



2023

Environmental, Social and
Governance Report
環境、社會及管治報告



雲建綠砼
—GHPC—

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

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

(於中華人民共和國註冊成立的股份有限公司)

Stock code 股份代號 : 1847

About The Report



This Environmental, Social and Governance Report (“the Report”) describes the environmental, social and governance performance of the Group to enable each interested party to have a better understanding of the Group’s sustainable development philosophy, management practices, measures and related performance. This report sets out the principles that underpin the Group’s corporate social responsibility and describes the Group’s vision and commitment to corporate social responsibility.

- **Reporting Boundary**

This Report covers the period from January 1, 2023 to December 31, 2023 (hereinafter referred to as “the Year” or “the Reporting Period”). To enhance the reference value of the content, the time frame for certain sections extends to the most recent developments.

The revenue of ready-mixed concrete business accounts for a majority of our operating revenue, with other operations closely related to ready-mixed concrete. The scope of the Report mainly focuses on the ready-mixed concrete business, covering YCIH Green High-Performance Concrete Company Limited, and its subsidiaries jointly engaged in the aforesaid business.

- **Appellation Description**

For ease of presentation, references to “the Group”, “the Company”, “we”, “us”, “our” and “GHPC” in this Report all refer to “YCIH Green High-Performance Concrete Company Limited”.

- **Reporting Framework**

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (hereinafter referred to as “the Guide”) as set out in Appendix C2 to the Hong Kong Listing Rules, of which the contents are also defined and disclosed on the principles of materiality, quantitative, consistency and balance. This report complies with the “Mandatory Disclosure” and “Comply or explain” Provisions set out in the Guide in respect of the environmental and social impacts on the Group’s businesses and operations.

- **Reporting Principles**

Materiality: We regularly communicate with relevant stakeholders to assess the importance of various sustainability areas and evaluate key ESG issues. All assessment results are subject to approval by the board of directors.

Quantitative: This Report calculates data based on the standards, methods, and relevant assumptions prescribed in the Guide, with key performance indicators supplemented by explanatory notes to establish benchmarks where possible.

Consistency: Unless otherwise stated, the Report employs consistent methods for compiling and presenting ESG data to facilitate meaningful comparisons.

Balance: We engage external sustainability consultants to prepare the Report, objectively disclosing all positive and potential negative data, providing a fair depiction of the Group’s ESG performance. This ensures the public receives accurate data that is not improperly used to influence readers’ decisions or judgments, and avoids selective omission or other forms of manipulation.

- **Data Description and Reliability Assurance**

The compilation of key performance indicators herein is with reference to the calculation standards and methods provided in the Guide as set out in Appendix C2 to the Hong Kong Listing Rules. The calculation method and the coverage are consistent with those of our ESG report in previous year, and the possibility of influencing the reader’s decision or judgment or choice, omission, or presentation format is avoided. The data and information involved in the Report is derived from the Group’s internal documents and statistical reports, and the currency involved is RMB. The Group undertakes that there are no false records, misleading statements or material omissions in this report and is responsible for its truthfulness, accuracy and completeness.

- **Acknowledgement and Approval**

The Report undergoes a series of steps including benchmarking against industry peers, conducting surveys, collecting information, reviewing data, report writing, and management review to ensure the completeness, truthfulness, and balance of the report. Following confirmation by the management, the report was approved by the board of directors on March 28, 2024.

- **Contact Us**

The development of the Group relies on valuable input from stakeholders. If you have any questions or feedback regarding the Report, please feel free to contact the Group through the following channels: email to Chairman via GHPC01@yhnt.com or Board Secretary via GHPC02@yhnt.com.

The Report is available in both Chinese and English electronic versions (if there are slight differences, the Chinese version shall prevail) and can be downloaded from the company’s official website www.yhnt.com and the disclosure platform website www.hkexnews.hk.

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01

Message from the Chairman

In 2023, as a critical year for implementing the “14th Five-Year Plan”, all the people of the Group worked diligently and courageously to create a new era of connotative and high-quality development.

We vigorously promoted the transformation and upgrading of traditional industries and actively explored the path of green development, continuously building green and low-carbon development benchmarks. Building upon the completion of the first integrated green new energy and low-carbon logistics demonstration industrial park in Yunnan Province, which combines photovoltaic power generation, heavy-duty truck charging and swapping, and electric transportation equipment, we further increased investment in 2023. We continued to improve the new energy “generation + charging + swapping + utilization” system. This included:

- The construction of Phase II of distributed rooftop photovoltaic power station in the eco-industrial base, which not only provides self-use electricity but also allows surplus energy to be sold back to the grid;
- The purchase of new energy transportation vehicles such as unmanned electric loaders and the deployment in key projects in Kunming, Baoshan, and other areas, effectively ensuring production and transportation;
- The establishment of the country's first mini battery-swapping station and two hybrid charging stations that combine self-use and social operation, providing energy assurance for the gradually deployed new energy transportation vehicles (with a cumulative mileage of over one million kilometers), which not only saves fuel costs but also significantly reduces carbon dioxide emissions.

Overall, the scale effect and demonstration drive of our green and low-carbon development further manifested, leading to significant improvements in economic and social benefits. Within Yunnan province, we have been recognized as an outstanding case in “Corporate Social Responsibility (ESG) Blue Book 2023 of State-Owned Assets and Enterprises in Yunnan Province”. Outside Yunnan province, we have received extensive praise from government departments, the China Concrete Association, and companies within and beyond the industry.

In addition, we are actively researching and promoting green building materials using bulk industrial solid waste as raw materials. By producing green building materials, we aim to achieve resourceful use of bulk solid waste in concrete. In 2023, we made continuous breakthroughs in the research and development of comprehensive utilization technologies for bulk industrial solid waste such as phosphogypsum. We successfully developed a series of phosphogypsum-based products, including artificial phosphogypsum stone, artificial phosphogypsum aggregate, phosphogypsum aggregate concrete, phosphogypsum aggregate concrete curbstone, and permeable phosphogypsum PC brick. These advancements have contributed to the construction of “Green YCIH” and “Quality YCIH”, laying a foundation for the Company's future development.

Building upon our ongoing use of industrial solid waste such as fly ash, slag powder, and silica fume as raw materials for concrete, we have been actively improving the green and low-carbon design system for mix proportions. While ensuring product performance, we have expanded the scope and quantity of industrial solid waste usage. Additionally, we have actively coordinated resources and innovatively engaged in fly ash sales business, thereby promoting the comprehensive utilization of fly ash.

With continuous promotion of our transformation and upgrading on new products and businesses, and under the backdrop of the concept for a community of human destiny, we may face higher requirements and expectations from the regulators and the market in respect of our ESG works in the future, which will have a far-reaching impact on our established management model, processes and personnel skills. In response, we will continue to improve our corporate governance structure, optimize the corporate governance system, strengthen corporate governance, further enhance the board of directors' governance and supervision of ESG works, and assess and manage significant environmental and social risks. As we focus on enhancing sustainable development performance of the Group, we firmly believe that talent is the source of innovation, and we will focus on attracting and nurturing high-quality talent to gather momentum for transformation, upgrading, and green and low-carbon development. We will communicate and coordinate with stakeholders to jointly promote the high-quality development of the Company.

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About Us

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A. About the Company

On October 31, 2019, with the support from Yunnan Provincial Government, Provincial State-owned Assets Supervision and Administration Commission (SASAC), and the controlling shareholder Yunnan Construction and Investment Holding Group Company Limited, YCIH Green High-Performance Concrete Company Limited was listed on the main board of the Hong Kong Stock Exchange, with the short name of "GHPC" and the stock code of 1847. Founded in 2007, GHPC is a national high-tech enterprise and an AAA credit-rated company in Yunnan Province. It was one of the first batch of three-star green building material certified companies in Yunnan Province. The Company and its subsidiaries, YCIH Polymer Material Co., Ltd., YCIH Qujing Building Material Co., Ltd., YCIH Yuxi Building Material Co., Ltd., have been recognized as high-tech enterprises. GHPC has been selected 11 times as one of the "Top Ten Concrete Enterprises in China" and since 2017, its concrete production and sales volume has ranked sixth in China for four consecutive years.

GHPC holds the national qualification for professional contracting of precast commercial concrete. Its main products include precast concrete, polycarboxylate superplasticizer, sand and gravel, functional mineral admixtures, UHPC, commercial mortar, and eco-friendly concrete products, among others, as the foundation of green and low-carbon building materials. Among these, the annual production capacity of precast concrete can reach 20 million cubic meters, supplying projects in various infrastructure sectors such as building construction, railways, highways, and comprehensive pipe corridors. Over the past 20 years, it has been involved in the construction of hundreds of major projects in Yunnan Province.

The Group has established long-term and stable cooperative relationships with Tsinghua University and many other well-known domestic universities and scientific research institutes. It has set up provincial-level research and development platforms including the Yunnan Enterprise Technology Center, High-Performance Concrete Engineering Research Center, Academician Xu Delong Workstation, and Industrial (Precast Concrete) Product Quality Control and Technical Evaluation Laboratory. The Company has undertaken over 20 provincial and municipal science and technology projects, overcoming a series of key technical challenges in concrete engineering. Several achievements have been appraised to have reached the leading domestic and world advanced levels.

GHPC adheres to the leadership of technological innovation, empowers industrial digitization, constructs an industrial digital supply chain financial service platform, promotes the deep integration of green energy and intelligent manufacturing. With focus on green products, green factories, green building materials industrial parks, green new energy low-carbon logistics, and green supply chains, it promotes the utilization of solid waste resources, advances the construction of a green manufacturing system, and comprehensively opens a new chapter in green, low-carbon, and intelligent manufacturing.

In the future, GHPC will adhere to the development orientation of "striving to become a leader in the national concrete industry", and strive to build "quality YCIH", "green YCIH", "digital YCIH", "clean and honest YCIH" and "happy YCIH", to build green homes and create a better life for thousands of households.



B. Corporate Philosophy



Operation Philosophy

- Passion, innovation, cooperation, sharing

Production and Management Philosophy

- Strengthen process control, set a model for the industry

Employment Philosophy

- Working is the best training, and good performance is the greatest recognition

Safety Philosophy

- Respect life, mindful operations

Technology Philosophy

- Technology creates classics, innovation leads the future

Quality Philosophy

- Based on profession, win by quality

Service Philosophy

- Meet requirements, pursue excellence

Environmental Protection Philosophy

- What takes from nature goes back to nature

As a product and service-oriented company, the Group has always been devout believer of craftsmanship, creation, excelsior, customer-first services and cultivating the future with the beginner's mind to prop up the construction of green home, with the core value of "help dreams come true with our ingenuity, help buildings stand tall with our concrete". We adhere to safe production, tech-driven, intelligent manufacturing and green development, proactively changed our development mode, paid more attention to ecological environmental protection and energy conservation, and strived to achieve the goal of "energy saving, consumption reduction, and efficiency improvement", which has brought comprehensive benefits to our economy, society and resource environment and improved our market competitiveness. We believe that the development of green building materials has changed people's perspective on urban construction. As a resource-consuming enterprise, we must make best use of the power of science and technology from the very beginning of production, in an effort to protect the nature, and make sure what takes from nature goes back to nature to promote the harmony between people and nature.

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Honor Information

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3. Honor Information

Recognised as a 2023 National Top 500 Building Materials Enterprise

GHPC was invited to participate in the "2023 Building Materials Enterprise Development Report and 2023 Building Materials Enterprise Strength Top 500" series of selection activities hosted by the China Building Materials Enterprise Management Association. We were ranked top 200 of the "2023 National Top 500 Building Materials Enterprise". This is the fourth consecutive year for the Company to be awarded the title after year 2020, 2021 and 2022.



Selected as an Outstanding Case in Corporate Social Responsibility (ESG) Blue Book 2023 of State-Owned Assets and Enterprises in Yunnan Province

GHPC's reform initiative of "practicing the new development concept and leading the development of green and low-carbon building materials industry" was successfully selected as one of the excellent cases in Chapter 11 "Environmental Responsibility" of the case chapter of the "Yunnan Province State-Owned Enterprises Social Responsibility (ESG) Blue Book 2023".



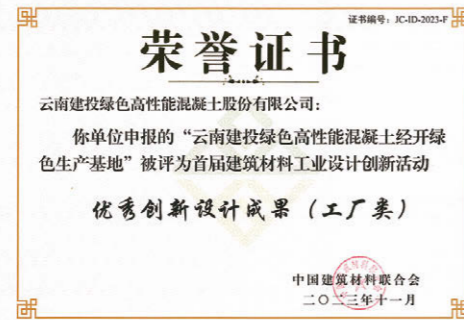
Awarded "Outstanding Member Unit" and "Advanced Enterprise in Green Certification" by the Kunming Bulk Cement and Ready-mixed Concrete Association in 2023

In 2023 annual meeting of the Kunming Bulk Cement and Ready-mixed Concrete Association, GHPC was honored as the "Outstanding Member Unit" in 2023, while Jingkai Green Building Materials Base was recognized as an "Advanced Enterprise in Green Certification".



Recognised as “Excellent Innovative Design Achievement (Factory Category)” at the First Architectural Materials Industry Design Innovation Activity

In November 2023, the Jingkai Production Base of GHPC was recognized as the “Excellent Innovative Design Achievement (Factory Category)” at the Architectural Materials Industry Design Innovation Activity.



Others

In April 2023, Mr. Li Zhangjian, the Chairman of the Company was awarded “Outstanding Contributor to Green Development of Ready-Mixed Concrete Industry” issued by China Concrete and Cement Products Association Ready-Mixed Concrete Branch.



Awarded “Green Energy Comprehensive Demonstration Station”

In March 2024, GHPC Jingkai Production Base Charging, Switching and Storage Comprehensive Energy Station was awarded the honor of “Green Energy Comprehensive Demonstration Station” in the second annual excellence evaluation event of 2023 organized by Kunming New Energy Automobile Industry Association under the supervision of Kunming Development and Reform Commission, Kunming Bureau of Industry and Information Technology, and Kunming Civil Affairs Bureau.

Previously, at the inaugural “Sany Battery Swap Station Beauty Contest” hosted by Sany Lithium Energy Company Limited (a subsidiary of Sany Group Company Limited), this energy station was recognized as the “Most Beautiful Battery Swap Station in China”.



In November 2023, YCIH Green Development Company Limited, a subsidiary of GHPC, was awarded the title of “Advanced Group” at the Fourth Quarter Key Work Promotion Meeting of “Being the Pioneer” High Quality Development Competition organized by the Government of Chenggong District, Kunming.



PART 1

Building Green and Low-Carbon Future

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A. The Path to Green and Low-Carbon Development

According to research statistics, carbon emissions from the construction industry account for approximately 38% of the total carbon emissions related to energy globally. Of which carbon emissions from the production phase of building materials account for about 28% of the total carbon emissions from the construction industry. Under the current situation of huge emission reduction needs and pressures, the green development of the building materials industry is a crucial pathway to achieving the “carbon peaking and carbon neutrality” goals.

In recent years, the Group has actively responded to the requirements of the national “carbon peaking and carbon neutrality” goals, adhered to green development and innovation drive, built green energy and logistics systems and green factories, adhered to green production and offices, and unwaveringly followed the high-quality development path of ecological priority, green and low carbon, leading the ready-mixed concrete industry to develop into a green and low-carbon building materials industry.

(a) Green Certifications

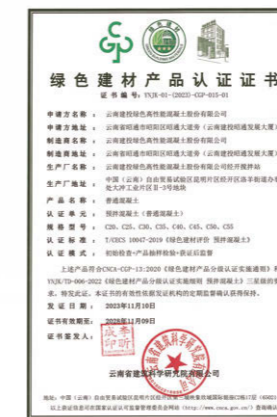
1. “Three Green” Certifications

The Group emphasizes green environmental protection performance of its products and voluntarily carries out green certification. Recently, the Group has achieved the “Three Green” demonstrations of China Green Environmental Label Product Certification, Green Building Materials Label, and Green Demonstration Factory. In 2006, the Company obtained China Environmental Labeling Product Certification for the first time and China Environmental Labeling Product Certification, which covers 12 grades of ordinary concrete from C10 to C70 and 5 types of impermeable concrete. Since then, we have been subject to annual surveillance audits by the certification body and have successfully passed the certification and obtained the certificate.



China Green Environmental Label Product Certification

In accordance with the requirements of the “Implementation Plan for Green Building Material Product Certification” and the “Notice on Accelerating the Certification and Production and Application of Green Building Material Products” by the State Administration of Market Supervision, the Ministry of Housing and Urban-Rural Development, and the Ministry of Industry and Information Technology, the Company has been actively engaged in the certification or evaluation of green building material products and green factories. Up to now, a total of 8 mixing stations of the Company have been awarded Green Factory Evaluation by China Concrete and Cement Products Association Ready-Mixed Concrete Branch (of which 7 were awarded during the Reporting Period), 5 mixing stations have been rated as 3-Star Green Building Materials label/product certification, and 3 mixing stations have been rated as 2-star Green Building Materials label/product certification.

