an increase of 13.7% from the corresponding period of 2021. The basic earnings per share were RMB0.04.

(IV) Administration Expenses

For the six months ended June 30, 2022, the administration expenses of the Group were RMB42.2 million (for the six months ended June 30, 2021: RMB59.6 million), representing a period-on-period decrease of 29.2%, primarily due to a decrease of the relevant administration expenses as a result of a decrease of production, sales and operating revenue of ready-mixed concrete of the Group as compared with the same period of last year, and effective cost reduction and efficiency increase measures.

(V) General Information of Assets and Liabilities

As at June 30, 2022, the total assets of the Group were RMB4,932.8 million (December 31, 2021: RMB4,761.5 million), representing an increase of 3.6% as compared with the end of 2021. The assets were mainly trade receivables, cash and cash equivalents, and property, plant and equipment. Such assets accounted for 89.4% of the total assets, with trade receivables and other assets accounting for 82.0% and 7.4% of the total assets, respectively.

As at June 30, 2022, the total liabilities of the Group were RMB3,563.9 million (December 31, 2021: RMB3,414.1 million), representing an increase of 4.4% as compared with the end of 2021.

(VI) Borrowings and Solvency

As at June 30, 2022, the total liabilities of the Group were RMB3,563.9 million (December 31, 2021: RMB3,414.1 million), of which 8.9% (December 31, 2021: 5.9%) were bank borrowings and 68.6% (December 31, 2021: 79.1%) were trade payables.

As at June 30, 2022, the total borrowings of the Group were RMB316.8 million (December 31, 2021: RMB200.5 million), all of which were bank borrowings and must be repaid within one year.

As at June 30, 2022, the weighted average effective interest rate for bank borrowings of the Group was 4.5%.

For the six months ended June 30, 2022, the total interest expenses of the Group were RMB7.4 million (for the six months ended June 30, 2021: RMB4.4 million), representing a period-on-period increase of 68.2%. This was mainly due to the increase in financing costs as the Group met the funding requirements for centralized procurement of raw materials and transportation services through various financing means in order to reduce raw material and transportation costs and enhance profitability. Earnings before interest and tax were RMB34.6 million (for the six months ended June 30, 2021: RMB27.9 million), and the interest coverage ratio (earnings before interest and tax divided by interest expenses) was 4.7 (for the six months ended June 30, 2021: 6.3).

As at June 30, 2022, the gearing ratio (i.e. total liabilities divided by total assets) of the Group was 72.3% (December 31, 2021: 71.7%).

(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, 2022, total current assets of the Group were RMB4,657.7 million (December 31, 2021: RMB4,484.5 million), including: (i) cash and cash equivalents of RMB159.8 million (December 31, 2021: RMB355.8 million), accounting for 3.4% of current assets (December 31, 2021: 7.9%); (ii) trade receivables of RMB4,046.2 million (December 31, 2021: RMB3,848.0 million), accounting for 86.9% of current assets (December 31, 2021: 85.8%); and (iii) prepayments and other receivables of RMB34.9 million (December 31, 2021: RMB39.0 million), accounting for 0.7% of current assets (December 31, 2021: 0.9%).

As at June 30, 2022, current ratio (current assets divided by current liabilities) of the Group was 131.8% (December 31, 2021: 132.6%).

For the six months ended June 30, 2022, the net cash outflow from operating activities was approximately RMB319.2 million (for the six months ended June 30, 2021: net cash inflow of approximately RMB8.1 million). This was mainly due to that the Group met the funding requirements for centralized procurement of raw material and transportation services through various means, resulting in an increase in the proportion of payments at the procurement end and an increase in cash outflow from operating activities.

IV. HUMAN RESOURCES

As at June 30, 2022, we employed a total of 1,160 employees (June 30, 2021: 1,146). The table below sets out a breakdown of the number of our employees by role as at June 30, 2022:

Role	Number
Management	146
Production management	342
Quality and technology	302
Procurement (supply of material)	112
Marketing	115
Administration and finance	137
Others	<u>6</u>
Total	<u><u>1,160</u></u>

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, 2021 and the six months ended June 30, 2022, employee benefits and labor expenses were RMB118.0 million and RMB94.1 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, 2022, the Company did not make any material acquisitions or disposals of subsidiaries, associates or joint ventures. As at June 30, 2022, the Group did not hold any significant investments.

