

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 of its members)

(Stock Code: 3323)

**(1) CONNECTED TRANSACTION –
INCREASE OF SHARE CAPITAL IN
CNBM CHIZHOU**

**(2) UPDATE ON DISCLOSEABLE TRANSACTION –
SUCCESSFUL BIDDING FOR THE MINING RIGHTS**

Increase of share capital in CNBM Chizhou

On 29 June 2022, South Cement (an indirect subsidiary of the Company), Anhui Non-metallic Mining, Chizhou Construction, Chizhou Jinqiao and Chizhou Transport entered into the Capital Subscription Agreement, pursuant to which they agreed to each subscribe to the newly increased registered share capital of CNBM Chizhou (a connected subsidiary of the Company) in cash according to their respective shareholding on a pro rata basis. The registered share capital of CNBM Chizhou will increase from RMB1,000 million to RMB3,000 million. South Cement will make a subscription of RMB1,200 million in the newly increased registered share capital of CNBM Chizhou, and Anhui Non-metallic Mining, Chizhou Construction, Chizhou Jinqiao and Chizhou Transport will each make a subscription of RMB200 million, respectively.

As the Parent has a direct and indirect equity interest of 43.52% in aggregate in the Company, it is a substantial shareholder of the Company. Therefore, pursuant to Chapter 14A of the Listing Rules, Anhui Non-metallic Mining, as a subsidiary of the Parent, is a connected person of the Company. As Anhui Non-metallic Mining owns 10% equity interest in CNBM Chizhou, CNBM Chizhou is a connected subsidiary of the Company. Accordingly, the subscription of registered share capital of CNBM Chizhou by each of South Cement and Anhui Non-metallic Mining constitutes a connected transaction of the Company. As the subscription of registered share capital by Anhui Non-metallic Mining in CNBM Chizhou will be made by Anhui Non-metallic Mining on a pro-rata basis as a shareholder of CNBM Chizhou, it is exempt from the reporting, announcement and independent shareholders' approval requirement pursuant to Rule 14A.92(1) of the Listing Rules. In respect of subscription of registered share capital by South Cement in CNBM Chizhou, as one or more applicable percentage ratios as defined under Rule 14.07 of the Listing Rules are higher than 0.1% but all applicable percentage ratios are less than 5%, pursuant to Rule 14A.76 of the Listing Rules, the entering of the Capital Subscription Agreement by South Cement is exempt from the circular and shareholders' approval requirements and are only subject to the announcement and reporting requirements under the Listing Rules.

Update on the successful bidding for the Mining Rights

On 29 June 2022, Tianshan Cement (a subsidiary of the Company, which indirectly holds 60% of the equity interests in CNBM Chizhou) passed a board resolution to approve that the estimated amount of funds required in respect of the successful bidding of the Mining Rights and the subsequent construction of production lines will be adjusted from approximately RMB9.151 billion (equivalent to approximately HK\$10.946 billion) to approximately RMB10.613 billion (equivalent to approximately HK\$12.421 billion).

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules), calculated using the above adjusted total expenses in relation to the successful bidding for the Mining Rights, are higher than 5% but all applicable percentage ratios are less than 25%, it would not result in a higher transaction classification under the Listing Rules, and therefore the successful bidding for the Mining Rights remains as a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

PART A: INCREASE OF SHARE CAPITAL IN CNBM CHIZHOU

On 29 June 2022, South Cement (an indirect subsidiary of the Company), Anhui Non-metallic Mining, Chizhou Construction, Chizhou Jinqiao and Chizhou Transport entered into the Capital Subscription Agreement, pursuant to which they agreed to each subscribe to the newly increased registered share capital of CNBM Chizhou in cash according to their respective shareholding on a pro rata basis. The registered share capital of CNBM Chizhou will increase from RMB1,000 million to RMB3,000 million.