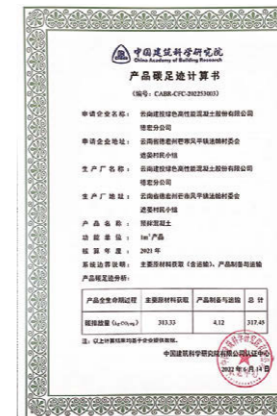


Kunming Jingkai Station's 3-Star Green Building Materials certification for the second re-examination in 2023

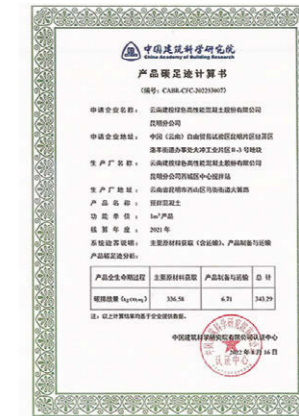


Yuxi Building Material's Green Factory evaluation certificate in 2023

Additionally, the Company actively carries out product carbon footprint calculations to quantitatively evaluate product carbon emissions. On this basis, the Company effectively controls various aspects of raw material management and product manufacturing to reduce product carbon footprints. As of now, a total of 5 mixing stations have obtained the certificate of product carbon footprint calculation.



Dehong – EPD Carbon Footprint Certificate



Kunming Xicheng Station – EPD Carbon Footprint Certificate

2. Energy Management System Certification

The Group sets up energy management system construction team to establish energy management system covering the whole process of energy utilization and obtained the energy management system certification for the first time in 2018, which complied with the certification requirements of the energy management system building materials enterprises (excluding cement, glass and ceramics) of GB/T 23331-2012, ISO 50001:2018 and RB/T 121-2016. During the Reporting Period, the Group successfully passed the external supervision audit for the year of 2023, maintaining continuous possession of the energy management system certification.

In addition, we formulated and strictly implemented the Energy Management System Manual, clarified management responsibilities and authorities, established energy management assessment points and energy performance indicators (EnPIs), focused on monitoring and managing the implementation of energy targets, monitoring energy-related technologies, operational parameters and indicators, indicators of key energy-consuming equipment, as well as the effectiveness of the system operation and compliance.



(b) Green Energy and Logistics System

The Group is committed to the goal of energy conservation and consumption reduction, and is actively exploring the path of green transformation for traditional industries. In our production base in Kunming Economic and Technological Development Zone, we have piloted the construction of a new energy logistics industry demonstration park and has built the first “photovoltaic power generation + heavy truck charging and storage energy station + pure electric transport equipment” integrated new energy low-carbon logistics system demonstration industrial park in Yunnan Province, successfully achieving the closure of green industrial chain. At the “Three Major Economies of Yunnan Resources, Ports, Parks” system innovation press conference held in the Kunming Economic and Technological Development Zone in June 2023, it was successfully selected as a case of green electricity application. As of now, the Group has built and operated a total of about 10,000 square meters of rooftop distributed photovoltaic power stations, 1 charging and storage integrated energy station, 2 battery swap stations, 5 charging stations, and owns a total of 83 pure electric transport vehicles.



1. Developed the Construction of Photovoltaic Power Generation Systems

Under the background of China's full implementation of the energy security policy, in order to further improve the efficiency of green and low-carbon logistics system, further implement the energy revolution, and further increase the proportion of green energy in the energy structure of the Group, taking the advantages of photovoltaic power generation into account such as stable energy source, simple conversion process, reliable performance, convenient maintenance and long service life, the Group constructed the rooftop distributed photovoltaic power station projects in two phases in Jingkai green production base to provide electricity for charging, exchange and energy storage of factories and office buildings as well as pure electric mixers, pure electric aggregate carriers, pure electric powder carriers and pure electric loaders within the production base.



Rooftop distributed photovoltaic power station in Jingkai green production base- Phase I



Rooftop distributed photovoltaic power station in Jingkai green production base- Phase II

As of now, Phase I has been operated successfully, and the construction and installation of Phase II has been completed, and the power demand of the whole plant has been met, the remaining power generated from Phase II can be sold on grid in the existing 10 kV distribution room of the base. The two phases have installed photovoltaic panels with a total area of about 10,000 square meters, and the installed power is about 2,289.8 kWp. The annual electric generation capacity is 2.54 million kWh, and the annual emission reduction of about 1,935 tons of carbon dioxide and 527.9 tons of carbon dust can be reduced, with 776.3 tons of standard coal saved. As of December 31, 2023, a total of 439,936 kWh of electric power has been generated.

	Jingkai Green Production Base Phase I	Jingkai Green Production Base Phase II
Photovoltaic panel application area	3,750.88 sqm	6,796.83 sqm
Installed capacity	827.64 kWp	1,462.16 kWp
Annual electricity generation	920,000 kWh	1,620,000 kWh
Carbon emissions reduction	700 tons	1,235 tons

2. Integrated Energy Station to Help Low-Carbon Commuting

The Group has built charging stations in Jingkai green production base, YCIH Development Building, East Batching Plant, and Fuming County successively. Among them, East Batching Plant is a heavy truck charging station equipped with four charging piles of 300 kW, while the Fuming County Charging Station is a heavy truck charging station equipped with three charging piles of 300kw. There are a total of 36 charging piles, all of which have achieved socialized operation. In 2023, a total of RMB 824,2000 will be charged for battery charging and replacement.



3. New Energy Transporter, Accelerating the Pace of Green Development

During the Reporting Period, the Group has successfully introduced the first batch of unmanned electric loaders (seven in total) in Yunnan Province at Jingkai green production base, and purchased new energy transport vehicles such as pure electric mixers. Currently, the Group has a total of 43 electric mixers, 11 electric heavy-truck tractors, 10 electric dump trucks, 10 powder transporting semi-trailers and 5 dump semi-trailers, 12 electric loaders and 7 unmanned loaders. These vehicles are mainly used in the Group's key projects in Kunming, Baoshan and Yuxi, enhancing the Group's transport guarantee capability in raw materials and concrete, and also the level of low-carbon development of the Group. **In 2023, the Group has saved about RMB12.56 million of cost, reduced 1.22 million liters of fuel oil used and 3,189 tons of carbon dioxide emissions.**



Electric Mixers



Electric Loaders



Electric Dump Trailers



Electric Powder Carriers

4. Commissioning of the First Mini Power Swapping Station in China

During the Reporting Period, the Group launched the country's first mini power swapping station (also known as "micro-recharging station") at Central Mixing Station in Xicheng District of Kunming. Currently, the mini power swapping station is equipped with 3 batteries with 2 external charging piles and supports both 282 kWh and 350 kWh battery types. In addition, the station also adopts flexible charging technology, with a maximum charging power of 720 kW. Compared with the standard power swapping station, the mini power swapping station reduces the battery capacity and also the power supply constraints so as to better adapt to regional production and transportation needs. Due to its fast power exchanging speed (no more than 5 minutes), low cost of purchase and installation, small footprint and flexibility in transfer, the mini-station is conducive to improving the efficiency of power exchanging and use of the Group's new energy equipment.



(c) Green Factory

1. Green Production Base

In recent years, the Company has been actively practicing new development concepts, taking it as its responsibility to lead the industry in green and low-carbon transformation and upgrading. It is equipped with the most advanced concrete production lines, dry-mix mortar production lines, PC prefabricated units production lines, etc., and has built Jingkai Green Production Base, and is gradually promoting the construction of Zhaotong, Dehong and other regional industrial parks.

Jingkai Green Production Base, located in Kunming Economic and Technological Development Zone, is the first demonstration industrial park of green new energy and low-carbon logistics system in Yunnan Province integrating “photovoltaic power generation + heavy card charging and storage station + pure electric transportation equipment”. It is also the first green demonstration benchmark built by the Group. It has undertaken the concrete production and supply tasks for a number of major projects in Kunming and has provided high-quality concrete products for major projects such as Kunming South Station, Kunming Railway Hub Project, Kunming Chenghuang Road Expansion Project, Henglong Plaza Project and Xin Duchang Commercial Plaza Project. In addition to the 270 double-machine concrete production line with design capacity of 1.36 million cubic meters per year, the base has built two phases of rooftop distributed photovoltaic systems and the first heavy card charging and storage complex in Yunnan Province. As of now, Jingkai Green Production Base has obtained the “Three-Star” logo and “Three-Level Safety Standardization” certification for green building materials, and is strictly managed in accordance with the standards.



2. Phosphogypsum solid waste utilization production line

Yunnan Province is rich in phosphate resources, and the phosphate chemical industry is one of the important pillar industries in Yunnan. A large amount of phosphogypsum containing phosphorus, fluoride and other pollutants will be produced in the production process, which has become a serious bottleneck restricting the sustainable development of the phosphate chemical industry.

During the Reporting Period, the Group has focused on promoting the research on and application of phosphogypsum resources, and developed a series of phosphogypsum-based products, including phosphogypsum artificial stone, phosphogypsum artificial aggregate, phosphogypsum artificial aggregate concrete curb stone, phosphogypsum aggregate permeable PC brick, etc., which has found a path for the large-scale application of phosphogypsum in the building materials industry.



In addition, the Group has also invested in the construction of Kunming Dashiba ecological permeable brick production line with an annual output of 250,000 square meters, which has been successfully put into production. The production line uses a variety of automatic equipment, including automatic batching and molding system, automatic stacking and baling system and automatic steam maintenance system, which can achieve high degree of automation of the production line. Since the completion of the production line, local governments, shareholders and external enterprises have come to visit, which is more conducive to promoting the comprehensive utilization of phosphogypsum resources by the Group and even the building materials industry.



(d) Green Production

In the production processes of the Group's products, we constantly strengthen the control and supervision from the use of raw materials needed for production to the control of dust and noise in the process of production to the recycling of waste and wastewater generated from production and living, and implement green production in the whole process. We set up a remote centralized control room to display the HD TV wall system in the mixing station, the factory, the mixer GPS active safety system, ERP production system, etc.



1. Recycling of Industrial Solid Waste

Over the years, in order to actively adhere the concept of green development, promote the recycling of resources, we have used fly ash, slag powder, pozzolana, microsilica powder, phosphorus slag powder, metakaolin and other industrial solid wastes and solid waste resources as mud-rock flow sand, tailing sandstone, waste stone chips with high stone powder content as the raw materials for the production of concrete on the premise that the quality of concrete products is ensured, so as to realize the recycling of industrial waste residue and waste sandstone in the process of production. Generally, the mass fraction of mineral admixture of each grade for concrete shall account for not less than 30% of the total cementitious material in our design of concrete mix. In addition, in 2023, we innovated the sale of fly ash business, actively promote the social comprehensive utilization of fly ash. During the Reporting Period, in the course of concrete production, the Group has used 321,000 tons of the said industrial solid wastes.

	Name	Use in 2023 (10,000 tons)	Use in 2022 (10,000 tons)
Industrial solid waste	Fly ash	17.2	14.5
	Slag powder	10.2	21.7
	Others	4.7	3.6
	Total	32.1	39.8

Note: The decrease in the use of industrial solid waste in 2023 is mainly due to decrease in the overall production volume compared with that in 2022, and the decrease in the use of slag powder is also due to increase in the use of alternative industrial solid waste such as microsilica powder.

2. Multiple Dust Control Measures

The Group strictly complies with the GB 4915-2013 Air Pollutant Emission Standards for the Cement Industry, controlling the emission of particulate matter not more than 0.5 mg/m³ during production, and adopting various means to control the impact of dust generated in the course of concrete production on the environment and communities. On the one hand, in the construction of its mixing plants, the Group chooses the mixing, transporting and testing equipment with advanced technology, low noise, low energy consumption and low emission, and installs them in an integrated closed mode. On the other hand, in each production process and the place where dust may be generated (such as the storage shed in the plant and the main road, etc.), install spray and dust removal devices, timely use the fog cannon to remove dust in the dead corner of the spraying in the plant, and timely use the water sprinklers to spray on the road surface, so as to effectively curb the dust in the material yard greenhouses and on the road, and strive to reduce dust at the source, and effectively filter and collect the flying dust, which will be used again in production and form use values.



Fog pile dust suppression system



Actual scene of dust removal by spraying in the material yard

In addition, for the regional mixing stations, considering the impact of dust on surrounding residents, in addition to meeting the relevant local rules on civilized production, we also ensure that the production site is free of dust by visual inspection in the absence of wind, and the total suspended particulate matter reaches the standards specified in the HJ 1263-2022 Methods on Gravimetric Determination of Ambient Air and total suspended Particulate Matter, so as to minimize the impact of dust on the surrounding environment, by arranging persons to take charge of cleaning and strengthening the management of environmental sanitation.

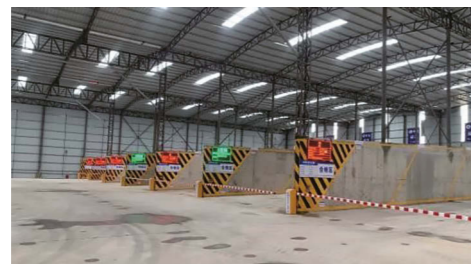
3. Measures against Noise Control

The Group strictly complies with the Noise Emission Standards for Boundary of Industrial Enterprises and actively adopts effective measures to save energy and reduce noise. While the existing equipment is upgraded to reduce the overall noise, we strictly monitor the noise emission in the production area, strengthen the coordination and information sharing between different departments, and actively promote the work of regional noise pollution prevention and control.

At the initial stage of designing and building our mixing plants, we began to improve the production environment for mixing plants according to the requirements of green production and reduce the impact of noise in concrete production on surrounding environment, residents and enterprises. In order to ensure the noise control of mixing station within a reasonable range, we have taken 15 measures totally, such as equipping minimum noise equipment, taking isolation measures, establishing remote operation and control center, properly arranging production time, etc., so as to control the noise emission within 65 dB during daytime, and 55 dB at night.



Remote central control for operating room of production system



Noise control enclosure of material yard greenhouse



Noise control production system, belt enclosure

Furthermore, during the delivery of the Group's products, we strengthen the driver training and management and specifically request them to observe local government regulations on horn prohibition in the urban areas and to reduce noise levels by driving under limited speed and using silencers when passing through the urban areas.

4. Recycling of Waste Materials

a. Recycling of General Solid Waste Materials

The Group produces a certain amount of general solid waste materials during the course of the production operations, including the waste concrete test cubes used for concrete strength testing and the sediment recovered by the waste slurry recycling system. They can be recovered as raw materials and may be used in the production of low-grade concrete or related products, provided that the properties of the products are not affected. We continuously improve the management of recycling of production waste materials and have formulated the Technical Briefing on Waste Slurry Use in Mixing Station and the Technical Briefing on Recycled Fine Aggregate Use in Mixing Station and other management measures to provide instructions on relevant technical content and business operations. As of now, our recycling rate of the solid waste produced in the process of concrete production has reached more than 95%.

During the Reporting Period, we have collected the wastes such as sampling test cubes in mixing station, mixers and tank cars, and introduced the third-party mobile sand making equipment, which was operated in November 2023. The equipment can process 100 tons of total solid waste per day and will have processed 2,500 tons of solid waste in 2023. After testing, the treated solid waste may replace normal machine-made sand in certain proportion for various grades of concrete, which not only beautifies the production environment of the mixing station, but also saves the cost of raw materials and removal fee of the solid waste. As a result, the environmental, social and economic benefits can be achieved organically.



b. Recycling of Waste, Waste Slurry and Waste Water

The Group adopts sand and stone separation technology to separate the coarse and fine aggregate which are transported to the material sites for recycling and reuse through loaders, and waste water from washing of production and transportation equipment, as well as waste water from washing of floor, etc. The Group adopts sand and stone separation technology to separate the coarse and fine aggregate which are then transported to the material sites for recycling and reuse. The Group also adopts waste slurry water recycling technology to design and manufacture slurry water mixing station, which will detect the concentration of slurry water separated by sand or stone separator and pump it to the main mixer building for recycling and reuse after mixing it to set concentration value. The equipment is equipped with sand or gravel separator in the front and mixing station in the back, forming zero discharge system of waste residue and slurry in mixing station and is widely applied in mixing stations of the Group. As of now, we have achieved the recycling rate of 100% of the industrial waste water generated in the process of concrete production.



