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YCIH Green High-Performance Concrete Company Limited

雲南建投綠色高性能混凝土股份有限公司

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

(Stock Code: 1847)

**ANNOUNCEMENT
CONNECTED TRANSACTION
ENTERING INTO THE CONCRETE SALES AND
PURCHASE CONTRACT**

On October 27, 2020, Baoshan Building Material and Jingchang Company entered into the Concrete Sales and Purchase Contract, pursuant to which Baoshan Building Material agreed to sell 70,000 m³ of concrete to Jingchang Company at an estimated consideration of not more than RMB22,400,000.

On November 27, 2019, November 28, 2019 and April 19, 2020, Baoshan Building Material and Jingchang Company entered into several concrete sales and purchase contracts, pursuant to which Baoshan Building Material agreed to sell a total of 22,900 m³ of concrete to Jingchang Company at an estimated total consideration of not more than RMB6,759,000.

As at the date of this announcement, each of the Company and Yongchang Investment holds 50% equity interest in Baoshan Building Material. The Company has control over the board of directors and principal operation and business of Baoshan Building Material, and therefore Baoshan Building Material is recorded as a subsidiary of the Company and its financial results are consolidated into the accounts of the Group. Accordingly, Yongchang Investment is a connected person of the Company at the subsidiary level under the Listing Rules. As at the date of this announcement, Jingchang Company is a subsidiary of Yongchang Investment. Accordingly, Jingchang Company is also a connected person of the Company at the subsidiary level and the transaction contemplated under the Concrete Sales and Purchase Contract constitutes a connected transaction of the Company under the Listing Rules.

Pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, as the transaction contemplated under the Concrete Sales and Purchase Contract and the Historical Transactions were entered into between Baoshan Building Material and Jingchang Company within a 12-month period, the transaction contemplated under the Concrete Sales and Purchase Contract and the Historical Transactions shall be aggregated for the calculation of the relevant percentage ratios. As the highest applicable percentage ratio for the transaction (as aggregated with the Historical Transactions) exceeds 1% but is less than 5%, the transaction is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from the independent shareholders' approval requirement.

I. Introduction

On October 27, 2020, Baoshan Building Material and Jingchang Company entered into the Concrete Sales and Purchase Contract, pursuant to which Baoshan Building Material agreed to sell 70,000 m³ of concrete to Jingchang Company at an estimated consideration of not more than RMB22,400,000.

On November 27, 2019, November 28, 2019 and April 19, 2020, Baoshan Building Material and Jingchang Company entered into several concrete sales and purchase contracts, pursuant to which Baoshan Building Material agreed to sell a total of 22,900 m³ of concrete to Jingchang Company at an estimated total consideration of not more than RMB6,759,000.

II. Concrete Sales and Purchase Contract

Date

October 27, 2020

Parties

1. Baoshan Building Material (as the seller); and
2. Jingchang Company (as the purchaser).

Transaction content

Pursuant to the Concrete Sales and Purchase Contract, Baoshan Building Material will sell 70,000 m³ of concrete (the final sales volume is subject to the actual settlement) to Jingchang Company for the construction project of Shidian County Traditional Chinese Medicine Hospital in Baoshan City, Yunnan, with an estimated construction period of 15 months.

Consideration and payment thereof

The unit selling prices of different strength grades of concrete are listed below:

Strength grade of concrete	C10	C15	C20	C25	C30	C35	C40	C45	C50	C55	C60
Unit selling price (tax inclusive) (RMB/m ³)	280	290	300	310	320	335	350	370	400	430	460

Note: If the price of raw materials or the price of diesel oil fluctuates by more than 5%, the unit selling price will be adjusted accordingly.

The unit selling price of each strength grade of concrete is determined based on arm's length negotiation between the parties with reference to the market price of corresponding strength grade of concrete and the local price of raw materials in Shidian County, Baoshan City, Yunnan.

Given that the final sales volume of each strength grade of concrete is subject to the actual settlement and the C30 strength grade concrete is expected to account for the highest proportion of the final sales volume, it is estimated that the consideration will not exceed RMB22,400,000 calculated based on the unit selling price (tax inclusive) of C30 strength grade concrete of RMB320/m³ and the sales volume of 70,000 m³ (the final sales volume is subject to the actual settlement). If there is any difference, both parties will enter into a supplemental agreement separately, and the Company will duly perform its information disclosure obligations (if necessary) in compliance with the relevant provisions of the Listing Rules.