PRINCIPAL TERMS OF THE CAPITAL SUBSCRIPTION AGREEMENT

Date

29 June 2022

Parties

- (1) South Cement (an indirect subsidiary of the Company);
- (2) Anhui Non-metallic Mining;
- (3) Chizhou Transport;
- (4) Chizhou Jinqiao; and
- (5) Chizhou Construction.

Nature of the Transaction

CNBM Chizhou will increase its registered share capital. The Shareholders of CNBM Chizhou agreed to each subscribe to the newly increased registered share capital of CNBM Chizhou in cash according to their respective shareholding on a pro rata basis. The shareholding percentage of each of the Shareholders of CNBM Chizhou will remain unchanged before and after the Capital Subscription.

Amount and basis of the consideration

Upon completion of the Capital Subscription, the registered share capital of CNBM Chizhou will increase from RMB1,000 million to RMB3,000 million, representing an increase of RMB2,000 million in the registered share capital. South Cement will make a capital subscription of RMB1,200 million in cash based on its 60% equity interest in CNBM Chizhou, and Anhui Non-metallic Mining, Chizhou Construction, Chizhou Jinqiao and Chizhou Transport will each subscribe RMB200 million in cash based on their respective 10% equity interest in CNBM Chizhou.

The amount of the Capital Subscription was determined with reference to the audited net asset value (which is RMB49.9042 million) of CNBM Chizhou as of 31 December 2021, and the value of CNBM Chizhou's equity was agreed by the Shareholders of CNBM Chizhou to be RMB50 million for all the issued share capital (as at the date of the Capital Subscription Agreement, the paid-in capital of CNBM Chizhou is RMB50 million), and RMB1 for each RMB1 paid-in capital. On that basis, the subscription price for the newly increased RMB2,000 million registered share capital is agreed to be RMB2,000 million, all of which are recorded into the registered share capital of CNBM Chizhou.

Share capital structure before and after the Capital Subscription

Share capital structure of CNBM Chizhou before the Capital Subscription:

Shareholders of CNBM Chizhou	Amount of subscribed registered share capital (RMB million)	Percentage of registered share capital
South Cement	600	60%
Anhui Non-metallic Mining	100	10%
Chizhou Transport	100	10%
Chizhou Jinqiao	100	10%
Chizhou Construction	100	10%
Total	<u>1,000</u>	<u>100%</u>

Share capital structure of CNBM Chizhou upon completion of the Capital Subscription:

Shareholders of CNBM Chizhou	Amount of subscribed registered share capital (RMB million)	Percentage of registered share capital
South Cement	1,800	60%
Anhui Non-metallic Mining	300	10%
Chizhou Transport	300	10%
Chizhou Jinqiao	300	10%
Chizhou Construction	300	10%
Total	<u>3,000</u>	<u>100%</u>

Payment of the subscribed capital

The payment date will be negotiated and confirmed by the parties separately. Each party should make simultaneous and synchronous payment according to their respective subscription proportion in the Capital Subscription.

INFORMATION ON CNBM CHIZHOU

CNBM Chizhou is a connected subsidiary of the Company, with principal operations in production and sales of new building materials and products, composite materials and products, building stones, sand and gravel and aggregates. Since the incorporation of CNBM Chizhou and up to 31 December 2021, CNBM Chizhou has not commenced its operation activities. The audited net asset value of CNBM Chizhou as of 31 December 2021 is RMB49.9042 million.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Capital Subscription is based on the needs of project construction and aims to enhance the capital and operational capability of CNBM Chizhou, which is in line with the Company's business development and the interests of all shareholders of the Company.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Capital Subscription Agreement are fair and reasonable, and the transaction contemplated under the Capital Subscription Agreement is on normal commercial terms or better and in the ordinary and usual course of business of the Group, and is in the interests of the Company and its shareholders as a whole.