Application site drawing of sand and stone separation + slurry water mixing recycling system

c. Measures for Treatment of Domestic Waste Water and Domestic Garbage

According to HJ 1120-2020 Technical Specifications for Application and Issuance of Pollutant Discharge Permits: General Processes of Water Treatment, the Group builds its own septic tanks at its mixing station as routine pretreatment facility of domestic waste water. The effective volume of such tanks can ensure the retention of sewage for at least one day, and is regularly cleaned in order to ensure the treatment effect. In the meantime, according to the quality and quantity of waste water in the mixing station, we have adopted domestic sewage treatment processes which are widely used and mature nowadays, such as membrane biological treatment (MBR), AO process, CASS process, etc., to treat waste water in the mixing station. Generally, it is first fermented and sterilized in the septic tank or the oil separation tank, and then treated as required or transported to non-hazardous water area by dedicated pipeline. Moreover, under special circumstances at the early stage of construction of mixing stations, mobile environment-friendly toilets shall be set up and regularly pumped (changed once a day), cleaned and disinfected by professional sanitation companies, so as to provide staff with basic living conveniences and reduce the impact of domestic sewage discharge on the surrounding environment; during the operation of the mixing stations, the sanitation companies shall provide garbage storage devices regularly and at designated places, clean, remove and treat domestic garbage in an environmentally friendly manner for environmental protection and utilization so as to reduce the secondary pollution, realize the reduction, recycling and decontamination of garbage disposal, and realize the zero landfill of domestic garbage.

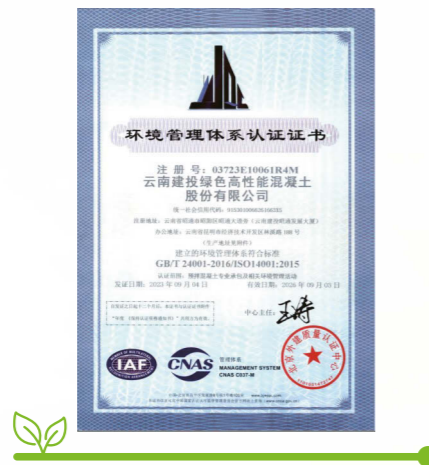
(e) Green Office

In order to save energy and reduce emissions, the Group is actively trying many ways to achieve energy conservation and consumption reduction. In 2023, we have fully promoted full-time meeting systems, digital-investment systems and paperless meeting systems, while encouraging employees to print double-sided and recycle waste paper, thus guiding employees to save paper and enhance their environmental awareness.

In addition, we have used energy-saving voice-controlled lamps with longer life, shorter startup time, higher luminous efficiency and more environmentally friendly material in the office building. These lamps can automatically adjust the lighting time and brightness according to the change of the environment, effectively control power consumption, and achieve significant energy saving and environmental protection effects. At the same time, in the daily office, we advocate employees to leave the lights off and make rational use of power resources. In terms of water conservation, we installed sensor taps in the Company's office and posted water conservation signs in order to actively respond to the policy call to comprehensively improve and promote employees' environmental protection and water conservation behavior.

B. Emissions Management

In accordance with the Hong Kong Listing Rules and relevant regulations of international organizations, the emissions of the Group mainly consist of waste gas and greenhouse gases, waste water, and wastes, etc., which are generated in the course of product manufacturing and office management. In accordance with the emission-related laws, regulations, and industry policies in China, the Group has established and continuously improved its emission management system and actively implemented various measures, as detailed in the section headed "Green Production". During the product manufacturing process, the Group also generates small amount of hazardous solid waste, which mainly comes from waste mineral oil generated from machinery and equipment, vehicle maintenance, and other production, sales, and usage processes. To address hazardous waste, the Group has designated dedicated storage rooms for short-term storage and promptly notified relevant government departments. For disposal, the Group primarily relies on third parties with the relevant capabilities and qualifications for transportation and treatment. Since initially obtaining the "Environmental Management System Certification GB/T 24001" in 2012 and continuously for 11 years thereafter, during the Reporting Period, environmental testing conducted by third parties confirmed that the Group's emissions of various pollutants consistently meet standards, leading to recertification.



During the Reporting Period, in accordance with the Hong Kong Listing Rules and relevant international organizations' definitions of emissions, the Group's overall emissions have further improved compared to 2022. The total direct emissions of greenhouse gases from our own production and business vehicles and equipment decreased by 1,728.24 tons of carbon dioxide equivalent. This reduction is primarily attributed to the increased use of new energy vehicles in 2023 and decrease in production volume compared to 2022.

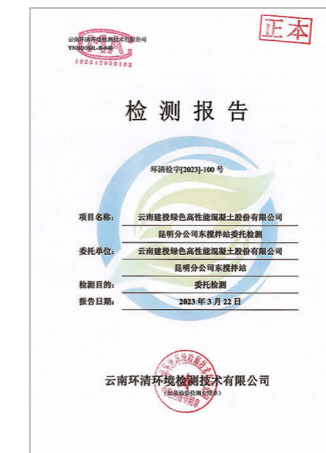
It is worth noting that the Group focuses on energy saving and emission reduction. As mentioned above, the Group continues to introduce new energy transportation vehicles such as lightweight mixer trucks, electric loaders and electric mixer trucks, in order to reduce the use of diesel by traditional fuel transportation trucks and to reduce the emissions of waste gases and greenhouse gases. During the Reporting Period, the Group partially replaced the traditional diesel-using transportation vehicles by new energy transportation vehicles, which brought about a reduction in the use of diesel fuel of approximately 1.22 million liters, equivalent to approximately 3,189 tons of carbon dioxide equivalent.

(a) Emissions Management System

The Group adheres to the path of green development, actively practicing national environmental protection policies and focusing on sustainable development strategies to promote the green transformation of the industry. The Group strictly manages emissions and adopts new and advanced technologies and equipment to achieve energy saving and emission reduction targets. We consistently adhere to relevant laws, regulations and standards as well as provincial, municipal and local environmental protection management measures in respect of emissions of waste gases and greenhouse gases, water and soil pollution, as well as generation of hazardous and non-hazardous wastes, which are closely related to our business, including but not limited to:

- Environmental Protection Law of the People's Republic of China;
- Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution;
- Water Pollution Prevention and Control Law of the People's Republic of China;
- Solid Waste Pollution Prevention and Control Law of The People's Republic of China;
- Environmental Protection Law of The People's Republic of China;
- Integrated Wastewater Discharge Standard (GB 8978);
- Emission Standard for Industrial Enterprises Noise at Boundary (GB 12348);
- General Industrial Solid Waste Storage and Disposal Site Pollution Control Standard (GB 18599);
- Integrated Emission Standard of Air Pollutants (GB 16297); and
- Standard for Pollution Control on Hazardous Waste Storage (GB 18597).

We are fully aware of the significant impact of these regulations on our Group, and as such, we have developed and implemented Management Measures for Energy Conservation and Resource Control, Management Measures for the Control of Sewage, Dust and Noise, and Management Measures for Solid Waste. The Group conducts detailed tests and records of emissions generated to ensure that the requirements of relevant national environmental protection regulations and emission requirements are met.



(b) Analysis of Emission Indicators

1. Total Waste Gas Emissions and Intensity

The waste gas generated by our Group's business from the combustion of fossil fuels mainly includes nitrogen oxides (NO_x), sulfur oxides (SO_x) and suspended particulate matter (PM). In 2023, the Group emitted a total of about 18.66 tons of waste gas, with an emission intensity of about 1.33 tons/RMB100 million.

The following table shows the Group's emissions and intensity by type of waste gas:

Type of Waste Gas	Year of 2023		Year of 2022	
	Emission (ton)	Emission Intensity (ton/RMB100 million)	Emission (ton)	Emission Intensity (ton/RMB100 million)
Nitrogen Oxides (NO _x)	17.34	1.23	13.54	0.81
Sulfur Oxides (SO _x)	0.05	3.6 x 10 ⁻³	0.04	2.4 x 10 ⁻³
Particulate Matter (PM)	1.27	0.09	1.34	0.08
Total	18.66	1.33	14.92	0.89

Note: Waste gas emissions mainly include emissions from the Group's own vehicles and equipment.

2. Total Greenhouse Gas Emissions and Intensity

The Group's business results in direct and indirect emissions of greenhouse gases due to fossil fuel consumption and the use of electricity and other resources.

The following tables shows the Group's emissions and intensity by type of greenhouse gas and source:

a. Direct Greenhouse Gas Emissions

In 2023, direct GHG emissions which were mainly generated by the Group's own vehicles and equipment amounted to approximately 4,928.46 tons of carbon dioxide equivalent ("CO₂ e"), with an emission intensity of approximately 350.62 tons of CO₂ e per RMB100 million, representing a decrease of 36.1% in direct emissions as compared with that in 2022, which was mainly attributable to the Group's increased use of new energy vehicles in 2023 and a decrease in the volume of production as compared with that in 2022.

Type of Greenhouse Gas	Year of 2023		Year of 2022	
	Emissions (tons of carbon dioxide equivalent)	Emission Intensity (tons of carbon dioxide equivalent/RMB100 million)	Emissions (tons of carbon dioxide equivalent)	Emission Intensity (tons of carbon dioxide equivalent/RMB100 million)
Carbon dioxide (CO ₂)	4,816.73	342.63	7,587.07	451.6
Methane (CH ₄)	7.48	0.53	7.58	0.45
Nitrous oxide (N ₂ O)	104.75	7.45	124.81	7.43
Total	4,928.96	350.62	7,719.46	459.49

Note: Direct greenhouse gas emissions mainly include greenhouse gases generated by the Group's own vehicles and equipment.

b. Indirect Greenhouse Gas Emissions

In 2023, the indirect greenhouse gas emissions primarily generated by the Group's use of electricity, water resources, and paper consumption amounted to approximately 6,919.31 tons of CO₂ e, with an emission intensity of about 492.19 metric tons of CO₂ e per RMB100 million. The indirect emissions increased by 18.1% compared to 2022, mainly due to increase in electricity consumption resulting from the replacement of traditional transport vehicles with new energy vehicles.

Source of Indirect Emissions	Year of 2023		Year of 2022	
	Emissions (tons of carbon dioxide equivalent)	Emission Intensity (tons of carbon dioxide equivalent/RMB100 million)	Emissions (tons of carbon dioxide equivalent)	Emission Intensity (tons of carbon dioxide equivalent/RMB100 million)
Electricity	6,599.31	469.43	5,496.38	327.17
Other indirect emissions	320.00	22.76	360.67	21.47
Total	6,919.31	492.19	5,857.05	348.63

Note: Indirect GHG emissions include GHG emissions indirectly generated by electricity, water use and paper consumption.

3. Total Discharge and Intensity of Solid Waste

The Group attaches great importance to the management and reuse of hazardous and non-hazardous solid waste and minimizes the discharge of solid waste. Typically, the hazardous solid waste generated by the Group mainly consists of waste mineral oil, while the non-hazardous solid waste mostly originates from concrete test blocks used for strength testing and sediment from slurry wastewater recycling. In 2023, the Group's solid waste emissions decreased by 13.2% compared to 2022. In 2024, the Group will continue its efforts to achieve the target of zero discharge of waste concrete and waste aggregates, and 100% discharge rate of dust, noise, and hazardous waste emissions.

The following table shows the Group's discharge and emission intensity of waste:

Type of Waste	Year of 2023		Year of 2022	
	Discharge (ton)	Emission Intensity (ton/RMB100 million)	Discharge (ton)	Emission Intensity (ton/RMB100 million)
Non-Hazardous Solid Waste	8.90	0.63	10.28	0.61
Hazardous Solid Waste	0.30	0.02	0.32	0.02
Total	9.20	0.65	10.60	0.63

All waste discharged by the Group shall be properly treated in accordance with relevant national environmental protection policies and regulations. The Group's main raw materials purchase includes bulk cement and admixtures for galled materials and avoids the use of packaging materials in the Group's logistics process. Simultaneously, the Group does not use packaging materials for other types of raw materials required for production of concrete, which effectively avoids the discharge of solid waste from related packaging materials.

C. Environmental and Natural Resource Utilization

(a) Consumption Structure of Major Types of Energy and Resources

The Group advocates saving resources and energy, reducing the consumption of energy and raw materials, and strengthening energy management to improve the level of reasonable energy use, thereby reducing energy consumption and raw materials consumption of engineering projects, and enhancing the recycling of energy and resources in the production process. To further improve the Group's energy economic benefits, the Group has established energy saving target of 1% reduction in electricity consumption per cubic metre of concrete in 2024 compared to 2023.

The following table shows the Group's various types of resource usage in 2023:

Resource	Resource Type	Unit	Year of 2023 Consumption	Year of 2022 Consumption
Gasoline	Direct Energy	Liter	261,609.80	225,373.00
Diesel	Direct Energy	Liter	1,474,994.77	2,699,000.00
Electricity	Indirect Energy	kWh	11,571,641.61	9,460,202.00
Water	Water Resource	Ton	765,065.27	1,013,962.00

The following table shows the Group's various types of resource consumption intensity in:

Resource	Resource Type	Unit	Year of 2023 Consumption Intensity	Year of 2022 Consumption Intensity
Gasoline	Direct Energy	Liter/RMB Million	186.09	134.15
Diesel	Direct Energy	Liter/RMB Million	1,049.22	1,606.55
Electricity	Indirect Energy	kWh/RMB Million	8,231.36	5,631.07
Water	Water Resource	Ton/RMB Million	544.22	603.55

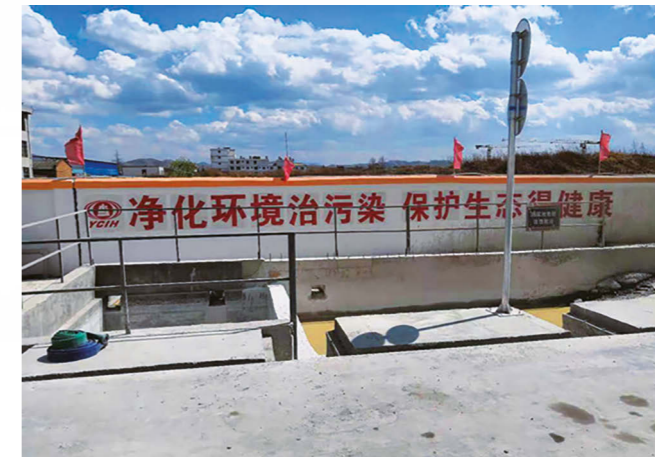
Note: Consumption of gasoline, diesel and electricity mainly includes the consumption of the Group's own vehicles and equipment.

1. Utilizing Suitable Water Sources and Improving Water Use Efficiency

The Group seeks applicable water sources in accordance with the relevant national environmental protection policies and regulations and in light of the actual situation in accordance with the law, and there is no problem in seeking applicable water sources. To enhance water efficiency, the Group's target for 2024 is to reduce water consumption per cubic metre of concrete by 1% compared to 2023.

2. Application of Sedimentation Tanks and Rainwater Collection Tanks in Batching Plants

To achieve the goal of water conservation and water efficiency, our batching plants were equipped with tertiary sedimentation tanks. After the waste slurry and wastewater has passed through the tertiary sedimentation tanks with gradual precipitation, it would be recycled after adjustment of the concentration by the Company's patented technology to achieve zero discharge of waste slurry and wastewater. We have also set up rainwater collection ponds in each batching plant to achieve the Group's goal of water conservation and improvement of water efficiency. The collected rainwater is used as water for washing vehicles and venues to realize the rational use of rainwater.



Tertiary Sedimentation Tanks

(b) Packaging Materials used for the Finished Products

The Group mainly produces concrete, polycarboxylic acid water reducer and aggregates products. Concrete is transported by special concrete trucks, polycarboxylic acid water reducer is transported by tanker trucks and aggregates materials are transported by trucks, which no packaging materials are used. Thus, packaging materials usage is not applicable to the Group.

D. Climate Change Risk Identification and Response Measures

We are committed to becoming a leader in the national concrete industry and achieving green, low-carbon and sustainable development. By optimizing our management mechanism and strengthening our awareness of environmental protection and social responsibility, we strive to become a model that leads the industry in the direction of development, and to contribute to the promotion of the industry's progress towards a more environmentally friendly and sustainable direction. The Company is facing two major challenges: firstly, with the expansion of new industries and new businesses, it needs to consider and optimize the existing internal management, etc. in a targeted manner in order to ensure the sound development of the enterprise; and secondly, the regulators may put forward higher regulatory requirements for ESG work, and the Company needs to respond to them in timely manner.