If the concrete sold by Baoshan Building Material has no defects of rights, Jingchang Company shall make payment of the consideration by cash in instalments to Baoshan Building Material in the following manner after receiving the invoice issued by Baoshan Building Material which shall comply with the requirements of relevant laws and Jingchang Company as specified in the Concrete Sales and Purchase Contract:

1. to pay 80% of the settlement price of the concrete supplied by Baoshan Building Material in the previous month before the 10th day of every month as the progress payment; and
2. to pay the remaining amount in full within three months after the water of the main structure of the construction project of Shidian County Traditional Chinese Medicine Hospital in Baoshan City, Yunnan is cut off and the standard samples of the concrete taken and verified by the parties to the contract and the supervisor of the project have passed the 28-day strength test.

Effectiveness of the contract

The Concrete Sales and Purchase Contract shall take effect upon signing and affixing of seals by both parties thereto.

III. Reasons for and Benefits of Conducting the Transaction

Considering the well-established cooperation with Jingchang Company, this transaction is conducive to the growth of the principal business of the Group and obtaining reliable and relatively high income. In addition, as the construction project of Shidian County Traditional Chinese Medicine Hospital in Baoshan City, Yunnan is a key project in Shidian County, Baoshan City, Yunnan, this transaction is conducive to enhancing the Group's reputation in Shidian County, Baoshan City, Yunnan, laying a sound foundation for the Group to expand the peripheral markets.

The Directors (including independent non-executive Directors) are of the view that the transaction contemplated under the Concrete Sales and Purchase Contract is on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms contained therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IV. Listing Rules Implications

As at the date of this announcement, each of the Company and Yongchang Investment holds 50% equity interest in Baoshan Building Material. The Company has control over the board of directors and principal operation and business of Baoshan Building Material, and therefore Baoshan Building Material is recorded as a subsidiary of the Company and its financial results are consolidated into the accounts of the Group. Accordingly, Yongchang Investment is a connected person of the Company at the subsidiary level under the Listing Rules. As at the date of this announcement, Jingchang Company is a subsidiary of Yongchang Investment. Accordingly, Jingchang Company is also a connected person of the Company at the subsidiary level and the transaction contemplated under the Concrete Sales and Purchase Contract constitutes a connected transaction of the Company under the Listing Rules.

Pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, as the transaction contemplated under the Concrete Sales and Purchase Contract and the Historical Transactions were entered into between Baoshan Building Material and Jingchang Company within a 12-month period, the transaction contemplated under the Concrete Sales and Purchase Contract and the Historical Transactions shall be aggregated for the calculation of relevant percentage ratios. As the highest applicable percentage ratio for the transaction (as aggregated with the Historical Transactions) exceeds 1% but is less than 5%, the transaction is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from the independent shareholders' approval requirement.

None of the Directors had a material interest in the transaction contemplated under the Concrete Sales and Purchase Contract and therefore none of the Directors has abstained from voting on the relevant Board resolution.

V. General Information

Information on the Company and the Group

The Company is a joint stock company incorporated in the PRC with limited liability, whose H Shares are listed on the Main Board of the Stock Exchange (stock code: 1847).

The Group is primarily engaged in the production and sales of ready-mixed concrete and related products as well as the provision of quality and technology management service in the PRC.

Information on Baoshan Building Material

Baoshan Building Material is a limited liability company incorporated in the PRC and primarily engaged in the research and development, production, sale, transport and pumping of commercial concrete; and the research and development, production and sales of prefabricated concrete components, new wall materials, admixtures, ready-mixed mortar and other building components, and concrete admixtures. It also provides technical consultation, technology research and development, technology transfer and technology services in the field of concrete. As at the date of this announcement, each of the Company and Yongchang Investment holds 50% equity interest in Baoshan Building Material and Baoshan Building Material is a non-wholly-owned subsidiary of the Company.