As Mr. Zhou Yuxian, Mr. Li Xinhua, Mr. Chang Zhangli, Mr. Wang Yumeng, Mr. Peng Shou and Mr. Fu Jinguang, being executive Directors, held position in the Parent and relevant subsidiaries when the relevant resolution was proposed to the Board for approval, they are deemed to have a material interest in the Capital Subscription Agreement. They have abstained from voting on the relevant Board resolution in respect of the Capital Subscription Agreement. Save as the Directors mentioned above, none of the Directors has a material interest in the transaction contemplated under the Capital Subscription Agreement or is required to abstain from voting on the relevant Board resolution.

LISTING RULES IMPLICATIONS

As the Parent has a direct and indirect equity interest of 43.52% in aggregate in the Company, it is a substantial shareholder of the Company. Therefore, pursuant to Chapter 14A of the Listing Rules, Anhui Non-metallic Mining, as a subsidiary of the Parent, is a connected person of the Company. As Anhui Non-metallic Mining owns 10% equity interest in CNBM Chizhou, CNBM Chizhou is a connected subsidiary of the Company. Accordingly, the subscription of registered share capital of CNBM Chizhou by each of South Cement and Anhui Non-metallic Mining constitutes a connected transaction of the Company. As the subscription of registered share capital by Anhui Non-metallic Mining in CNBM Chizhou will be made by Anhui Non-metallic Mining on a pro-rata basis as a shareholder of CNBM Chizhou, it is exempt from the reporting, announcement and independent shareholders' approval requirement pursuant to Rule 14A.92(1) of the Listing Rules. In respect of subscription of registered share capital by South Cement in CNBM Chizhou, as one or more applicable percentage ratios as defined under Rule 14.07 of the Listing Rules are higher than 0.1% but all applicable percentage ratios are less than 5%, pursuant to Rule 14A.76 of the Listing Rules, the entering of the Capital Subscription Agreement by South Cement is exempt from the circular and shareholders' approval requirements and are only subject to the announcement and reporting requirements under the Listing Rules.

INFORMATION ON THE RELEVANT PARTIES

The Group

The Group is a leading company in the building materials industry in the PRC, with principal operations in the basic building materials, new materials, and engineering services business segments.

South Cement

South Cement is an indirect subsidiary of the Company, with principal operations in production and sales of cement clinker, cement and cement products, commodity concrete and commodity concrete products and aggregates.

Anhui Non-metallic Mining

Anhui Non-metallic Mining is an indirect wholly-owned subsidiary of the Parent, with principal operations in integrated geological exploration activities. The Parent is a state-owned limited liability company engaged in the business of building materials in the PRC.

Chizhou Transport

Chizhou Transport is a wholly state-owned company directly controlled by the state-owned assets supervision and administration commission of Chizhou, and is principally engaged in transportation construction investment and asset management.

Chizhou Jinqiao

Chizhou Jinqiao is a state-owned company directly controlled by the state-owned assets management committee of Guichi District, Chizhou, and is principally engaged in the operation and management of state-owned assets and asset management within the authorized scope.

Chizhou Construction

Chizhou Construction is a state-owned company directly controlled by the state-owned assets supervision and administration commission of Chizhou, and is principally engaged in land and infrastructure investment and construction and operation of state-owned assets.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Chizhou Transport, Chizhou Jinqiao and Chizhou Construction and their respective ultimate beneficial owners are third parties independent of the Company or its connected persons.

PART B: UPDATE ON THE SUCCESSFUL BIDDING FOR THE MINING RIGHTS

Reference is made to the Previous Announcement relating to the successful bidding by CNBM Chizhou (a non-wholly owned subsidiary of the Company) of the Mining Rights from the Chizhou Natural Resources and Planning Bureau through public listing-for-sale. Unless otherwise defined, the capitalized terms used in this part B shall have the same meaning as defined in the Previous Announcement.