(a) Identification of Climate Change Risks

Risk Category	Climate Change Risks	The Group's Response Measures
Physical Risks		
Acute Risks	Natural disasters caused by extreme weather such as floods, fires, earthquakes, etc.	<ul style="list-style-type: none"> Develop emergency response plans for extreme weather Establish safety supervision and management department Organize regular trainings and emergency drills
Chronic Risks	Increased number of unusual weather days such as high temperatures, cold weather, etc.	<ul style="list-style-type: none"> Continuously monitor relevant climate change risks to reduce safety hazards in the work environment Optimize energy efficient and environmentally friendly facilities to improve performance Continuous awareness of power supply and conditions in operational areas
Transition Risks		
Policies and Laws	Increasingly stringent policy regulations of existing products Pricing of greenhouse gas emissions	<ul style="list-style-type: none"> Pay close attention to the latest national regulatory requirements and formulate plans and measures accordingly Increase the proportion of renewable energy used Closely monitor the carbon trading situation, trading mechanism and carbon price Strictly control the Group's energy consumption and greenhouse gas emission levels
Technology	Stricter emissions and disclosure requirements	<ul style="list-style-type: none"> Actively research and develop key green and low-carbonization technologies to reduce the use of natural resources Increase investment in research and development of environmental protection technologies Introduce various new energy facilities and equipment
Market	Rising in raw material and energy prices Gradual increase in customer demand for low-carbon and environmentally friendly products	<ul style="list-style-type: none"> Continuously expand multiple sourcing channels Increase the proportion of alternative fuels and alternative materials used Actively research and develop green and low-carbon products Emphasize product innovation and energy-saving transformation Implement the reuse of production waste and recycled materials to improve product utilization efficiency
Reputation	Damage to the Group's reputation due to business practices	<ul style="list-style-type: none"> Establish ESG committee and working group and maintain regular communication with stakeholders Formulate and implement corrective action programs in timely manner for problems that arise, with clear corrective action goals and measures

(b) Climate Change Risk Response Measures

The Group attaches great importance to the physical risks that may arise from natural disasters such as fires, earthquakes, and floods caused by climate change to the production and operation of the enterprise. To prevent and reduce the losses caused by these disasters, we have formulated the Comprehensive Emergency Response Plan for Production Safety Accidents and established a dedicated safety supervision department responsible for supervising and managing safety production, as well as natural disaster risks such as landslides, mudslides, and flash floods. Additionally, to enhance employees' emergency response capabilities towards natural disasters, we regularly organize training sessions covering relevant knowledge on fires, floods, earthquakes, and other natural disasters. We are committed to ensuring that employees understand the characteristics of natural disasters, response measures, and emergency rescue methods to enhance their adaptability during disaster events. We also conduct activities such as firefighting emergency drills, flood disaster emergency drills, and earthquake emergency drills. These drills aim to let employees familiarize with emergency plans, improve their crisis handling and team cooperation abilities, so that they can promptly and effectively take measures to ensure the safety of employees and normal operation of the enterprise when natural disasters occur.

Through the above measures, the Group is committed to preventing and minimizing the impact of natural disasters on our business and ensuring that our employees are able to respond correctly when having disasters to maximize the protection of their safety and the interests of our business. We will continue to focus on and improve our disaster response measures to cope with the ever-changing risks from the natural environment.

With the national introduction of the "carbon peaking and carbon neutrality" goal, the Group actively monitors the latest changes in national environmental laws, regulations, and industry policies to address associated legal risks. To mitigate the technical, market, and reputational risks associated with transitioning to green development, the Company insists on taking the road of Production, Tech-Driven, Intelligent Manufacturing, Green Development, and continues to focus on the construction and investment of R&D team to innovate and research and develop UHPC, functional eco-friendly mortar, mechanism sand high-performance concrete, high-strength high-performance concrete, high-performance polycarboxylic acid water reducing agent products, to ensure product quality and safe production. The Company has developed a variety of concrete and precast products with a wide range of applications and solved the application problems of concrete and precast products under multiple harsh environmental factors.

PART 2

Practicing the Responsibilities of State-Owned Enterprises

A. Promoting the Transformation and Upgrading of Traditional Industries, Leading the Industry Towards Green Development.	44
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A. Promoting the Transformation and Upgrading of Traditional Industries, Leading the Industry Towards Green Development

Throughout the years, as a state-owned listed company with certain influence in the concrete industry, our Group has not only actively explored transformation, upgrading, green and low carbon development but also strived to promote changes of the industry's development model, leading the industry towards green and low carbon development. In addition to the series of measures mentioned above, our Group has also vigorously promoted digital development, improving digital operation and management. Through organizing seminars and participating in external conferences, we have made significant efforts to promote technological exchange and industry development.

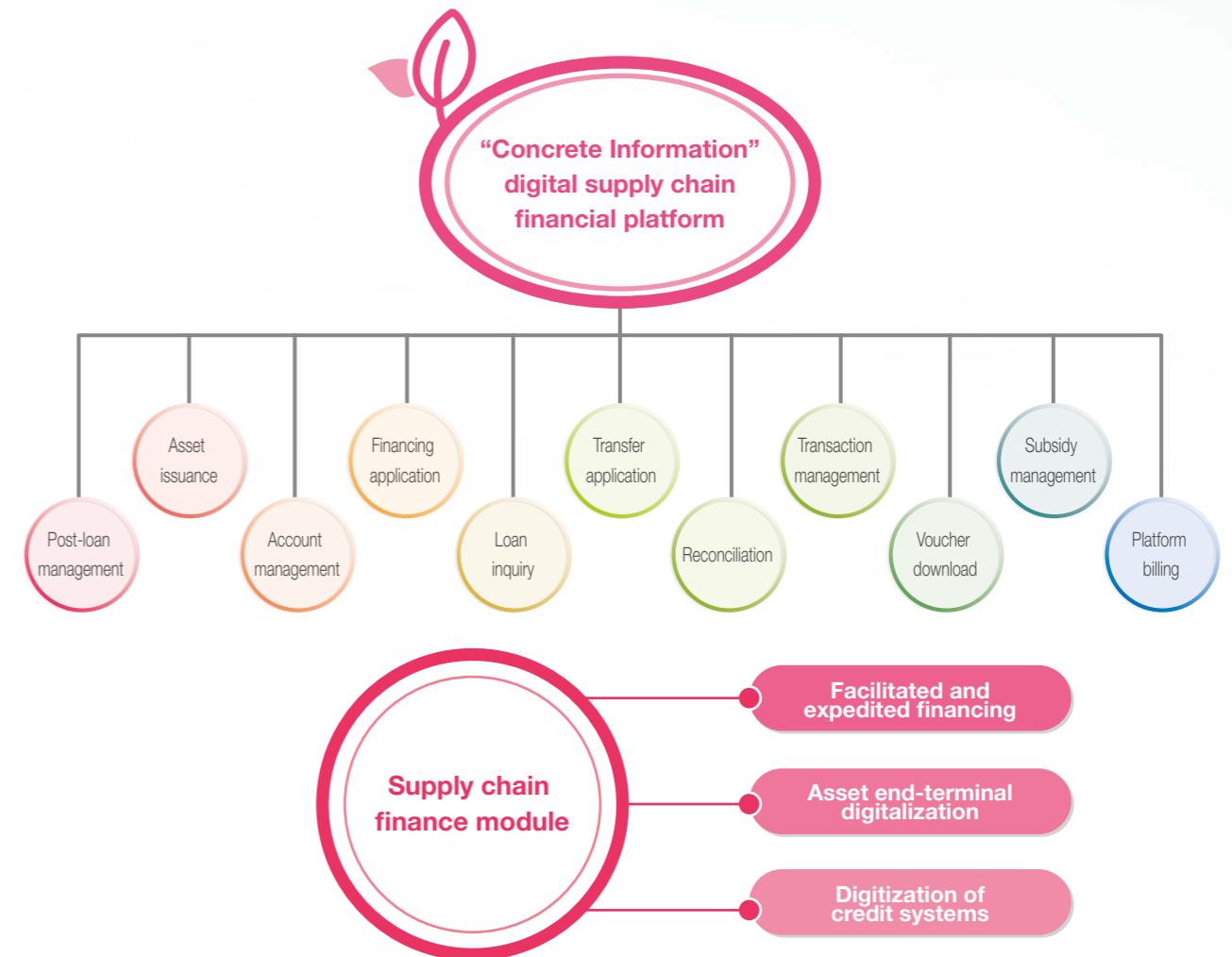
(a) Promoting the Digital Development of the Group

Our Group emphasizes the use of digital technology and actively leverages information tools in traditional product manufacturing to improve production, operational efficiency and optimize data management capabilities. Currently, the supply chain system of our Group has been launched on supply chain financial platform, the "Concrete Information". The Group has also incorporated green, modern, and intelligent design and applications in various areas such as distributed photovoltaic power stations, battery swapping stations, electric concrete mixers, electric heavy-duty truck tractors, electric dump trucks, electric loaders, and the monitoring platform for the light storage and charging system. For example, the monitoring platform for the light storage and charging system integrates relevant information using digital twin three-dimensional visualization technology, enabling dynamic management and presentation of the desired information, as well as dynamic data manipulation. It is displayed on large screen and provides multidimensional data analysis services to management, assisting them on decision-making. Advanced video encoding and decoding technology, network transmission technology, intelligent video analysis technology, massive storage management technology, high-definition video capture and transmission, and high-definition video display technology are employed to strengthen the construction and integration of the video image information system from a high starting point and in an all-around manner, ensuring the comprehensive analysis and aggregation of data.

1. Concrete Information, Digital Supply Chain Financial Platform

The Company adopts the concept of "Digital Construction and Investment", utilizing key technologies such as cloud computing, blockchain, and big data. It has created digital service platform called "Concrete Information" digital supply chain financial platform, which connects financial institutions, procurement platforms, supply entities, and distribution companies. This platform systematically promotes the digitization of resources and industries. "Concrete Information" is the first online supply chain finance platform in the building materials industry in Yunnan Province. It offers various functionalities such as asset issuance, financing application, transfer application and acknowledgment, transaction management, subsidy management, post-loan management, account management, loan inquiry, reconciliation, voucher download, and issuing invoices through both PC and mobile applications.

"Concrete Information" adopts the methodology of "digital integration" and empowers businesses through digital finance, transforming operational data into digital assets. This allows for the maximization of financing advantages and facilitates credit financing for both upstream and downstream operations. The comprehensive synergy of "asset importation + rights confirmation + payment + transfer + financing" enables small and medium-sized enterprises to access supply chain finance with a single click, achieving convenient and expedited financing, digitalization of asset end data, and digitization of the credit system. This approach addresses challenges faced by enterprises, such as credit granting, financing and lending, transaction settlement, and invoice management, ultimately promoting the formation of a collaborative and ecological supply chain in the green building materials industry.



2. “Smart Green Concrete” Achieving Cloud-based Data Management

During the Reporting Period, the Group has developed its first intelligent safety production management platform called “Smart Green Concrete.” This platform incorporates various technologies such as artificial intelligence monitoring systems, augmented reality (AR) technology, and tag linkage technology to achieve dynamic management across all business sectors and the entire business chain. The platform is integrated with the internally developed ERP production management system, enabling AI monitoring of safety production, production scheduling, business management, enterprise management, vehicle GPS management, material management, new energy management, and environmental monitoring.



In addition, the platform has collaborated with Liangfengtai Artificial Intelligence Company and leading domestic software and hardware manufacturers to promote the integration of digital intelligence and upgrade the level of safety production management. By implementing AR video scene annotation technology and AI intelligent recognition applications, the platform enables intelligent video surveillance, dynamic monitoring of non-compliant behaviors, and improved emergency response capabilities. These initiatives will enhance the Group’s level of safety production management by standardizing, streamlining, and digitizing processes, while also promoting green and comprehensive management capabilities. The platform provides user-side, mobile-side, and management backend terminals to meet the diverse needs of different users. It also includes data dashboard module to display key statistical information and supports features such as VR panoramic maps.

(b) Promoting Technological Exchange and Industry Development

The Group is experienced in green and low-carbon development, as well as transformation and upgrading. We have drawn significant attention and sparked extensive discussions both within and outside the province and the industry. As of the date of this report, various levels of government departments, association organizations, research institutes, shareholder entities, customers, suppliers, and peers, including the Yunnan Provincial Committee of the Democratic League, China Concrete and Cement Products Association, Kunming Concrete Association, Kunming Housing and Construction Bureau, and Mangshi Investment Promotion Bureau, have visited us for research and exchanges. The total number of external personnel involved exceeds 1,000, promoting industry-wide technological exchange and transformational development.



1. Organizing Lecture for Exchanges

The Group has always been committed to research and application of core technologies in green and low-carbon concrete, as well as energy efficiency of building. On November 10, 2023, the Group organized a lecture focusing on topics such as green and low-carbon technologies, energy efficiency of building, solid waste utilization, and prefabricated construction technologies. Renowned experts in the field of green and low-carbon industries were invited to share on these relevant topics, provide new insights and directions for the Group’s industrial transformation and upgrading, as well as the industry.



B. Research and Innovation and Intellectual Property Rights

2. Participating in Conference for Exchanges

While actively promoting the transformation and upgrading of traditional industries and organizing conference for exchanges, we have also been invited to participate in national or regional industry exchange events. In 2023, Mr. Li Zhangjian, the Chairman of the Company, attended the 2023 China Large-scale Ready-mixed Concrete Enterprise Leaders Conference (C10+ Summit) organized by the China Concrete and Cement Products Association, as well as the 2023 South China Three Provinces Large-scale Ready-mixed Concrete Enterprise Leaders Conference. By sharing the Group's experiences and achievements in green and low-carbon development, cost reduction, and efficiency improvement, the aim was to guide participants to focus on industry commonalities, trends, and directions, engage in in-depth research, and exchange views. These efforts are beneficial for promoting the industry's transformation and upgrading, as well as green and low-carbon development.



Technology innovation is the driving force for the development of enterprises, and comprehensive technology innovation system is an important pillar for sustainable development of a company's technology. The Group has always adhered to the concept of driving green and low-carbon development through technology innovation, encouraging research and development, and continuously promoting the construction of research and development and innovation management systems, as well as the improvement of regulations and rules. This has solidified our leading position in the concrete industry, providing technological support for accelerating the development of the modern industrial system and building new development advantages comprehensively.

During the Reporting Period, we greatly emphasize enhancing technology performance management and support, and have established "Measures for Technology Performance Management and Incentives (Trial)". Our parent company has successfully passed the re-evaluation as a high-tech enterprise, while YCIH Baoshan Yongchang Building Material Company Limited, a subsidiary, obtained its initial recognition as a high-tech enterprise. Another subsidiary, YCIH Polymer Material Company Limited, was recognized as "Specialized, Refined, New, and Innovative Small and Medium-sized Enterprise" and "Innovative Small and Medium-sized Enterprise" in Yunnan Province. We have applied for two authorized invention patents, obtained fifteen utility model patents and six registered trademarks. Additionally, we have actively participated in the formulation of two national standards, four industry standards, and two local standards related to concrete. Furthermore, we have been awarded as the third for scientific and technological progress by the Yunnan Province.



YCIH Baoshan Yongchang Building Material Company Limited
High-tech Enterprise



YCIH Polymer Material Company Limited
Specialized, Refined, New, and Innovative
Small and Medium-sized Enterprise



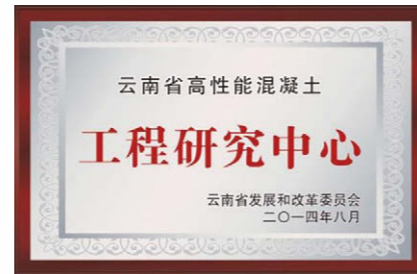
YCIH Polymer Material Company Limited
Innovative Small and Medium-sized Enterprise

As of now, **our parent company and its subsidiaries collectively hold four national high-tech enterprises. They have accumulated a total of 28 standards including national standards, industry standards, and other standards, in which we served as the chief editor or participant. The Group has obtained a total of 114 invention and utility model patents, 3 software copyrights, and 7 registered trademarks. And we have been honored with over 20 provincial and ministerial-level awards.**

(a) Research and Development Capability

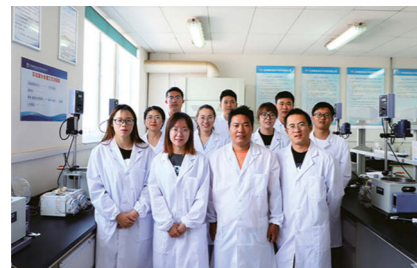
1. Four Provincial Research and Development Platforms

The Group currently has four provincial research and development platforms, including the Yunnan Enterprise Technology Center, Yunnan High-performance Concrete Engineering Research Center, Yunnan Xu Delong Academician Workstation, Yunnan Province Industrial (Ready-mixed Concrete) Product Quality Control and Technical Evaluation Laboratory.



2. Technical Experts with Solid Expertise

The Group has established a technical team that integrates technology research and development, technical testing, application of research outcomes, and technical consulting services. There are a total of 135 professional technical research and development personnel, accounting for 17% of the total workforce of the Company. The core team consists of 40 members, including 1 senior engineer, 16 senior engineers, 1 doctorate holder, and 5 master degree holders. The Company has trained 1 leading talent in the industry, 2 technological innovation talents in Yunnan Province, and two young talents in the transportation industry of Yunnan Province.



(b) Collaboration among Industry, University and Research Institute

The Group has established long-term and stable partnerships with various universities and research institutes, including Tsinghua University, China Building Materials Academy (formerly Institute of Building Materials, Chinese Academy of Building Research), Wuhan University of Technology, East China University of Science and Technology, Chongqing University, Shenzhen University, Yunnan University, Yunnan Provincial Institute of Architectural Design and Research, and School of Materials Science and Engineering, Xi'an University of Architecture and Technology. In 2023, the Group further strengthened its collaboration with Kunming University of Science and Technology's School of Civil Engineering, Yunnan University's School of Architecture and Planning, Shenzhen University's School of Civil and Transportation Engineering, Yunnan Provincial Institute of Architectural Design and Research, and other universities and research institutes. The collaboration aims to enhance technology research and development, talent cultivation, and team building. By integrating core resources such as technological advantages and talent from research institutes, our technological innovation capabilities were enhanced with new initiatives, accelerating the development of new green products, processes, and technologies. The collaborative effort has greatly contributed to the continuous achievements in research and innovation within the Group.