VI. CHARGE ON THE GROUP'S ASSETS

As at June 30, 2022, the Group has no other assets with restricted rights, except for the pledge of notes receivable to banks as disclosed on page 11 of this results announcement.

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, 2022, the balance of the Group's carrying cash and bank deposits denominated in HKD amounted to HK\$18.2 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, 2022, the Group had no material contingent liabilities.

IX. MATERIAL INVESTMENT PLAN

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

X. OUTLOOK

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

Seize market opportunities

(i) Seize development opportunities in the infrastructure market in Yunnan Province

During the “14th Five-Year Plan”, 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. Yunnan Provincial Party Committee and Yunnan Provincial Government issued Planning Outline of Comprehensive Three-dimensional Transportation Network of Yunnan Province in January 2022, which stated that the total scale of comprehensive transportation infrastructure in Yunnan Province was insufficient, and proposed that the modern three-dimensional transportation network with integration of land, air, water and hubs shall be formed by 2035, so as to basically realize the development goal of building a strong transportation province. In addition, Energy Administration of Yunnan Province issued Energy Initiatives for Implementation of Stable Growth Policies in June 2022, emphasizing that it would accelerate the construction of major hydropower and new energy projects, multi-energy complementary bases, and oil and gas infrastructure. 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) 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 China – China-Indochina Peninsula International Comprehensive Transportation Economic Corridor, Bangladesh-China-India-Myanmar International Comprehensive Transportation Economic Corridor, China-Vietnam Channel, China-Laos-Thailand Channel, China-Myanmar Ruili Channel, China-Myanmar Qingshuihe Channel and China-Myanmar-Indonesia Channel, 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.

(iii) Strengthen expansion of markets outside the province and overseas

Firstly, we will establish a sound mechanism for expanding markets outside the province and overseas, and make full use of the advantages of YCIH Group in following up and laying out its business outside the province and overseas to “Go Out” and achieve breakthroughs in business outside the province and overseas. Secondly, we will focus on the areas covered by the West China Development Strategy, actively establish strategic cooperative relationships with local high-quality state-owned and private enterprises and construction units, conduct scientific analysis of the geographical and humanistic characteristics, cost and price, and market trading habits of the projects, formulate localized layout plans, and seize the opportunities to layout markets outside the province. Thirdly, with the guidance of national policies and the overseas deployment strategy of YCIH Group, we will take the construction of China – China-Indochina Peninsula, Bangladesh-China-India-Myanmar International Comprehensive Transportation Economic Corridors, and the “Radiation Center” of Yunnan Province as the opportunity to explore the markets in Southeast Asia such as Laos, Cambodia, Myanmar, Malaysia and Indonesia, as well as the feasibility of operating in South Asia such as Bangladesh.

(iv) Continue to build three major centralized procurement platforms and the digital supply chain financial platform

The total output value of aggregates, concrete and cement product industries in Yunnan Province is over RMB100 billion. The overall volume of the concrete industry is large but with a low concentration and a chaotic market. From the perspective of the overall development of the industry, the Group focuses on building three major centralized procurement platforms around 14th Metallurgical New Material Company, Aggregate Company and Polymer Company. 14th Metallurgical New Material Company is responsible for the transportation, procurement and supply of cement, compound and concrete, Aggregate Company is responsible for the procurement and supply of aggregate materials, and Polymer Company is responsible for the procurement and supply of polycarboxylic admixtures, which significantly reduces raw material procurement cost of the Group. The three major centralized procurement platforms also continuously develop external sales business in synergy, facilitating the Group to generate new business growth. Meanwhile, the Group makes full use of the green financial channel and thousands of huge upstream and downstream suppliers and customer resources, introduces bank supply chain financial services, actively constructs a digital supply chain financial platform, and transfers the traditional building materials business to an online platform, turning operational data into digitalization assets and realizing credit financing for the upstream and downstream, so as to solve the long-standing problem of receivables and payables in the building material industry. Through the digital financial empowerment, we will construct the upstream and downstream industrial chain clusters; through the digital financial means, we will integrate the aggregates, concrete and cement product industries to create a platform economy, and quickly grow larger, better and stronger.

