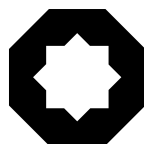


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CNBM

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 of its members)

(Stock Code: 3323)

**VOLUNTARY ANNOUNCEMENT
UPDATE ON THE MERGER BY ABSORPTION
BY NINGXIA BUILDING MATERIALS OF CNBM TECHNOLOGY**

**THIRD SUPPLEMENTAL AGREEMENT IN RELATION TO THE MERGER BY
ABSORPTION**

On 14 November 2023, Ningxia Building Materials entered into the Third Supplemental Agreement to the Merger by Absorption with CNBM Technology, in relation to the amendment to terms of profit or loss attribution during the transitional period in the Second Supplemental Agreement.

**COMPENSATION AGREEMENT FOR LOSSES DURING THE TRANSITIONAL
PERIOD IN RELATION TO THE MERGER BY ABSORPTION**

On 14 November 2023, Ningxia Building Materials entered into the Compensation Agreement for Losses during the Transitional Period with CNBM Elink Co., Ltd., China National Building Material Import and Export Co., Ltd., Beijing Zhongchengzhida Chuangye Investment Center (Limited Partnership), CBMJI and CNBM Investment Company Limited, in relation to the arrangements regarding the attribution and compensation of losses during the transitional period of the Merger by Absorption.

Reference is made to the announcements of the Company dated 14 April 2022, 15 April 2022, 28 April 2022, 28 December 2022 and 27 June 2023 and the circular dated 28 July 2023 in relation to the Merger by Absorption (the “**Circular**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

On 14 November 2023, Ningxia Building Materials entered into the Third Supplemental Agreement to the Merger by Absorption (the “**Third Supplemental Agreement**”) with CNBM Technology, in relation to the amendment to the terms of profit or loss attribution during the transitional period in the Second Supplemental Agreement. The reason for the amendment is that in accordance with the relevant regulations recently issued by the CSRC and after negotiation between both parties, Ningxia Building Materials and CNBM Technology agreed to amend the provisions in relation to the arrangements of the profit or loss attribution during the transitional period in the Second Supplemental Agreement.

On 14 November 2023, Ningxia Building Materials entered into the Compensation Agreement for Losses during the Transitional Period (the “**Compensation Agreement for Losses during the Transitional Period**”) with CNBM Elink Co., Ltd., China National Building Material Import and Export Co., Ltd., Beijing Zhongchengzhida Chuangye Investment Center (Limited Partnership), CBMJI and CNBM Investment Company Limited, in relation to the arrangements regarding the attribution and compensation of loss during the transitional period of the Merger by Absorption.

PRINCIPAL TERMS OF THE THIRD SUPPLEMENTAL AGREEMENT

Date

14 November 2023

Parties

- (1) Ningxia Building Materials (a subsidiary of the Company), as the merging entity; and
- (2) CNBM Technology, as the merged entity.

The amendment to the terms of the Second Supplemental Agreement

	Before Amendment	After Amendment
The profit or loss attribution during the transitional period	<p>Both parties agreed that, in accordance with the special audit report, all profits generated from the operation of CNBM Technology during the transitional period shall be enjoyed by Ningxia Building Materials, and the losses generated from the operation shall be compensated by CNBM Elink Co., Ltd., China National Building Material Import and Export Co., Ltd., Beijing Zhongchengzhida Chuangye Investment Center (Limited Partnership), CBMJI and CNBM Investment Company Limited in accordance with their shareholdings in CNBM Technology as at the date of the Second Supplemental Agreement. The compensation payment shall be made to Ningxia Building Materials within 30 days from the date of its written demand.</p>	<p>Both parties agreed that, in accordance with the special audit report, all profits generated from the operation of CNBM Technology during the transitional period shall be enjoyed by Ningxia Building Materials, and the losses generated from the operation shall be <u>borne by the major shareholders of CNBM Technology and fully compensated upon the completion of the Merger by Absorption by the major shareholders of CNBM Technology, being</u> CNBM Elink Co., Ltd., China National Building Material Import and Export Co., Ltd., Beijing Zhongchengzhida Chuangye Investment Center (Limited Partnership), CBMJI and CNBM Investment Company Limited), in accordance with their <u>relative</u> shareholdings in CNBM Technology as at the date of the Second Supplemental Agreement <u>signing of the Third Supplemental Agreement respectively</u>. The compensation payment shall be made to Ningxia Building Materials within 30 days from the date of its written demand.</p>

PRINCIPAL TERMS OF THE COMPENSATION AGREEMENT FOR LOSSES DURING THE TRANSITIONAL PERIOD

Date

14 November 2023

Parties

(1) Ningxia Building Materials (a subsidiary of the Company), as the merging entity;

- (2) CNBM Elink Co., Ltd., as the first major shareholder of CNBM Technology;
- (3) China National Building Material Import and Export Co., Ltd., as the second major shareholder of CNBM Technology;
- (4) Beijing Zhongchengzhida Chuangye Investment Center (Limited Partnership), as the third major shareholder of CNBM Technology;
- (5) CBMJI, as the fourth major shareholder of CNBM Technology;
- (6) CNBM Investment Company Limited (a subsidiary of the Company), as the fifth major shareholder of CNBM Technology.