During the Reporting Period, the Group actively engaged in industry-university-research cooperation with schools and research institutes, collaborating on research projects and talent development. Among them, the joint achievement evaluation work with Shenzhen University on the "Key Technologies for Green Design and Crack Resistance Improvement in Major Infrastructure Concrete Engineering" reached an internationally leading level. The Group, in collaboration with the School of Architecture and Planning at Yunnan University, applied for the establishment of an "Industry-Education Integration Training Base". Planned applications for projects such as the "Research and Demonstration of Key Technologies for Green and Low-Carbon Lifecycle of Civil Buildings in the Dianzhong Urban Agglomeration" and the "Research and Demonstration of Key Technologies for Preparation of High/Ultra-High Performance Civil Engineering Materials using Industrial Solid Waste and Phosphogypsum Collaboration" were submitted in partnership with Yunnan Provincial Institute of Architectural Design and Research, Wuhan University of Technology, and other universities. Simultaneously, research experiments were conducted as part of these projects.

(c) Highlights of Research Achievements

1. Phosphogypsum Products

Based on the project “Research and Demonstration of Key Technologies for Preparation of High/Ultra-High Performance Civil Engineering Materials using Industrial Solid Waste and Phosphogypsum Collaboration”, we have conducted research on the setting time and mechanical properties of phosphogypsum-based cementitious materials in synergy with industrial solid waste. This research has led to the development of a series of phosphogypsum-based products, including phosphogypsum artificial stone, phosphogypsum artificial aggregates, phosphogypsum artificial aggregate concrete, phosphogypsum artificial aggregate concrete curbstones, and phosphogypsum aggregate permeable paver bricks. In addition, experimental research has been conducted on the stability layer of phosphogypsum cement. Preliminary results have been achieved in formulating the mix proportion of phosphogypsum-based cement stabilization materials with 7-day unconfined compressive strength that fulfills the requirements of different road grades and traffic conditions. These achievements provide technical reserves for the application of phosphogypsum resources in building materials and contribute to the integration and promotion of phosphogypsum into the circular economy development of Yunnan Province.



Phosphogypsum artificial stone



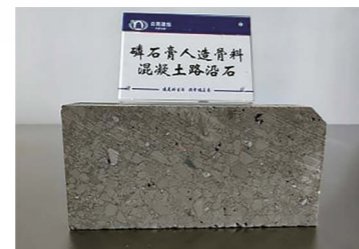
Phosphogypsum artificial aggregates



Phosphogypsum artificial aggregate concrete



Phosphogypsum permeable paver bricks



Phosphogypsum artificial aggregate concrete curbstones

2. UHPC Application Technology, RPC Cover Panels, Precast Components

To enhance the core competitiveness of UHPC and promote its industrial application, the Group has further deepened the research on UHPC's application for major bridge projects and intensified efforts to expand its market presence, particularly in the engineering application of UHPC cover panels. Firstly, the Group has continued to conduct research and development on sub-projects of Group B-level projects, such as “Development of UHPC for Bridge Applications Using Local Materials and Engineering Demonstrations” and “Research on Concrete Development and Application Technology for Lishenjiang Suspension Bridge”. These efforts aim to overcome barriers for the development and localization of ultra-high performance concrete technology. Secondly, the successful promotion and application of RPC cover panels on the Yongjin and Binhe Expressways have been achieved. The completion of the “C120 RPC Cover Panel Application Technical Guide” has facilitated this process. The mass production of RPC cover panels ensures stable quality, meeting the application requirements of compressive strength ≥ 130 MPa, flexural strength ≥ 18 MPa, expansion capacity ≥ 700 mm, failure load (bearing capacity) not less than 10 KN, flatness ≤ 4 mm/m, minimal dimensional deviations, and good appearance.



C. Supply Chain and Procurement Management

To ensure quality, stable supply, cost control, and promote innovation and technological development, we have implemented strict management of the supply chain and procurement, which includes clear regulations for supplier selection and management to ensure standardized supplier management and appropriate selection, adjusting the procurement format to a prepayment followed by goods delivery approach, along with low-carbon logistics system for new energy, to effectively reduce procurement costs, collaborating with suppliers through methods such as open tendering, selective tendering, and price inquiries, as well as development and strictly implementation of the "Tendering Management Measures" to ensure the legality, compliance, discipline, efficiency, and transparency of tendering activities.

(a) Supplier Selection

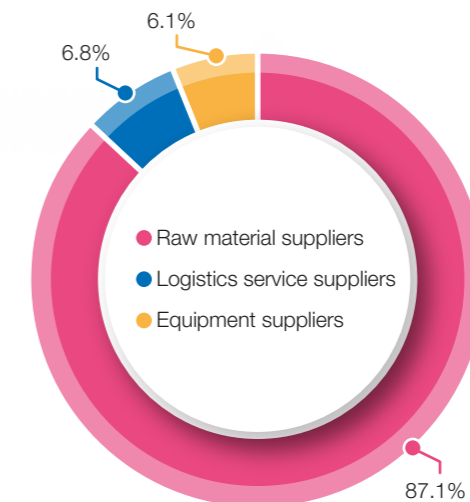
During the process of supplier selection, the Group follows reasonable and standardized criteria based on common evaluation factors. These evaluation factors include, but are not limited to: (1) Supplier's business license; (2) Proof of production license or authorization as a distributor; (3) Quality assurance commitments, relevant certification documents, materials evaluating quality assurance capabilities, or specified product technical standards, sampling test evidence, etc; (4) Supplier's company size, production and supply capacity, performance introduction, credibility, and performance verification materials; (5) Product price, usability, cost-effectiveness; (6) Support services and after-sales service commitments; and (7) Investigation feedback from other users.

(b) Supplier Relationship Maintenance

While regulating and supervising our suppliers, it is essential to maintain a good cooperative relationship and ensure ongoing communication. We have established communication mechanisms with assessed suppliers and strengthened cooperation with high-quality suppliers. We sign strategic cooperation agreements with suppliers based on our needs and regularly conduct on-site visits or invite suppliers to the Group for training and exchanges. To maintain good cooperative relationship, we maintain certain frequency of mutual visits with suppliers. We assist suppliers in adjusting and improving production processes to ensure that raw material product quality fulfilling concrete design requirements. We also ensure that suppliers deliver on time with required quantity, and we urge them to improve their standard of contract implementation. Based on production and operational conditions, we promptly adjust the supply of raw materials. We conduct regular performance evaluations of suppliers through methods such as on-site visits and conducting business information inquiries. The practices aim to strengthen the cooperation relationship with suppliers, ensure the stability of the supply chain and continuity of high-quality supply.

(c) Overall Situation of Suppliers

Throughout the years, our suppliers have originated from various regions in the PRC. In 2023, we had a total of 718 suppliers, with 700 suppliers (97.5%) from Yunnan Province. Among them, there were 625 raw material suppliers, accounting for 87.1% of total, with 609 of them being from Yunnan Province. Additionally, there were 49 logistics service suppliers, representing 6.8% of total, all of which were from Yunnan Province. Lastly, there were 44 equipment suppliers, making up 6.1% of total, with 42 of them being from Yunnan Province.



D. Quality Management and Product Responsibility

We greatly emphasize product quality management and uphold the quality concept of “expertise leads to success, quality for win”. Our products’ quality is the key to safeguard the development and prosperity of our brand. In addition, we have obtained quality management system certification for 12 consecutive years.

(a) Quality Control System

We have established and continuously improved our quality control system and developed management documents including “Quality and Technical Management Measures”, “Raw Material Quality Management Measures”, “Concrete Mix Proportion Management Measures” and “Technical Proposal and Technical Disclosure Management Measures”. During the Reporting Period, the Group completed revision of 11 quality and technical management system documents, along with 67 related records and sample data sheets.

Quality monitoring and management system	
Quality Technical Management and Assessment	Raw Material Management
Mix Proportion Management	Technical Proposal and Disclosure Management
Product Testing Management	Experimental Technology Management
Quality Incident Management	Non-Conformance Review Management
Supervision and Management of Product Quality Processes	Production Management
Product Inspection and Testing	

We strictly adhere to relevant regulations regarding product and service health and safety, advertising, labeling, and recourse methods, including the “Product Quality Law of the People’s Republic of China”, “Work Safety Law of the People’s Republic of China”, “Advertising Law of the People’s Republic of China” and “Trademark Law of the People’s Republic of China”. We implement comprehensive quality control throughout three main stages of material management, production process management, and finished product inspection. Every quarter, we conduct at least one quality technical supervision inspection for each production entity. During the Reporting Period, we did not have any litigation cases violating the aforementioned regulations. There were no safety and health issues requiring product recalls, and we did not receive any complaints related to our products or services. The product quality passing rate was 99.99%, and the final delivery passing rate was 100%.

(b) Quality Control Measures

1. Organizing “Quality Month” activities

We are committed to enhancing the overall quality awareness of all employees and conducting various activities, including “Quality Month”, to raise attention and importance of quality within the Group. In 2023, our “Quality Month” activities included basic knowledge quiz, professional skills training, special inspections, quality incident awareness education, and skill competitions (practical assessments, mix proportion design competition), among other theme-based events. These activities aim to facilitate employees’ mastery of product fundamentals and deepen their understanding of product quality and responsibility. Furthermore, they helped to strengthen the cohesion and combat effectiveness of the quality technical team, effectively ensuring the quality of our products and services.



2023 “Quality Month” activities



2023 “Quality Month” activities

2. Signing “Quality Management Responsibility Letter”

To ensure the strict implementation of various quality management systems within our Group, we have organized the signing a total of 27 “Quality Management Responsibility Letter” with each production entity and subsidiary company for year 2023. These responsibility letters clearly define the responsible individuals, their duties, quality objectives, as well as incentives, constraints, and assessment requirements. And we hold monthly production and quality management meetings to outline the phased quality management work. These meetings facilitate the exchange of production and quality management experiences and conduct in-depth analysis of production and quality management issues within the production entities. This strengthens production and quality control management and promotes the implementation of quality management responsibilities.



Quality Management Responsibility Letter



Production and Quality Management Meetings

3. Conducting Quality Technical Research and Planning

We adhere to proactive planning and coordination in conducting quality technical research and planning. Based on different product requirements, local material characteristics, construction sites, and seasons, we tailor the mix proportions to reduce quality risks while enhancing the customer experience.

- For newly initiated projects, critical components, special bridges, special concrete, and major projects, we proactively plan based on the project characteristics, construction requirements, and actual circumstances. We have established standardized production and quality control practices to ensure product quality. Through the process of production control disclosure, we effectively enhance the technical organization, planning, and product quality control capabilities of each production site.
- We track the construction quality and progress of critical projects in real-time to improve quality stability and emergency response capabilities. We actively communicate and coordinate with relevant project units, focusing on key aspects of quality technical control. This ensures that construction progress and quality fulfilling the required standards.
- We conduct trial mixing and verification at the original source for industrial solid waste (various additives), recycled aggregates, waste slurry, and other materials. In 2023, we focused on promoting the use of fly ash and strengthened technical cooperation with manufacturers. We established quality standards and redesigned relevant product formulations. This not only significantly improved the workability of concrete products but also enhanced their low-carbon and cost-effectiveness.
- Due to the lower winter temperatures in regions such as Kunming, Qujing, and Zhaotong, we have tailored product formulations specifically for the winter season to ensure that the products produced meet the construction requirements of our customers during that time.



Checking technical documentation



Checking the progress of basic testing



Holding special meeting on material quality improvement

4. Inspection and Handling of Product Quality

According to the Group’s “Quality Technical Management Measures”, before the concrete products leaving factory, the technical personnel and inspectors of each production entity and subsidiary company’s batching plants conduct workability tests on the ready-mixed concrete. These tests verify the fluidity, cohesiveness, and water retention of the concrete mix. Only when the mix meets the requirements, “Ready-Mixed Concrete Factory Quality Certificate” is issued, allowing the product to be released from factory. For products with issues identified during the inspection, the production line strictly follows the requirements of relevant management measures. It involves reporting, rectification, retesting, and conducting on-site supervision and control for special products. This ensures that the workability of the product meets the relevant requirements. Additionally, the batching plants maintain records of construction pouring, including information such as the strength of test specimens, curing conditions, progress of physical testing, testing age, testing standards, and testing agencies. These records facilitate prompt self-inspection and testing of the structural components in case of testing disputes. The plants actively take appropriate measures to resolve disputes, prevent quality risks, and mitigate accidents.

(c) Product Responsibility

1. The Mechanism for Handling Non-Conforming Products

In dealing with non-conforming products, we strictly adhere to the Group’s “Quality Technical Management Measures” and “Non-Conforming Product Review and Handling Procedures” with implementation of product identification and traceability systems. If preliminary inspections reveal that a product is non-conforming before leaving factory, it is prohibited from being released, and the technical personnel conduct further testing and record the details in the “Non-Conforming Product Review Record”. The product is then classified and appropriate handling measures are determined based on the specific circumstances. In the case of preliminary identification of non-conforming products after delivery, the process involves self-inspection and mutual inspection by the operators. For critical components, on-site customer service professionals provide guidance during the supply process. The technical personnel conduct testing and record the details in the “Non-Conforming Product Review Record”. If necessary, non-destructive testing is conducted on the relevant sections of the concrete pouring, following the provisions of relevant national standards. If the test results still confirm non-conformance, a qualified and mutually recognized testing agency is invited to conduct further testing. Based on the test results, the construction and design units comprehensively evaluate the specific conditions of the entire project to determine whether to accept the batch of concrete products with concessions, reinforcement, or disposal.

2. Customer Privacy Protection and Data Security

The Group has incorporated customer management into internal control system and regularly evaluates the effectiveness of internal control measures. Customer data and information obtained during the product sales process are subject to special protection by the Group. Customer data and information are managed by dedicated personnel through the ERP network system and are only accessible to relevant personnel involved in establishing customer information files, marketing information files, customer rating management, market data analysis, customer satisfaction surveys, and relationship maintenance. Such management and usage must comply with the Group’s “ERP Information System Management Measures”, and the leakage of customer information is strictly prohibited. Furthermore, when signing contracts with customers, we prefer the contracts with confidentiality clauses to clarify our handling permissions regarding customer privacy and data. We strictly adhere to agreed provisions for protecting customer privacy and data security.

E. Occupational Health and Safety

Occupational health and safety is one of the important social responsibilities for us. We are committed to providing our employees with hygienic and safe working environment to minimize occupational hazards. Throughout our operations, production, transportation, delivery, and various management activities, we actively practice the concept of "Respect Life, Proactively Ensure Safety". We strive to establish a well-defined responsibility framework and ensure full coverage of personnel to promote high level of integration between occupational health and safety.

(a) Management Structure and Emergency Mechanism

1. Management Structure

To create healthy and safe working environment, we have established Safety Production Committee. The Chairman of the Group serves as the Director of the Safety Production Committee, and the General Manager serves as the Executive Vice Director. We have also established safety production management system, which includes the scope of responsibilities, organizational capabilities, identification of major issues, work reporting mechanisms, and emergency plans. In addition, the Group have set up safety supervision department at the company level and appointed dedicated safety administrators at the mixing stations to ensure strict compliance with relevant laws and regulations. We implement national and company regulations regarding safety production and employees' occupational health and safety, including but not limited to the "People's Republic of China Safety Production Law", "People's Republic of China Law on the Prevention and Control of Occupational Diseases", "People's Republic of China Fire Protection Law", "People's Republic of China Road Traffic Safety Law", "Regulations on Occupational Health Management in the Workplace", "Regulations on Work Injury Insurance" and "Management Measures for Emergency Plans of Production Safety Accidents".

2. Emergency Work Mechanism

Based on regular training and drills, we have established comprehensive emergency management mechanism to respond to emergency safety incidents. We have formulated the "Comprehensive Emergency Plan for Production Safety Accidents" and registered it with the Emergency Management Bureau of the Zhaoyang District. The Group organizes comprehensive emergency plan exercises at least once a year, as well as specialized and on-site emergency plan exercises at least once every six months. In 2023, the Group conducted 23 emergency plan exercises, with a total of 428 participants involved in emergency drills.



Collaboration between the Yunnan Fire Safety and Prevention Center to conduct fire safety training and drills

(b) Management Measures and Effectiveness

Due to the nature of our business operations, which involve processes such as product processing, electrical work, equipment maintenance, loading operations, and concrete transportation, employees may face associated risks of occupational injuries and accidents. Therefore, we place great emphasis on safety control and implement a series of measures to mitigate occupational health and safety risks during the manufacturing process.