Promote the development of new products and technologies to penetrate emerging industries

(i) Ramp up publicity efforts on new products and technologies

With the policy-driven leadership and market demand-oriented principles, we will make adequate investigation and survey on the market demand for new products and technologies such as UHPC, commercial mortar and resource utilization of construction waste. Starting with the in-house construction projects of YCIH Group to reinforce the exploration in the external market and out-of-province market, we aim to build our brand awareness, establish and consummate the proprietary trademarks for the new arrivals as soon as possible, and enhance the publicity efforts via multimedia including Internet and advertisement.

(ii) Accelerate the transformation of the technological achievements into application

The technology innovation centre will strengthen the interconnected cooperation with the business divisions by placing emphasis on UHPC, special mortar, resource utilization of solid wastes, low-carbon construction, 3D printing and negative carbon concrete application chain in the fields of construction industrialisation and bridge industrialisation, and carry out certain material project researches covering technologies for ultra-high performance construction materials and complete low-carbon construction, complete technologies for preparation and application of green and low-carbon cement-based materials with high performance, technologies for coordinated development of intelligent construction and new-type building industrialization, as well as R&D and application of new-type functionalized polymer materials, so as to accelerate the harvest of technological achievements and promote its transformation into application.

(iii) Initiate the R&D of ultra-high performance materials

To focus on the cutting-edge technologies of the concrete industry as well as the development of green and low-carbon construction material industry and low-carbon infrastructure construction technology industry, and to revolve around the key fields such as low-carbon technologies, recycling of wastes, green manufacturing, intelligent manufacturing and development of ultra-high performance materials and engineering application technologies together with the significant technological requirements therein, we will carry out certain material project researches covering technologies for ultra-high performance construction materials and complete low-carbon construction, complete technologies for preparation and application of green and low-carbon cement-based materials with high performance, technologies for coordinated development of intelligent construction and new-type building industrialization, as well as R&D and application of new-type functionalized polymer materials with the aim for energy conservation and environmental protection, material function expansion, improvement of engineering service life and low-carbon construction technology level, so as to significantly improve the R&D and application of new-type green construction materials, the technical level of new-type building structure design and construction, and the level of intelligent manufacturing in Yunnan Province.

(iv) Promote the construction of new product base

Centering on the “double carbon” goal, the Group will continuously promote the application of green building materials and low-carbon technologies, and establish certain standardized green production bases characterized as green and environmentally-friendly UHPC, commercial mortar and resource utilization of construction waste in due course.

(v) *Enhance the management capability of business divisions*

The Group strives to systematically formulate sound management systems for business divisions in terms of functions, responsibilities, evaluation, procedures, standards and regulatory frameworks, and nurture certain technical teams specializing in R&D, management, engineering construction relating to UHPC, which is conditional on streamlined staffing and optimized talent structure.

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

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

PROCEEDS FROM THE GLOBAL OFFERING

The net proceeds from the Global Offering of the Company was approximately HK\$366.11 million (equivalent to approximately RMB329.49 million). Taking into account different changes in circumstances at different times, the Company changed the use of the unutilized net proceeds from the Global Offering on March 26, 2021 and March 29, 2022, respectively. For details, please refer to the announcements dated March 26, 2021 and March 29, 2022 published by the Company on the websites of the Hong Kong Stock Exchange and the Company. Upon the completion of the two aforementioned changes and as of June 30, 2022, the following summarized the net proceeds utilized by the Company:

	Net proceeds from the Global Offering and the actual usage			Unutilized net proceeds from the Global Offering as at June 30, 2022 (RMB million)	Plan for use of remaining unutilized proceeds from the Global Offering
	Allocation of net proceeds from the Global Offering after the change (RMB million)	Use of utilized net proceeds from the Global Offering as at June 30, 2022 Amounts utilized during the Reporting Period (RMB million)	Accumulated amounts utilized (RMB million)		
Construction of new materials production bases and project batching plants	25.73	–	25.73	0.00	–
Integration of upstream raw material resources to further consolidate industry chain of concrete production	–	–	–	–	–
Improvement, integration and expansion of existing concrete production lines	11.16	1.11	8.67	2.49	By end of 2023
For working capital and general corporate purposes	32.95	–	32.95	0.00	–
Building new production bases	8.99	1.38	5.71	3.28	By end of 2023
Improving the level of informatization of management	–	–	–	–	–
Acquisition and consolidation of aggregates and mining resources and investments in related fixed assets	150.00	–	–	150.00	By end of 2024
Technical renovation of concrete production and related equipment purchases and investments in fixed assets	75.00	–	–	75.00	By end of 2024
Research and development of new products and new technologies and related equipment purchases and investments in fixed assets	25.66	–	–	25.66	By end of 2024
Total	329.49	2.49	73.06	256.43	

INTERIM DIVIDEND

The Board does not recommend paying any interim dividend for the six months ended June 30, 2022.

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, operate independently, 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, 2022, 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, 2022.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities for the six months ended June 30, 2022.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") consists of five members, including three independent non-executive Directors, namely Mr. Li Hongkun (chairman), Mr. Wong Kai Yan Thomas and Mr. Yu Dingming, and two non-executive Directors, namely Mr. Jiang Qian and Mr. He Jianqiang.

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, 2022.

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 2022 INTERIM RESULTS ANNOUNCEMENT AND THE 2022 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 (www.ynhnt.com). The 2022 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 have the meanings set forth below:

“14th Five-Year Plan”	“14th Five-Year Plan for National Economic and Social Development and the Outline of Visions for 2035 of the People’s Republic of China”, a set of targets designed to strengthen China’s economy from 2021 to 2025 and a vision target for 2035
“14th Metallurgical New Material Company”	YCIH 14th Metallurgical Green New Material Co., Ltd.*, a subsidiary of our Company
“Aggregate Company”	YCIH Aggregate Co., Ltd.*, a subsidiary of our Company
“Board”	the board of Directors of our Company
“China”, “Mainland China”, “PRC” or “State”	the People’s Republic of China, for the purpose of this results announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan region
“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
“Group” or “we”	the 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
“High-tech Enterprise(s)”	a knowledge-intensive and technology-intensive economic entity that continuously carries out research and development as well as transformation of technological achievements under the High and New Technology Areas with Key State Support issued by the State and forms independent core intellectual property rights and carries out business activities on this basis
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HKD” or “HK\$”	Hong Kong dollars and Hong Kong cents, 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
“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 ³ ”	cubic meter
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
“Polymer Company”	YCIH Polymer Material Co., Ltd.*, a subsidiary of our Company
“Qujing Building Material”	YCIH Qujing Building Material Co., Ltd.*, a subsidiary of our Company
“Reporting Period”	for the six months ended June 30, 2022
“RMB”	Renminbi, the lawful currency of China
“Share(s)”	the ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising H Shares and Domestic Shares
“Shareholder(s)”	shareholder(s) of the Company
“subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Supervisor(s)”	the supervisor(s) of our Company
“Supervisory Committee”	the supervisory committee of our Company
“YCIH”	Yunnan Construction and Investment Holding Group Co., Ltd.*, a controlling shareholder of our Company under the meaning of the Hong Kong Listing Rules
“YCIH Group”	YCIH and its subsidiaries
“Yunnan Province”	Yunnan Province, China
“%”	per cent

Certain amounts and percentage figures included in this results 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.

* *For identification purpose only*

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

Kunming, China, August 26, 2022

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