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CNBM

China National Building Material Company Limited*

中國建 材 股 份 有 限 公 司

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

(Stock Code: 3323)

**SUPPLEMENTAL AGREEMENTS
IN RELATION TO CONNECTED TRANSACTION**

Reference is made to the Previous Announcement of the Company dated 7 February 2017 in relation to, among other things, the Original SPA and Original PGIA. As disclosed in the Previous Announcement, (i) the consideration under the Original SPA is subject to adjustment; and (ii) the Profit Guarantee amounts under the Original PGIA will be determined, in each case, in accordance with the filing result of the valuation report in relation to Tongcheng New Energy with the Competent Office(s) of the SASAC.

On 3 August 2017, approval of the filing of the valuation report of Tongcheng New Energy has been granted by the Competent Office(s) of the SASAC. In light of the above, on 7 August 2017, the parties to the Original SPA and Original PGIA entered into the Supplemental SPA and Supplemental PGIA, among others, to adjust the consideration under the Original SPA and to fix the Profit Guarantee amounts under the Original PGIA.

SUPPLEMENTAL SPA

On 7 August 2017, China Triumph (a 91% direct-owned subsidiary of the Company), Huaguang Group and Bengbu Institute entered into the Supplemental Agreement with Luoyang Glass, pursuant to which, among others, the consideration under the original SPA was adjusted from RMB247,266,100 to RMB221,651,200 and the number of Consideration Shares to be issued by Luoyang Glass to China Triumph under the Original SPA was adjusted and from 790,499 to 708,610 (representing 0.15% and 0.13%, respectively, of the issued share capital of Luoyang Glass immediately following the Consideration Shares Completion on the basis as further disclosed below), in order to reflect the filing result of the valuation report in relation to Tongcheng New Energy with the Competent Office(s) of the SASAC.

SUPPLEMENTAL PGIA

On 7 August 2017, China Triumph, Huaguang Group and Bengbu Institute also entered into the Supplemental PGIA with Luoyang Glass, pursuant to which the Profit Guarantee amounts were fixed at RMB26,214,000, RMB26,367,100, RMB26,719,900 and RMB27,072,700 for the financial years ending 31 December 2017, 2018, 2019 and 2020 respectively as further disclosed below.

LISTING RULES IMPLICATIONS

The Disposal and the Acquisition under the Original SPA (as amended by the Supplemental SPA) (in each case, when aggregated with the Past Transaction) remain connected transactions subject to the announcement and reporting requirements and exempt from the circular and shareholders' approval requirements as one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceed 0.1% but all such applicable percentage ratios are less than 5%.

INTRODUCTION

Reference is made to the Previous Announcement of the Company dated 7 February 2017 in relation to, among other things, the Original SPA and Original PGIA. As disclosed in the Previous Announcement, (i) the consideration under the Original SPA is subject to adjustment; and (ii) the Profit Guarantee amounts under the Original PGIA will be determined, in each case, in accordance with the filing result of the valuation report in relation to Tongcheng New Energy with the Competent Office(s) of the SASAC.

On 3 August 2017, approval of the filing of the valuation report of Tongcheng New Energy has been granted by the Competent Office(s) of the SASAC. In light of the above, on 7 August 2017, the parties to the Original SPA and Original PGIA entered into the Supplemental SPA and Supplemental PGIA, among others, to adjust the consideration under the Original SPA and to fix the Profit Guarantee amounts under the Original PGIA.

Unless otherwise specified, capitalised terms used in this announcement have the respective meanings ascribed to them in the Previous Announcement.

PRINCIPAL TERMS OF THE SUPPLEMENTAL SPA

Date

7 August 2017

Parties

- (1) China Triumph, Huaguang Group and Bengbu Institute, as sellers under the Original SPA; and
- (2) Luoyang Glass, as purchaser under the Original SPA.

Effectiveness

The Supplemental SPA will become effective upon the Original SPA becoming effective. The taking effect of the Original SPA is subject to the Conditions Precedent as disclosed in the Previous Announcement.

Final consideration

Pursuant to the Supplemental SPA, the final consideration for the sale and purchase of 100% of the equity interest in Tongcheng New Energy was adjusted from RMB247,266,100 to RMB221,651,200 in order to reflect the filing results of the valuation report in relation to Tongcheng New Energy with the Competent Office(s) of the SASAC, as contemplated under the Original SPA.

Based on the consideration in respect of the approximately 7.50% equity interest in Tongcheng New Energy, being approximately RMB16,616,905 (previously approximately RMB18,537,221 under the Original SPA) and the issue price of RMB23.45 per Consideration Share (unchanged from the Original SPA), an aggregate of 708,610 (previously 790,499 under the Original SPA) Consideration Shares will be allotted and issued by Luoyang Glass to China Triumph in consideration of the Disposal.

Effect on the Original SPA

Save as amended in the manner and to the extent set out in the Supplemental SPA, the terms of the Original SPA remain unchanged.

EFFECT OF THE CONSIDERATION SHARES COMPLETION ON THE SHAREHOLDING STRUCTURE OF LUOYANG GLASS

The shareholding structure of Luoyang Glass immediately preceding the signing of the Supplemental SPA, was as follows:

Shareholder	Number of shares	Percentage of shareholding (%) <i>(approximately)</i>
CLFG	105,018,242	19.94
Bengbu Institute	69,000,000	13.10
Other shareholders	352,748,633	66.96
Total	<u>526,766,875</u>	<u>100.00</u>

The shareholding structure of Luoyang Glass immediately following the Consideration Shares Completion under the Original SPA (as amended by the Supplemental SPA) (assuming that there will be no change in the issued share capital of Luoyang Glass other than as a result of the allotment and issue of the Consideration Shares¹) will be as follows:

Shareholder	Number of shares	Percentage of shareholding (%) <i>(approximately)</i>
CLFG	105,018,242	19.58
Bengbu Institute	71,365,976	13.31
Huaguang Group	6,377,490	1.19
China Triumph	708,610	0.13
Other shareholders	<u>352,748,633</u>	<u>65.78</u>
Total	<u><u>536,218,951</u></u>	<u><u>100.00</u></u>

PRINCIPLE TERMS OF THE SUPPLEMENTAL PGIA

Date

7 August 2017

Parties

- (1) China Triumph, Huaguang Group and Bengbu Institute; and
- (2) Luoyang Glass.