Information on Jingchang Company

Jingchang Company is a limited liability company incorporated in the PRC and primarily engaged in the general contracting of building construction projects, highway projects, municipal public projects, water conservancy and hydropower projects, professional contracting of ground foundation projects, etc.. As at the date of this announcement, Yongchang Investment and BCEG Road and Bridge Construction Group Co., Ltd.* (北京建工路橋集團有限公司) hold 51% and 49% equity interest in Jingchang Company, respectively, and Jingchang Company is a subsidiary of Yongchang Investment and a connected person of the Company at the subsidiary level. Beijing Anze Asset Management Co., Ltd.* (北京安澤資產管理有限公司) and Beijing Construction Engineering Group Co., Ltd.* (北京建工集團有限責任公司) hold 51% and 49% equity interest in BCEG Road and Bridge Construction Group Co., Ltd.* (北京建工路橋集團有限公司), respectively. Beijing Anze Asset Management Co., Ltd.* (北京安澤資產管理有限公司) is 100% held by Wang Hongzhen (王虹珍) (being a Chinese citizen) and primarily engaged in the asset management, education consulting, economic and trade consulting, corporate management consulting, etc.. Beijing Construction Engineering Group Co., Ltd.* (北京建工集團有限責任公司) is 100% held by Beijing Municipal People's Government (北京市人民政府) and primarily engaged in the authorized operation and management of state-owned assets, investment management, general contracting of construction, real estate development and operation, construction project design, professional contracting, construction technology development, technology consulting, etc..

Information on Yongchang Investment

Yongchang Investment is a limited liability company incorporated in the PRC and primarily engaged in the infrastructure, municipal public facilities, land first-level development, real estate, mining, tourism investment and financing and investment and financing consulting, other investment and financing business entrusted by the government, etc.. As at the date of this announcement, Yongchang Investment holds 50% equity interest in Baoshan Building Material and 51% equity interest in Jingchang Company, and is a connected person of the Company at the subsidiary level. As at the date of this announcement, the State-Owned Assets Supervision and Administration Commission of Baoshan (保山市國有資產監督管理委員會) holds 100% equity interest in Yongchang Investment.

VI. Definitions

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

“Baoshan Building Material”	YCIH Baoshan Yongchang Building Material Co., Ltd.* (雲南建投保山永昌建材有限公司), a limited liability company incorporated in the PRC and a non-wholly-owned subsidiary of the Company as at the date of this announcement
“Board”	the board of directors of the Company
“China” or “PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macao Special Administrative Region and Taiwan
“Company”	YCIH Green High-Performance Concrete Company Limited (雲南建投綠色高性能混凝土股份有限公司), a joint stock company incorporated in the PRC whose H Shares are listed on the Main Board of the Stock Exchange (stock code: 1847)
“Concrete Sales and Purchase Contract”	the concrete sales and purchase contract entered into between Baoshan Building Material and Jingchang Company on October 27, 2020, pursuant to which, Baoshan Building Material agreed to sell 70,000 m ³ of concrete to Jingchang Company with an estimated consideration of not more than RMB22,400,000
“connected person(s) at the subsidiary level”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi

“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign invested ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed and traded on the Main Board of the Stock Exchange
“Historical Transactions”	several concrete sales and purchase contracts entered into between Baoshan Building Material and Jingchang Company on November 27, 2019, November 28, 2019 and April 19, 2020, pursuant to which Baoshan Building Material agreed to sell a total of 22,900 m ³ of concrete to Jingchang Company with an estimated total consideration of not more than RMB6,759,000
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Jingchang Company”	Yunnan Jingchang Construction Engineering Co., Ltd.* (雲南京昌建設工程有限公司), a limited liability company incorporated in the PRC, and a subsidiary of Yongchang Investment and a connected person of the Company at the subsidiary level as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“percentage ratio”	has the meaning ascribed to it under the Listing Rules
“RMB” or “Renminbi”	the lawful currency of China
“Share(s)”	ordinary share(s) with a nominal value of RMB1.00 each in the Company’s share capital, including H Shares and Domestic Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

“Yongchang Investment”

Baoshan Yongchang Investment and Development (Group) Co., Ltd.* (保山市永昌投資開發(集團)有限公司), a limited liability company incorporated in the PRC and a connected person of the Company at the subsidiary level as at the date of this announcement

“%”

per cent

* For identification purpose only

By Order of the Board
YCIH Green High-Performance Concrete Company Limited
Ma Minchao
Chairman

Kunming, China, October 27, 2020

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