The attribution and compensation of losses during the transitional period of the Merger by Absorption

The arrangements regarding the attribution and compensation of losses during the transitional period of the Merger by Absorption are:

- (1) the Compensation Obligors voluntarily bear the losses incurred during the transitional period of the Merger by Absorption by Ningxia Building Materials of CNBM Technology in accordance with the Third Supplemental Agreement entered into between Ningxia Building Materials and CNBM Technology; and
- (2) each party agrees that the proportion of losses borne by each Compensation Obligor shall be based on its relative shareholding percentage in CNBM Technology as at the date of signing of the Compensation Agreement for Losses during the Transitional Period (the formula: the number of shares held by each Compensation Obligor as at the date of signing of the Compensation Agreement for Losses during the Transitional Period ÷ the sum of the number of shares held by the Compensation Obligors as at the date of signing of the Compensation Agreement for Losses during the Transitional Period).

THE IMPACT OF THE ADJUSTMENT TO THE ARRANGEMENTS REGARDING PROFIT OR LOSS DURING THE TRANSITIONAL PERIOD

As far as the Compensation Obligors are concerned, the comparison of the compensation proportion before and after the adjustment to the arrangements regarding the profit or loss attribution during the transitional period is as follows:

Compensation Obligor	Number of Shares in CNBM Technology before the Merger by Absorption (Shares)	Compensation proportion before the adjustment (i.e. the shareholding percentage in CNBM Technology before the Merger by Absorption)	Compensation proportion after the adjustment (i.e. the proportion of the respective shareholding of the Compensation Obligor before the Merger by Absorption to the total shareholding of the Compensation Obligors)
CNBM Elink Co., Ltd.	55,500,000	37.16%	56.99%
China National Building Material Import and Export Co., Ltd.	16,000,000	10.71%	16.43%
Beijing Zhongchengzhida Chuangye Investment Center (Limited Partnership)	15,888,058	10.64%	16.31%
CBMJI	7,000,000	4.69%	7.19%
CNBM Investment Company Limited	3,000,000	2.01%	3.08%
Total issued shares of CNBM Technology	149,359,999	65.20%	100.00%

Note: The percentages in the above table are rounded to two decimal places, therefore there may be discrepancies between the sum of the shareholding percentages and the total number.

As far as Ningxia Building Materials is concerned, if CNBM Technology accumulates losses during the transitional period (i.e. from the Valuation Reference Date (i.e. 31 July 2022) to the Completion Date of the Merger by Absorption) and triggers the compensation, the amount of compensation Ningxia Building Materials shall receive will increase. The increased amount shall be approximately 34.80% of CNBM Technology's amount of losses during the transitional period.

As far as the Company is concerned, the compensation obligation of CNBM Investment Company Limited as a wholly-owned subsidiary of the Company will increase. However, based on the Company's shareholding in Ningxia Building Materials, the overall proceeds will still increase and the amount of increase shall be approximately 11.44% of the amount of losses of CNBM Technology during the transitional period (i.e. the increased ratio of the amount of compensation Ningxia

Building Materials shall receive after the adjustment (34.80%) multiplied by the shareholding percentage held by the Company in Ningxia Building Materials after the Merger by Absorption (35.97%), and then deducted by the increased ratio of the amount of compensation paid by CNBM Investment Company Limited (a wholly-owned subsidiary of the Company) after the adjustment (1.07%).

FURTHER INFORMATION

Since (1) the adjustment to the arrangement of the profit or loss during the transitional period does not constitute a major change of terms in relation to the Merger by Absorption; even if the arrangements regarding the arrangement for the adjustment to the profit or loss during the transitional period were known to the shareholders when they voted on the approval of the Merger by Absorption at the EGM, it would not have affected the voting decisions of the shareholders; (2) the shareholders have approved and authorised any one executive director or secretary of the board of the Company at the EGM to make and agree such variations in or to the terms of the Merger Agreements and/or the Compensation Agreement for and on behalf of the Company as the Board may think fit, and the adjustment to the arrangement of the profit or loss during the transitional period has been approved by the board of the Company, the Company thus believes that it is not required to re-comply with the circular and shareholder approval requirements under Chapter 14A of the Listing Rules.

Further announcement(s) in respect of the Merger by Absorption will be made by the Company as and when appropriate.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
China National Building Material Company Limited*
Pei Hongyan
Secretary of the Board

Beijing, the PRC
14 November 2023

As at the date of this announcement, the board of directors of the Company comprises Mr. Zhou Yuxian, Mr. Wei Rushan, Mr. Liu Yan and Mr. Wang Bing as executive directors, Mr. Li Xinhua, Mr. Chang Zhangli, Mr. Wang Yumeng, Mr. Xiao Jiexiang, 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*