On 29 June 2022, Tianshan Cement (a subsidiary of the Company, which, through its wholly-owned subsidiary South Cement, holds 60% of the equity interests in CNBM Chizhou) passed a board resolution to approve that the estimated amount of funds required in respect of the successful bidding of the Mining Rights and the subsequent construction of production lines will be adjusted from approximately RMB9.151 billion (equivalent to approximately HK\$10.946 billion) to approximately RMB10.613 billion (equivalent to approximately HK\$12.421 billion). The adjustment is made in view of the latest actual status of the invested projects, being to set up non-metallic materials research institutions in Chizhou, extend the industrial chain, and build modern equipment manufacturing industries, high-tech industries and high-end prefabricated construction industry in relevant industrial parks in Chizhou.

Save as disclosed above, other information in the Previous Announcement (including but not limited to the terms of the Mining Rights Assignment Agreement) remains unchanged.

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules), calculated using the above adjusted total expenses in relation to the successful bidding for the Mining Rights, are above 5% but all applicable percentage ratios are below 25%, it would not result in a higher transaction classification under the Listing Rules, and therefore the successful bidding for the Mining Rights remains as a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

“Anhui Non-metallic Mining”	CNBM (Anhui) Non-metallic Mining Industry Co., Ltd.* (中建材安徽非金屬礦工業有限公司)
“Board”	The board of directors of the Company
“Capital Subscription”	the subscription of newly increased registered share capital in CNBM Chizhou contemplated under the Capital Subscription Agreement
“Capital Subscription Agreement”	the Capital Subscription Agreement dated 29 June 2022 entered into among South Cement, Anhui Non-metallic Mining, Chizhou Construction, Chizhou Jinqiao and Chizhou Transport and Parent in relation to the Capital Subscription to CNBM Chizhou
“Company”	China National Building Material Company Limited* (中國建材股份有限公司), a joint stock limited company incorporated under the laws of the PRC, the H shares of which are listed on the The Stock Exchange of Hong Kong Limited
“Chizhou Construction”	Chizhou Construction Investment Group Co., Ltd.* (池州建設投資集團有限公司)
“Chizhou Jinqiao”	Chizhou Jinqiao Investment Group Co., Ltd.* (池州金橋投資集團有限公司)
“Chizhou Transport”	Chizhou Transport Investment Group Co., Ltd.* (池州交通投資集團有限公司)
“CNBM Chizhou”	CNBM Chizhou New Materials Co., Ltd.* (池州中建材新材料有限公司), a connected subsidiary of the Company
“Director(s)”	The director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited

“Parent”	China National Building Material Group Co., Ltd.* (中國建築材料集團有限公司) (previously known as China National Building Materials Group Corporation (中國建築材料集團有限公司)), a state-owned limited liability company incorporated under the laws of the PRC and a controlling shareholder of the Company
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan
“Previous Announcement”	the announcement of the Company dated 27 April 2022 relating to the successful bidding by CNBM Chizhou of the Mining Rights
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders of CNBM Chizhou”	South Cement, Anhui Non-metallic Mining, Chizhou Construction, Chizhou Jinqiao and Chizhou Transport
“South Cement”	South Cement Company Limited* (南方水泥有限公司), an indirect subsidiary of the Company
“Tianshan Cement”	新疆天山水泥股份有限公司(Xinjiang Tianshan Cement Co., Ltd.*), a company whose A-shares are listed and traded on the Shenzhen Stock Exchange (stock code: 000877)

On behalf of the Board
China National Building Material Company Limited*
Pei Hongyan
Secretary of the Board

Beijing, the PRC
29 June 2022

As at the date of this announcement, the board of directors of the Company comprises Mr. Zhou Yuxian, Mr. Chang Zhangli, Mr. Fu Jinguang, Mr. Xiao Jiexiang and Mr. Wang Bing as executive directors, Mr. Li Xinhua, Mr. Wang Yumeng, Mr. Peng Shou, Mr. Shen Yungang and Ms. Fan Xiaoyan as non-executive directors and Mr. Sun Yanjun, Mr. Liu Jianwen, Mr. Zhou Fangsheng, Mr. Li Jun and Ms. Xia Xue as independent non-executive directors.

* For identification purposes only