- Establishment of safety supervision department responsible for overseeing and managing occupational health and safety production work.
- Development and implementation of the "Company Environmental and Occupational Health and Safety Management Measures" to further clarify the Company's management requirements and guidelines.
- Conducting safety education training and drills to enhance the occupational health and safety management, occupational disease prevention awareness and capabilities of all employees.
- Strengthening management and assessment by signing safety production management responsibility agreements between the management team, production entities, and subsidiary companies to ensure the implementation of management responsibilities.
- Providing employees with relevant protective equipment for occupational health and safety, including distributing safety helmets, dust masks, earplugs, safety shoes, protective gloves, reflective vests, and safety ropes. Additionally, providing guidance and supervision to ensure that employees wear their protective equipment correctly.
- Organizing and conducting health examinations for employees.
- Providing employees with basic insurance schemes such as work-related injury insurance.

In the past three years, the number of deaths related to work in our Group and the number of lost workdays due to work-related injuries are as follows:

	2023	2022	2021
The number of deaths related to work	0	0	0
The ratio of number of deaths related to work	0%	0%	0%
The number of lost workdays due to work-related injuries	5	292	2

F. Focusing on Employee Development

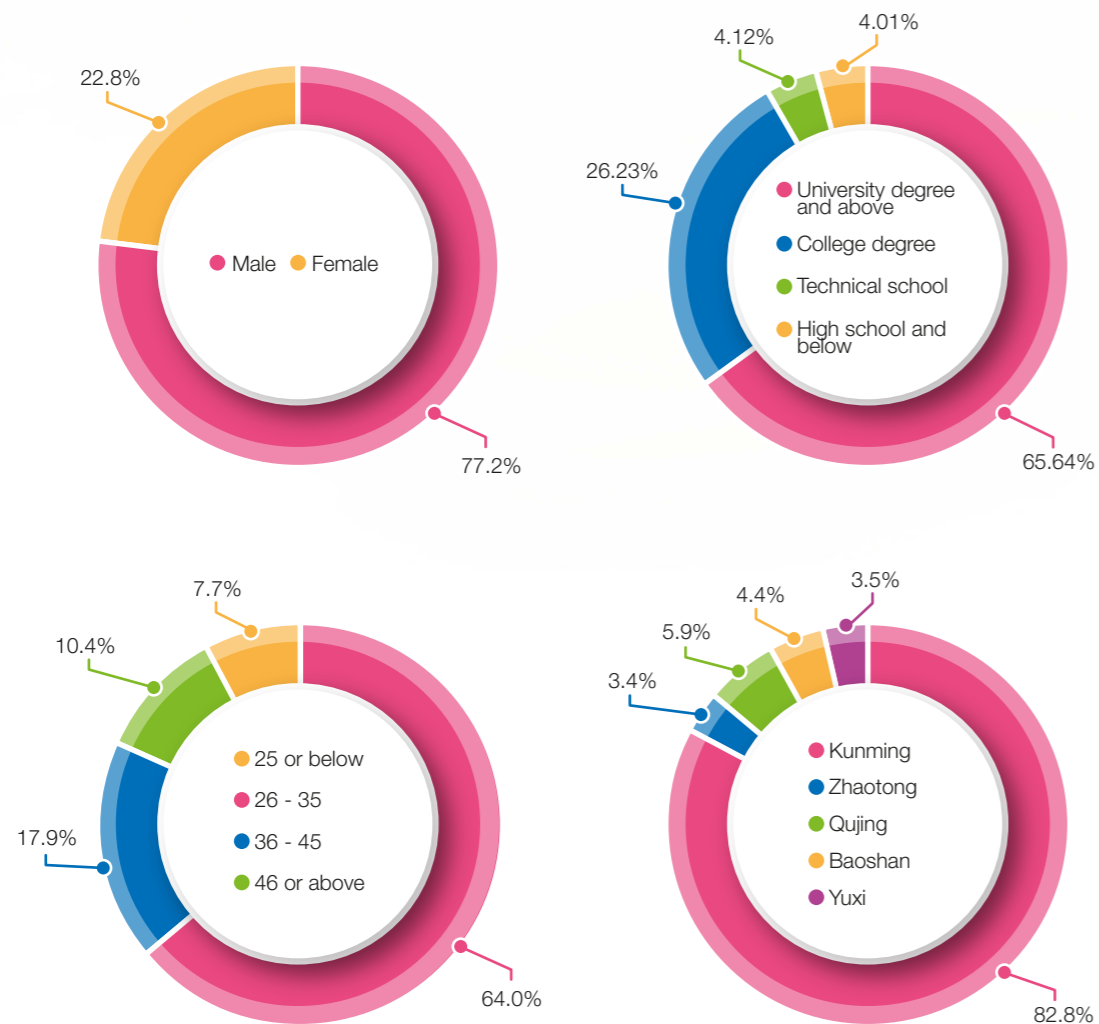
The Group strictly adheres to various laws and regulations, such as the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China. In line with our own circumstances and management requirements, we have developed comprehensive human resources management system and compensation management framework to carry out effective human resources management.

(a) Employee Situation

1. Employee Situation Classified by Key Indicators

As at December 31, 2023, the total number of employees of the Group is 972 in which all of them are full-time employees. Among the employees, 91.9% hold diploma or higher educational qualification, with 65.6% having university degree or above. This indicates relatively high level of scientific literacy and cultural education among the employees.

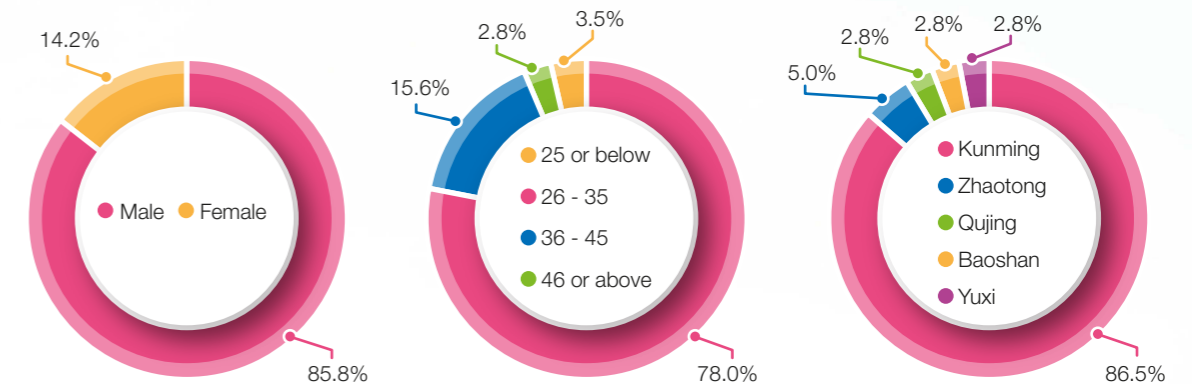
As at December 31, 2023, the employment situation of employees in our Group is as follows:



In terms of gender distribution, the majority of our workforce is male, especially in the production sector. In order to create favorable working environment for female employees, the Group adheres to the national "Special Provisions on the Labor Protection of Female Workers". We ensure that female employees have equal employment opportunities, enjoy their entitled leaves and insurances, and are granted prenatal examination leave during pregnancy. Regarding age distribution, the employed staff in our Group is reasonably distributed across different age groups. We value injecting fresh energy while also cherishing employees with work experiences.

2. Employee Turnover Classified by Indicators

As at December 31, 2023, the total number of employee turnover during the Reporting Period in our Group is 141, which accounts for approximately 14.51% of the total number of employees. The employee turnover situation in our Group is as follows:

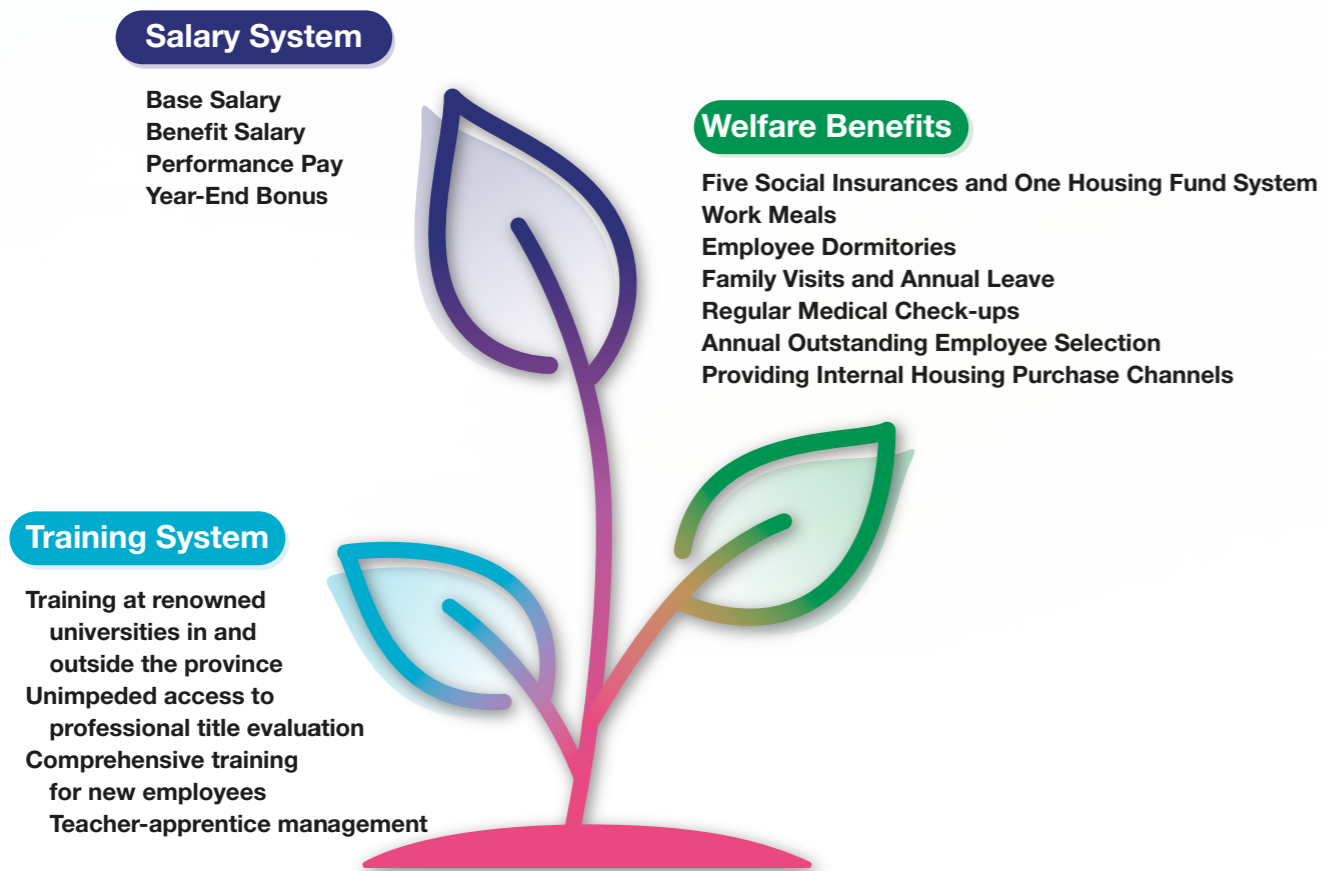


(b) Compliance Employment

The Group adheres to the principles of "openness, fairness, and impartiality" during the recruitment process, practicing two-way selection approach and prioritizing the recruitment of outstanding candidates while avoiding any form of discriminatory behavior. In order to achieve the mutual development of the Group and employees, every employee is entitled to training and promotion opportunities. We strictly comply with relevant laws and regulations, such as the "Law of the People's Republic of China on the Protection of Minors" and the "Provisions on the Prohibition of the Use of Child Labor", ensuring that no child labor or forced labor occurs during our business operations. We maintain zero-tolerance policy and stance against any form of child labor and forced labor. In the future, the Group will consider strengthening the supervision and management of labor practices by suppliers. We will incorporate the avoidance of child labor and forced labor into selection and evaluation criteria for suppliers. If any supplier is found to employ child labor or engage in forced labor, we will adjust internal rating of the supplier and will discontinue the cooperation with suppliers involved in serious cases.

(c) Salary and Benefits Protection

The salary system of our Group aims to motivate employee initiative and creativity by providing fair and competitive compensation. We are committed to ensuring transparency and fairness in salary decisions and continuously monitor market trends and employee feedback to optimize our salary scheme and provide competitive and motivating compensation and benefits for our employees. In addition to providing a stable basic salary, we also offer performance-based bonuses and year-end bonuses to reward outstanding employee performance. These additional incentives are designed to recognize and commend employees for their exceptional contributions. We believe that well-designed and incentivizing salary system not only rewards employees fairly but also encourages their dedication, productivity, and commitment to achieving organizational goals. We continuously strive to improve and refine our salary system to align with our employees' needs and aspirations while maintaining competitiveness in the market.

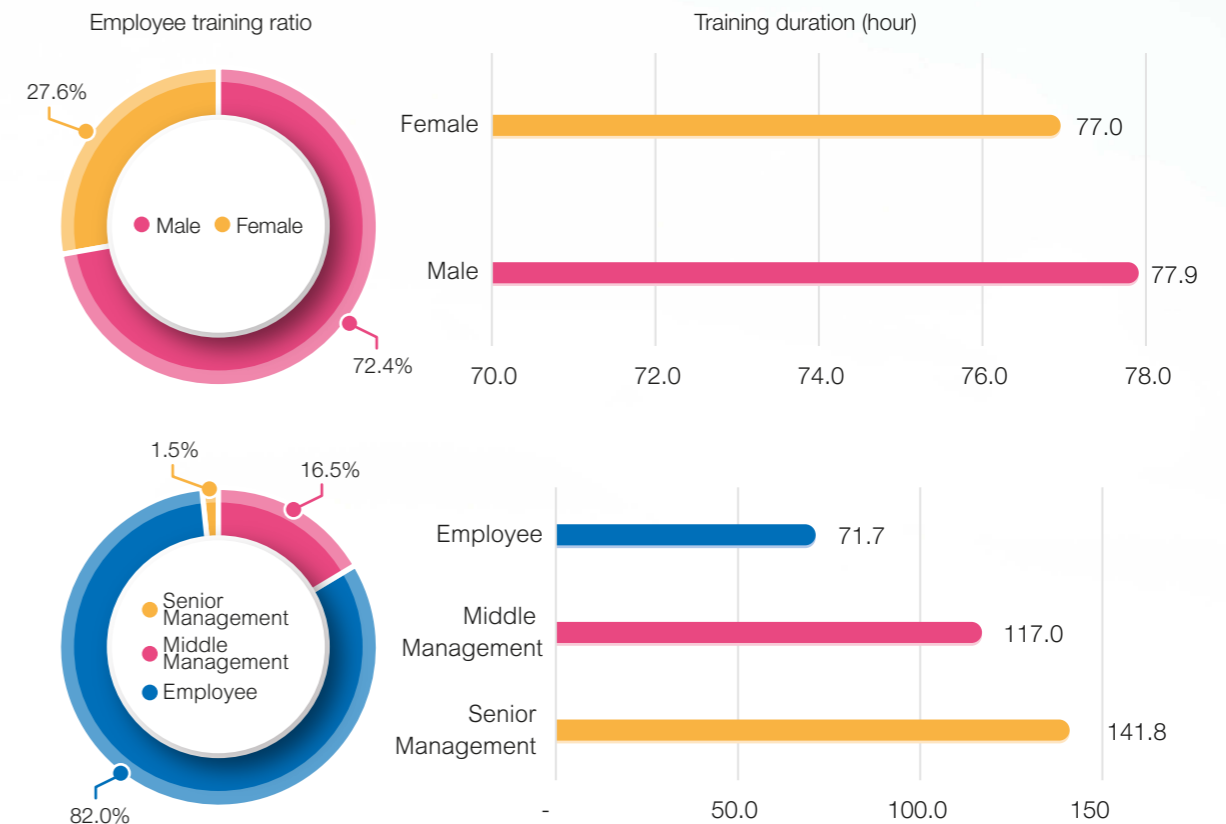


We are committed to providing comprehensive welfare protection for employees to ensure their well-being and support in both work and life. Employees are entitled to comprehensive social security system, including pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, and housing provident fund, to meet their basic social security needs. To facilitate employees' work and life, we provide meal services during working hours, ensuring that employees have access to nutritious and balanced meals. We also offer employee dormitories to address their housing needs and ensure comfortable and safe living environment. Additionally, we provide internal housing purchase channels to assist employees in resolving housing issues. Through these welfare protection measures, we continuously strive to enhance employees' job satisfaction and quality of life.

(d) Diverse Training and Development

According to the development needs of our Group, we annually formulate practical and feasible training plans. Employee training is conducted based on job categories to assist employees in updating and supplementing their professional knowledge and enhancing their job skills. In 2023, we conducted various training programs, including quality control technology training, business competence enhancement training, investment and financing training, safety management training, risk prevention and control training, and records management training.