Effectiveness

The Supplemental PGIA will become effective upon the Original PGIA becoming effective. The taking effect of the Original PGIA is subject to certain conditions precedent as disclosed in the Previous Announcement.

¹ Reference is made to the announcement of Luoyang Glass dated 7 February 2017 and subsequent update announcements, which disclosed that Luoyang Glass has entered into transactions, in addition to the transaction contemplated under the Original SPA (as amended by the Supplemental SPA), which may result in further enlargement of the issued share capital of Luoyang Glass. Accordingly, the percentage of shareholding of, among others, China Triumph in Luoyang Glass as shown below may become further diluted upon the completion of such transactions.

Profit Guarantee amounts

Pursuant to the Supplemental PGIA, in the event that the Target Shares Completion takes place on or before 31 December 2017, the Profit Guarantee amounts for each of the financial years ending 31 December 2017, 2018 and 2019 are RMB26,214,000, RMB26,367,100 and RMB26,719,900 respectively and, in the event that the Target Shares Completion takes place after 31 December 2017, the Profit Guarantee amounts for each of the financial years ending 31 December 2018, 2019 and 2020 are RMB26,367,100 and RMB26,719,900 and RMB27,072,700 respectively.

Effect on the Original PGIA

Save as amended in the manner and to the extent set out in the Supplemental PGIA, the terms of the Original PGIA remain unchanged.

FINANCIAL EFFECTS OF THE DISPOSAL

It is preliminarily estimated that the Group will recognise a gain before taxation attributable to the Company's shareholders (before related costs and expenses) of approximately RMB6,616,675 from the Disposal under the Original SPA (as amended by the Supplemental SPA), which is calculated based on the consideration for the approximately 7.50% equity interest in Tongcheng New Energy (708,610 Luoyang Glass A Shares with a value of approximately RMB16,616,905) less the carrying value of the approximately 7.50% equity interest in Tongcheng New Energy recorded in the Group's consolidated financial statements (the relevant net gain on the Disposal is to be recorded in the Company's consolidated financial statements after the completion of audit by the Company's auditor).

LISTING RULES IMPLICATIONS

The Disposal and the Acquisition under the Original SPA (as amended by the Supplemental SPA) (in each case, when aggregated with the Past Transaction) remain connected transactions subject to the announcement and reporting requirements and exempt from the circular and shareholders' approval requirements, as one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceed 0.1% but all such applicable percentage ratios are less than 5%.

The Directors (including independent non-executive Directors) of the Company are of the view that the transactions contemplated under the Original SPA (as amended by the Supplemental SPA) and the Original PGIA (as amended by the Supplemental PGIA) are conducted in the ordinary course of business of the Group on normal commercial terms or better negotiated on an arm's length basis which are fair and reasonable, and are in the interests of the Company and its shareholders as a whole. Mr. Song Zhiping, Mr. Cao Jianglin, Mr. Peng Shou and Mr. Guo Chaomin (as directors and/or senior management of the Parent and/or its relevant subsidiaries) had abstained from voting in the resolutions of the board of directors of the Company approving the above transaction.

This announcement is made by the Company pursuant to the Note to Rule 14A.35 of the Listing Rules.

DEFINITIONS

“Acquisition”	the acquisition of 708,610 Luoyang Glass A Shares by China Triumph pursuant to the Original SPA (as amended by the Supplemental SPA)
“Disposal”	the disposal of the approximately 7.50% equity interest in Tongcheng New Energy by China Triumph to Luoyang Glass pursuant to the Original SPA (as amended by the Supplemental SPA)
“Original PGIA”	the profit guarantee indemnity agreement dated 7 February 2017 entered into among China Triumph, Huaguang Group, Bengbu Institute and Luoyang Glass in respect of the Profit Guarantee and Assets Impairment Indemnity
“Original SPA”	the Agreement on Asset Acquisition by Share Issuance dated 7 February 2017 entered into among China Triumph, Huaguang Group, Bengbu Institute and Luoyang Glass
“Previous Announcement”	the announcement of the Company dated 7 February 2017 in relation to, among other things, the Original SPA and Original PGIA

“Supplemental PGIA” the supplemental agreement dated 7 August 2017 entered into among China Triumph, Huaguang Group, Bengbu Institute and Luoyang Glass in relation to the Original PGIA

“Supplemental SPA” the supplemental agreement dated 7 August 2017 entered into among China Triumph, Huaguang Group, Bengbu Institute and Luoyang Glass in relation to the Original SPA

By order of the Board
China National Building Material Company Limited*
Chang Zhangli
Secretary of the Board

Beijing, the PRC, 7 August 2017

As at the date of this announcement, the board of directors of the Company comprises Mr. Song Zhiping, Mr. Cao Jianglin, Mr. Peng Shou, Mr. Cui Xingtai and Mr. Chang Zhangli as executive directors, Mr. Guo Chaomin, Mr. Chen Yongxin and Mr. Tao Zheng as non-executive directors, and Mr. Sun Yanjun, Mr. Liu Jianwen, Mr. Zhou Fangsheng, Mr. Qian Fengsheng and Ms. Xia Xue, as independent non-executive directors.

* *For identification purposes only*