The employee training situation of our Group in 2023 is as follows:



1. New Employee Training

To ensure that new employees have thorough understanding of and can integrate into the Company's culture, enhance their teamwork skills, and develop their personal qualities during the transition from students to professionals, we provide annual new employee training. Typically, the curriculum covers various aspects such as the Company's history, organizational structure, company culture, rules and regulations, workflow, safety management, and quality control. Additionally, depending on the circumstances, we organize visits to demonstration parks and production sites related to the new energy industry in the Economic and Technological Development Zone. We also arrange basketball friendly matches between new and existing employees to foster team spirit.



New Employee Training

2. Training for Obtaining Certification

To meet the requirement of certification for certain positions, the Company organizes training sessions to provide relevant knowledge for obtaining certifications such as the Construction Department's Safety Officer, Tester, Materials Officer, and the Emergency Management Department's Special Operations Certificate. Specialized training programs are also conducted to help employees obtain the necessary certifications. During the Reporting Period, a total of 82 employees participated in the training provided by the Construction Department. Among them, 61 individuals successfully passed the examinations, resulting in 74.4% passing rate.



3. Open Recruitment for all Positions

In recent years, in order to improve the effectiveness of human resources and realize the scientific, standardized and institutionalized employee management, we have insisted on the principle of "matching the person with the position and choosing the best among the best", optimized the allocation of talents, opened up the channels of mobility, comprehensively implemented the "double contract" system of employees' labor contract + position appointment agreement, implemented the competition for all employees to be on the job and differentiated assessment, and continued to build the internal human resources market to provide a high-quality human resources for the development of the Company.

4. Staff Innovation Studio

The Company's Staff Innovation Studio was established in December 2017 and has now developed into a platform for cultivating multi-disciplinary professional talents, undertaking major research projects, and applying significant technological achievements. The studio has been honored with seven national and provincial awards and has achieved numerous research results that are at the forefront domestically and internationally. In 2023, the Company's Staff Innovation Studio organized a series of lectures titled "Building a Green Future with Green Concrete – Preparation and Application of Green and Low-Carbon Concrete", as part of the "Carbon" Science Lecture Series. This event further enhanced participants' understanding of key technologies related to the green and low-carbon preparation of construction materials, while also boosting the technical personnel's capabilities in technological research and scientific innovation.



YCIH Staff Innovation Studio



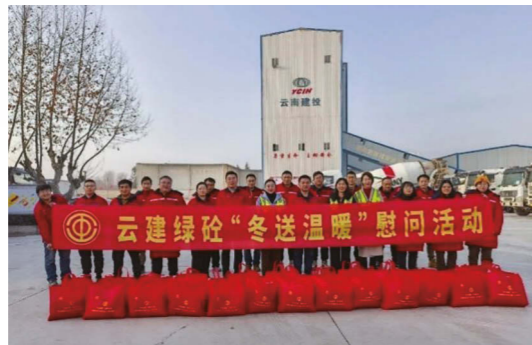
YCIH Staff Innovation Studio

G. Contribution to Society

(e) Employee Care and Rights

Focusing on the well-being and rights of employees is not only a legal obligation but also a fundamental element in creating positive and efficient work environment. We believe that respecting and caring for employees are key factors in achieving success, fostering loyalty, and promoting a sense of dedication.

During the Reporting Period, we organized the "Winter Warmth" activity to provide comfort to distressed workers, and arranged for frontline employees to participate in employee recuperation activities, delivering care, warmth, and assistance to the hearts of our workers. We constructed employee libraries, party building activity rooms, cultural and sports centers, labor service stations, and driver's rest areas at the mixing plant, providing employees with places for reading, leisure, exercise, as well as relevant books, supplies, and convenient services for work. Additionally, we organize collective activities such as basketball games and Spring Festival garden parties every year to enrich the cultural and sports lives of our employees. Furthermore, the Company convenes the Employee's Union annually on schedule and conducts a series of activities during Women Employee's Rights Month to safeguard the legitimate rights and interests of employees.



(a) Active Participation in Major Projects

Since establishment, the Group has actively participated in numerous major livelihood projects in Yunnan Province to promote its economic and social development. These projects include affordable housing, shantytown renovation, emergency response and disaster relief, resettlement of migrants, poverty alleviation initiatives, as well as the construction of airports, highways, and high-speed railway stations. Examples of such projects include the poverty alleviation relocation projects in Zhaotong and Qiaojia Baihetan, as well as the construction of Kunming Changshui International Airport, Xiangli Expressway, and Kunming South Station. We will continue to participate in similar significant projects in the future, actively and consistently contributing to the social development and economic progress of Yunnan Province.



Construction of Affordable Housing



Xiangli Expressway project



(b) Active Engagement in Social Welfare Activities

The Group actively promotes the construction of harmonious society and considers giving back to society and fulfilling social responsibilities as important missions. The Group actively responds to the national Ministry of Housing and Urban-Rural Development's system for waste classification and implements the concept of "creating civilized communities and building beautiful homes". We collaborate with the community to carry out activities such as street cleaning, promoting waste classification concepts and methods, and effectively fulfill social responsibilities. Additionally, each unit of the Group has established good cooperative relationship with the local streets, neighborhoods, and relevant government departments. We provide strong support to these departments in areas such as employment arrangements, tax payments, poverty alleviation, and other related work.



PART 3

Implementing Excellence in Corporate Governance

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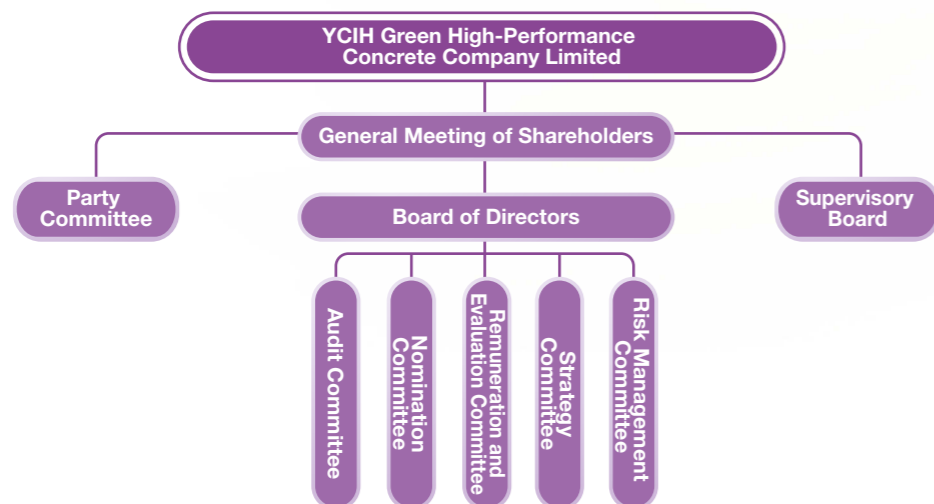


A. Governance Mechanism

The Group strictly adheres to the requirements of local laws, the Listing Rules, and other applicable regulations, and continuously optimizes and adjusts the Company's ESG governance system based on actual conditions and the latest regulatory requirements. Through repeated discussions and direct communication with stakeholders, the Group understands the core issues of concern to stakeholders, identifies important ESG factors, and formulates corresponding strategies, goals, plans, and measures to promote the sustainable development of the Company's business. For more information on the Group's corporate governance for the year 2023, please refer to the chapter "Corporate Governance Report" in the Group's 2023 Annual Report dated April 25, 2024.

The ESG-related work of our Group is coordinated by the board of directors, directly implemented by the management, and carried out by various functional departments with specific responsibilities. The management regularly or irregularly reports the progress of the relevant work to the board of directors for supervision and control. Our ESG activities and progress are distributed across various production and business processes within the Group. Each functional department and production unit monitor the relevant activities on daily basis within their respective scopes of responsibility and report through internal meetings, executive meetings, and board meetings. The Group has established safety production committee, working group for green materials production base, and other committees to support ESG work in the business. We have also developed management systems such as the "Production Safety Management System", "Energy and Resource Control Management Measures" and "Environmental and Occupational Health and Safety Management Plan". We have published the Three Standards Management System Manual and continuously update and improve the system.

There are currently two executive directors of the Company, with one additional executive director to be elected at the 2023 Annual General Meeting, and one staff director, also an executive director, whose term of office will commence on the date of the 2023 Annual General Meeting. In addition, there are three independent non-executive directors and two non-executive directors.



Executive Director	Mr. Li Zhangjian	More than 20 years of experience in the concrete industry and have been deeply involved in the field of construction and building materials for many years.
	Mr. Zhang Long	More than 20 years of experience in the concrete industry
	Ms. Wang Fang (Staff Director)	More than 20 years of experience in party-mass work in construction industry companies
Non-executive Director	Mr. Liu Zhen (Up for Election)	More than 10 years of experience in corporate finance in the construction industry
	Mr. Yang Jia	Nearly ten years of experience in administrative work
Independent Non-executive Directors	Mr. Yang Jie	Three years of experiences in financial related work, more than ten years of work in party-mass work and administrative work
	Mr. Li Hongkun	Nearly 30 years of experiences in finance and accounting education
	Mr. Yu Dingming	More than 20 years of experiences in professional legal education work
	Mr. Wong Kai Yan Thomas	More than 30 years of experiences in Finance-related work

B. Sustainable Development Strategies and Goals

In terms of ESG, the Company's board of directors adheres to the concept of "Safe Production, Tech-Driven, Intelligent Manufacturing, Green Development". With a long-term management strategy of "Optimal Governance, Promoting Accountability", the Company focuses on enhancing its corporate governance capabilities, fulfilling environmental and social responsibilities, and promoting sustainable development. Currently, the Company's governance structure, including its equity structure, remains stable and has received long-term strong support from shareholders. In terms of medium-term goals, the board of directors has formulated the "14th Five-Year Plan", which emphasizes innovation-driven leadership in green, low-carbon, and circular development. The Company practices intrinsic, high-quality development from various aspects such as production control, quality and technology management, safety management, and talent management, continuously promoting green and low-carbon transformation and upgrading. In the short term, the Company integrates daily production and operational management with ESG considerations, taking both its own business development and the interests of stakeholders into account, and fulfilling its responsibilities effectively.

At the beginning of each year, the Company, on the basis of a comprehensive and objective summary of all aspects of the situation of the Company in the previous year, determines the management objectives and tasks for the year through various methods. These goals include, but are not limited to, advancing state-owned enterprise reforms, continuously improving corporate governance, strengthening quality, safety, and human resources management. Additionally, since the implementation of the integrated management system for quality, environment, and occupational health and safety in 2012, the Company periodically revises the "Three Standards Management System Manual" to clarify the management policies, objectives, internal division of responsibilities, and work requirements in terms of quality, environment, and occupational health and safety. This manual serves as a guide for the implementation of various tasks. Based on this foundation, external audits are conducted annually by third-party organizations. The Company has obtained the integrated management system certification for GB / T19001, GB / T24001, and GB / T28001 for several consecutive years. It has also achieved certifications such as the China Environmental Labeling Product Certification, Clean Production Acceptance and Energy Management System Certification, and Standardization of Safety Production Certification.

C. Compliance Management

The Group attaches great importance to compliance management and actively promotes risk management and internal monitoring, establishing and continuously improving the collaborative management mechanisms of relevant departments. We strictly comply with relevant laws and regulations such as the Company Law of the People's Republic of China, the Anti-Monopoly Law of the People's Republic of China, and the Hong Kong Listing Rules. Based on our own characteristics, we have formulated relevant regulations and systems such as the "Implementation Measures for Major Audits" and the "Internal Audit Management Measures" to provide guidance and standards for compliance control to subsidiary companies, ensuring the effective operation and continuous improvement of the Company's management system. These include clear provisions and processes, such as audit frequency, methods, planning, preparation, implementation, corrective measures, tracking, and reporting. At least one internal audit is conducted annually, with a maximum interval of 12 months, covering all requirements of the Company's management system. In addition, department heads and management departments regularly inspect their respective departments and other relevant departments. All inspections are scored and must comply with relevant laws, regulations, and standard specifications. Any issues identified during the inspection should be recorded and rectified by the department being inspected. Finally, the inspection results are summarized and analyzed, and internal notifications are made within the Company.

During the Reporting Period, the Group further optimized business processes, improved operational efficiency and compliance in the core and emerging business segments, and upgraded internal control management. The Company comprehensively reviewed and revised various management systems, incorporating requirements from state-owned asset supervision and considering the Company's actual management status and short- and long-term development needs. This resulted in the integration of the Three Standards Management System, internal control system, and corporate governance structure, strengthening internal management responsibilities, streamlining work procedures, defining work standards, ensuring resource provision and necessary documentation, and improving internal management quality and efficiency. Vertically, it further implemented the Company's management philosophy in various responsibilities, effectively aligned management systems, clarified management responsibilities, unified management thinking, and promoted standardized and unified management. This comprehensive approach enhanced internal benchmarking management and put forward more advanced and reasonable requirements for the management system, facilitating the close integration of management requirements with actual work.

To strengthen legal affairs management, improve legal risk prevention mechanisms, promote the rule of law within the Company, and ensure lawful operation and management, the Company has formulated the "Management Measures for Collection of Laws and Regulations and Compliance Evaluation" in accordance with relevant laws and regulations such as the Company Law of the People's Republic of China and the Enterprise State-owned Assets Law. This helps evaluate the compliance of the Company's activities in environmental, occupational health and safety management with laws and regulations. The evaluation specifies the frequency, responsibilities, and methods of evaluation, and produces evaluation reports.

In 2023, the Company is committed to establishing and improving compliance management system to promote the compliant operation of production and business. Firstly, the Company will formulate the "Compliance Management Measures" and gradually promote the establishment of a specialized compliance management system, including specific compliance management guidelines and compliance behavior codes. Secondly, compliance management committee will be established, with the chairman of the Company serving as the director. Utilizing the existing organizational structure and management processes, a three-level compliance management organizational structure consisting of the decision-making level, management level, and business level will be constructed in an "embedded" manner. Thirdly, efforts will be made to enhance compliance culture through activities such as signing compliance commitment letters with all employees and conducting specialized compliance management and risk prevention training in collaboration with third-party law firms.



D. Anti-Fraud and Anti-Corruption

The Group adopts zero-tolerance policy towards corporate embezzlement and fraud. We impose appropriate disciplinary actions and financial penalties for any acts of stealing company finances, embezzlement, bribery, corruption, collusion, deception, and other violations. We strictly adhere to relevant laws and regulations that have significant impact on preventing bribery, extortion, fraud, and money laundering, including but not limited to the "Implementing Regulations of the Supervision Law of the People's Republic of China", "Anti-Unfair Competition Law of the People's Republic of China", "Interim Provisions on Prohibiting Bribery in Business Activities", "Anti-Money Laundering Law of the People's Republic of China", and the People's Bank of China's "Anti-Money Laundering Regulations for Financial Institutions".

Based on above laws and regulations, the Group has formulated and implemented the "Anti-Money Laundering Work Management System" and the "Integrity Risk Prevention and Control Manual". These establish three-tiered money laundering risk control system, including departmental risk responsibilities, senior management risk responsibilities, and internal audit risk responsibilities. The "Integrity Risk Prevention and Control Manual" is dynamically revised each year to comprehensively promote the construction of prevention and control system. It ensures clear delineation of powers, clear work processes, accurate identification of risk points, and effective preventive measures. Two thematic meetings are held annually, and the Party Committee and grass-roots Party branches conduct comprehensive and strict governance of the Party through the "three meetings and one class" framework.

We have developed a code of conduct and management system through employee handbook. We have provided anti-corruption training to directors and employees multiple times, interpreting relevant laws and regulations and explaining violations and penalties. We encourage employees to maintain integrity and self-discipline, carry out their duties fairly, refrain from abusing power for personal gain, and avoid bribery and corruption. We strictly prohibit leaders from abusing their positions, accepting bribes or kickbacks, and employees from soliciting property from collaborative units, material and equipment suppliers, and construction subcontractors, engaging in fraudulent activities, colluding internally and externally, engaging in covert operations, and harming company interests.

During the Reporting Period, the Group has not been involved in any litigation cases related to corruption, bribery, extortion, fraud, or money laundering.

(a) Establish Integrity Control System

In order to effectively fulfill and supervise the Company's integrity construction, we have established the Clean Governance Risk Prevention and Control Working Group, as well as the Coordination Group for Party Conduct, Integrity, and Anti-Corruption. These groups exercise top-down control over the Company's corruption risks and have developed the Company's "Discipline Inspection and Supervision Work Manual". Through measures such as cross-checks, covert investigations, and performance monitoring, we strengthen the tracking and implementation of work arrangements made by the disciplinary committee, promptly identify and urge rectification of any improper practices. By continuously strengthening the supervisory responsibilities of the Clean Governance Risk Prevention and Control Working Group, we comprehensively enhance the Group's anti-corruption capabilities.

(b) Strengthen Publicity and Education on Party Integrity Construction

The Group continuously strengthens the promotion and education of integrity construction. In 2023, we actively organized various departments to convey and study materials from higher authorities, organized screenings of educational warning films, and arranged visits to educational warning bases. We organized members of the leadership team, middle-level managers, personnel from the material system, and finance personnel to visit provincial educational warning bases and the Group's educational warning base. They watched educational warning films and participated in anti-corruption training sessions, including interpreting and learning the "Implementing Regulations of the Supervision Law of the People's Republic of China" and the "Negative List for the Implementation of the Eight-point Regulations of the Central Government by Provincial State-Owned Enterprises". Through using cases to explain disciplinary rules and laws, we educate our employees and constantly enhance their awareness of discipline and laws, and continuously advance the development of integrity construction.



Integrity education film screening event



Visit to warning education base

E. Stakeholder Engagement and Communication

(c) Smooth Reporting Channels

The Group attaches great importance to the work of petition and reporting, and has issued the “Notice on the Reporting of Petition and Reporting Clues – Yunjian Green Concrete Discipline and Development [2022] No. 10”. If there is plan to make a petition or report to the Yunnan Provincial Discipline Inspection and Supervision Commission, it can be done through written communication or personal visits. If there is plan to report problem clues to the provincial discipline inspection and supervision authorities, it can also be done by mailing the information. To ensure the safety of whistleblowers, the Group strictly adheres to the relevant provisions of the “Rules for Handling Reporting and Accusation Work by Discipline Inspection and Supervision Organs” and strictly maintains the confidentiality of the reporting of petition and reporting clues.

(d) Regulate the Investigation of Cases

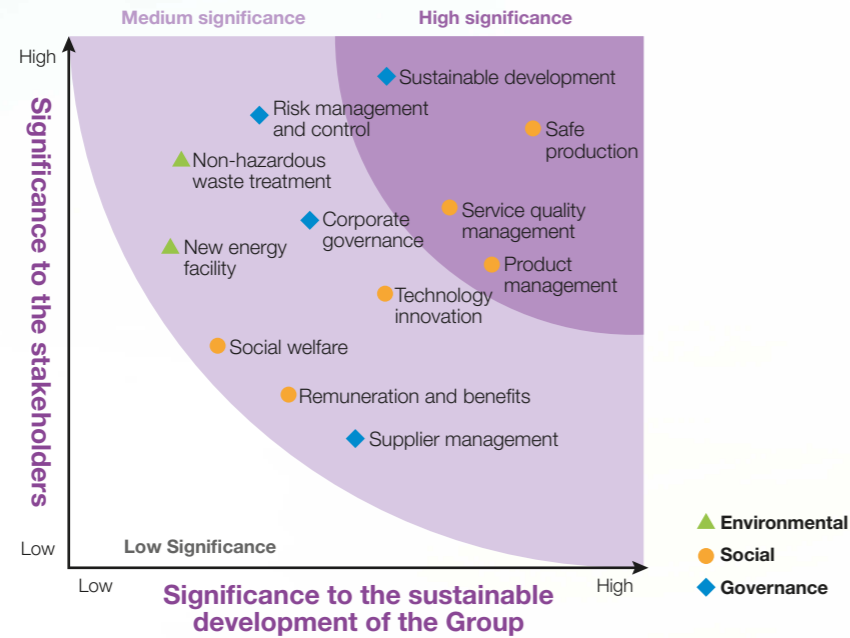
The Company’s disciplinary committee focuses on its core responsibilities of supervision, discipline enforcement, and accountability. It assists the Company’s party committee in strengthening party conduct, integrity, and anti-corruption work, standardizing case investigations, and strictly following regulations and systems. For important issues related to the handling of clues, interviews and inquiries, preliminary verifications, case filing reviews, case proceedings, and enforcement, they are collectively studied and approved according to procedures to ensure procedural compliance. At the same time, efforts are intensified to punish wrongdoing. Through precise and standardized approaches, strict actions are taken to enforce investigations, and the sense of responsibility and accountability of all employees within the Group is strengthened. Through the handling of cases, strong deterrent is formed, further promoting the establishment of mechanism where corruption is not tolerated, cannot take place, and is not desired.

Maintaining communication with stakeholders is an important aspect of the Group’s sustainable development. The stakeholders of the Group include the government, shareholders and investors, customers, suppliers and partners, employees, the environment, communities and the public, and charitable organizations. The Group actively engages with these stakeholders through various channels, seeking to understand their opinions and expectations regarding the Group’s sustainable development performance. This enables the Group to better address concerns, enhance transparency and trust, and work towards achieving sustainable development goals, thus promoting the long-term stability and growth of the enterprise.

Stakeholders	Expectations and Requirements	Communication Method
Government	Obey the law and pay taxes Drive the local employment Promote local economic and social development	Receive supervision and review Report the work regularly Attend related meetings Engage in information declaration
Shareholders and Investors	Return on investment Ensure open and transparent information Secure the rights and interests of shareholders	Report the business situation regularly Disclose announcements and periodic reports Organize investor communication activities actively
Clients	Provide high-quality products Provide premium services Protect rights and interests	Set up multiple communication channels to understand customer needs and opinions Disclose relevant information
Suppliers and Partners	Maintain good business relation Manage justly, fairly and openly Operate with integrity and perform timely Involved in mutual help and benefit	Conduct strategic cooperation Establish and improve bidding and procurement management Engage in communication activities regularly Disclose relevant information
Employees	Receive competitive salary and benefits Get fair promotion and development Boost competence Secure health and security Enjoy enabling work environment	Establish comprehensive employee management system Launch training activities actively Strengthen employee communication through multiple channels Care for employees with hardship Carry out employee activities Disclose relevant information
Environment	Engage in energy conservation and emission reduction Conserve resources Involve in ecological protection and restoration	Develop green and environmental protection products Promote clean production technology Utilize waste liquid and waste comprehensively Enhance energy-efficient awareness education Strengthen information disclosure
Communities and Public	Ensure safe operation of business Serve community development Safeguard social stability	Regulate business management Reinforce the community interaction Disclose relevant information
Charitable Organizations	Care for the vulnerable group Espouse public causes	Organize public activities actively Disclose relevant information

F. ESG Materiality Issues

To further clarify the management focus of ESG work within the Group and implement the Company's strategy for sustainable high-quality development, the board of directors of the Group refers to Appendix C2 to the Hong Kong Listing Rules. Taking the needs of stakeholders and the Group's sustainable development goals into account, the following highly important issues have been identified: safety production, product management, service quality management, and sustainable development. Moderately important issues include corporate governance, risk management, harmless waste disposal, introduction and utilization of new energy facilities, technological innovation, supplier management, and employee compensation and welfare.



YCIH 2023 ESG Materiality Matrix

Appendix

(a) ESG KPI List

1. Summary of Key Environmental KPIs

	ESG Indicator	Unit	Year of 2023	Year of 2022
A1	Emissions			
A1.1	The types of emissions and respective emissions			
	Nitrogen Oxides (NO _x) ¹	ton	17.34	13.54
	Sulfur Oxides (SO _x) ¹	ton	0.05	0.04
	Particulate Matter (PM) ¹	ton	1.27	1.34
A1.2	Greenhouse gas emissions and intensity			
	Greenhouse gas emissions (Scope 1) ²	tons of CO ₂ e	4,928.96	7,719.46
	Carbon dioxide (CO ₂)	tons of CO ₂ e	4,816.73	7,587.07
	Methane (CH ₄)	tons of CO ₂ e	7.48	7.58
	Nitrous oxide (N ₂ O)	tons of CO ₂ e	104.75	124.81
	Greenhouse gas emissions (Scope 2) ³	tons of CO ₂ e	6,919.31	5,857.05
	Electricity	tons of CO ₂ e	6,599.31	5,496.38
	Other indirect emissions	tons of CO ₂ e	320.00	360.67
	Total emission of greenhouse gas	tons of CO ₂ e	11,848.27	13,576.51
	Intensity	tons of CO ₂ e/RMB100 million	842.81	807.79
A1.3	Total hazardous waste produced and intensity			
	Hazardous waste ⁴	ton	0.30	0.32
	Intensity	ton/RMB100 million	0.02	0.02
A1.4	Total non-hazardous waste produced and intensity			
	Total non-hazardous waste ⁴	ton	8.90	10.28
	Intensity	ton/RMB100 million	0.63	0.61
A2	Use of resources			
A2.1	Direct and indirect energy consumption by type in total and intensity			
	Direct energy consumption			
	Gasoline ⁵	Liter	261,609.80	225,373.00
	Diesel ⁵	Liter	1,474,994.77	2,699,000.00
	Intensity	Liter/RMB million	1,235.31	1,739.99
	Indirect energy consumption			
	Electricity ⁵	kWh	11,571,641.61	9,460,202.00
	Intensity	kWh/RMB million	8,231.36	5,628.77
A2.2	Water consumption in total and intensity			
	Total water consumption ⁶	ton	765,065.27	1,013,962.00
	Intensity	ton/RMB million	544.22	603.30

Notes

- 1 Waste gas emissions mainly include waste gas generated by our Group's self-owned vehicles and equipment. The waste gas emissions of the Group are calculated based on the product summation of the fuel type/km driven and fuel consumption of the Group's own vehicles and their respective emission factors, which are derived from the Guide as set out in Appendix C2 to the Hong Kong Listing Rules.
- 2 Direct greenhouse gas emissions (i.e. Scope 1 in the Guide set out in Appendix C2 to the Hong Kong Listing Rules) are the product summation of the fuel consumption of the Group's own vehicles and equipment and their respective emission factors.
- 3 Indirect greenhouse gas emissions (i.e. Scope 2 in the Guide set out in Appendix C2 to the Hong Kong Listing Rules) are indirect greenhouse gas emissions resulting from the Group's purchase of electricity.
- 4 Non-hazardous waste emissions include waste paper, and hazardous waste includes batteries.
- 5 The consumption of gasoline, electrical energy and diesel fuel mainly includes the consumption of our Group's self-owned vehicles and equipment.
- 6 Water consumption mainly refers to the total amount of water resources used in the course of the Group's operations.

2. Summary of Key Social KPIs

ESG Indicator	Unit	Year of 2023	Year of 2022	
Employment and Labor Standard				
B1	Employment			
	Total number of employees	Headcount	972	1087
B1.1 Total workforce by gender, employment type, age group and geographical region				
Gender	Male	Headcount	750	863
	Female	Headcount	222	224
Employment Type	Full time	Headcount	972	1087
	Part time	Headcount	0	0
Age Group	25 or below	Headcount	75	94
	26-30	Headcount	285	386
	31-35	Headcount	337	342
	36-40	Headcount	113	104
	41-45	Headcount	61	58
	46-50	Headcount	55	54
	51-55	Headcount	21	22
Geographical Region ¹	56 or above	Headcount	25	27
	Kunming	Headcount	805	610
	Zhaotong	Headcount	33	342
	Qujing	Headcount	57	59
	Yuxi	Headcount	43	31
	Baoshan	Headcount	34	45
B1.2 Employee turnover rate by gender, age group and geographical region				
	Overall employee turnover rate	%	14.5	12.1
Gender	Male	%	85.8	75.6
	Female	%	14.2	24.4
Employment Type	Full time	%	100.0	100.0
	Part time	%	0	0

	ESG Indicator	Unit	Year of 2023	Year of 2022
Age Group	25 or below	%	3.5	23.7
	26-30	%	38.3	45.0
	31-35	%	39.7	22.9
	36-40	%	12.8	3.8
	41-45	%	2.8	3.8
	46-50	%	2.1	0.8
	51-55	%	0.7	0
	56 or above	%	0	0
Geographical Region ¹	Kunming	%	86.6	62.6
	Zhaotong	%	5.0	32.8
	Qujing	%	2.8	3.1
	Yuxi	%	2.8	0.8
	Baoshan	%	2.8	0.8
B2	Health and Safety			
	Number of work-related fatalities	Headcount	0	0
	Rate of work-related fatalities	%	0	0
	Lost days due to work injury	Day	5	292
B3	Training and Development			
B3.1	The percentage of employees trained by gender and employee category			
	Overall percentage of employees trained	%	93.5	99.4
Gender	Male	%	72.4	79.4
	Female	%	27.6	20.6
Age Group	Senior Management	%	1.5	0.9
	Middle Management	%	16.5	11.8
	Employee	%	82.0	87.3
B3.2	The average training hours completed per employee by gender and employee category			
	Overall average training hours completed per employee	Hour	77.7	75.8
Gender	Male	Hour	77.9	76.4
	Female	Hour	77.0	73.5
Age Group	Senior Management	Hour	141.8	78.6
	Middle Management	Hour	117.0	85.0
	Employee	Hour	71.7	74.6

	ESG Indicator	Unit	Year of 2023	Year of 2022
Operation Practices				
B5	Supply Chain Management			
B5.1	Number of suppliers by geographical region			
	Total number	Entity	718	738
	Yunnan Province	Entity	700	708
	Others	Entity	18	20
B6	Product Responsibility			
B6.1	The percentage of products sold or shipped that need to be recalled due to safety and health reasons			
	Percentage of products sold or shipped that need to be recalled due to safety and health reasons	%	0	0
B6.2	Number of products and service-related complaints received			
	Number of complaints/Valid complaints	Case	0	0
B7	Anti-corruption			
B7.1	Number of concluded legal cases regarding corrupt practices brought against the Company or its employees during the reporting period			
	Cases of corruption lawsuits filed and adjudicated against issuers	Case	0	0
	Cases of corruption lawsuits filed and adjudicated against employees	Case	0	0

Notes

- 1 Due to factors such as the completion of projects, there is mobility in the geographical region of employees as a result of changes in projects, and the basis for calculating the percentage by geographical region is based on the number of employees in the region as of the end of the Reporting Period.

(b) ESG Reporting Guide Index

KPIs	Corresponding Chapters
Environmental	
A1: Emissions	
General Disclosure	Building a Green and Low-Carbon Future
A1.1 The types of emissions and respective emissions data.	Emissions Management
A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions Management Summary of Key Environmental KPIs
A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions Management Summary of Key Environmental KPIs
A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions Management Summary of Key Environmental KPIs
A1.5 Description of emissions target(s) set and steps taken to achieve them.	Building Green and Low-Carbon Future
A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Green Production; Emissions Management
A2: Use of Resources	
General Disclosure	Environmental and Natural Resource Utilization
A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Consumption Structure of Major Types of Energy and Resources Summary of Key Environmental KPIs
A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Consumption Structure of Major Types of Energy and Resources Summary of Key Environmental KPIs
A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Consumption Structure of Major Types of Energy and Resources
A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Consumption Structure of Major Types of Energy and Resources
A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Consumption Structure of Major Types of Energy and Resources Summary of Key Environmental KPIs
A3: The Environment and Natural Resources	
General Disclosure	Building a Green and Low-Carbon Future
A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Building a Green and Low-Carbon Future

KPIs	Corresponding Chapters
A4: Climate Change	
General Disclosure	Climate Change Risk Identification and Response Measures
A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change Risk Identification and Response Measures
Social	
B1: Employment	
General Disclosure	Focusing on employee development
B1.1 Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.	Employee situation; Summary of Key Social KPIs
B1.2 Employee turnover rate by gender, age group and geographical region	Employee situation; Summary of Key Social KPIs
B2: Health and Safety	
General Disclosure	Occupational health and safety
B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Occupational health and safety Summary of Key Social KPIs
B2.2 Lost days due to work injury.	Occupational health and safety Summary of Key Social KPIs
B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational health and safety
B3: Development and Training	
General Disclosure	Diverse Training and Development
B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Diverse Training and Development; Summary of Key Social KPIs
B3.2 The average training hours completed per employee by gender and employee category.	Diverse Training and Development; Summary of Key Social KPIs
B4: Labour Standards	
General Disclosure	Focusing on employee development
B4.1 Description of measures to review employment practices to avoid child and forced labour.	Compliance Employment
B4.2 Description of steps taken to eliminate such practices when discovered.	Compliance Employment

KPIs	Corresponding Chapters
B5: Supply Chain Management	
General Disclosure	Supply Chain and Procurement Management
B5.1 Number of suppliers by geographical region.	Supply Chain and Procurement Management; Summary of Key Social KPIs
B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain and Procurement Management
B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain and Procurement Management
B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain and Procurement Management
B6: Product Responsibility	
General Disclosure	Quality Management and Product Responsibility
B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Summary of Key Social KPIs
B6.2 Number of products and service related complaints received and how they are dealt with.	Quality Management and Product Responsibility
B6.3 Description of practices relating to observing and protecting intellectual property rights.	Research and Innovation and Intellectual Property Rights
B6.4 Description of quality assurance process and recall procedures.	Quality Management and Product Responsibility
B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Quality Management and Product Responsibility
B7: Anti-corruption	
General Disclosure	Anti-Fraud and Anti-Corruption
B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-Fraud and Anti-Corruption; Summary of Key Social KPIs
B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-Fraud and Anti-Corruption
B7.3 Description of anti-corruption training provided to directors and staff.	Anti-Fraud and Anti-Corruption
B8: Community Investment	
General Disclosure	Contribution to Society
B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Contribution to Society
B8.2 Resources contributed (e.g. money or time) to the focus area.	Contribution to Society