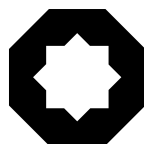


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**CNBM**

**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)

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

Reference is made to the Company's announcements dated 14 April 2022, 15 April 2022, 28 April 2022, 28 December 2022, 27 June 2023, 14 November 2023, 16 January 2024 and 23 January 2024, 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.

### **THE REVIEW DECISION BY THE SHANGHAI STOCK EXCHANGE**

On 16 January 2024, Ningxia Building Materials received the "Announcement on the Result of the First Review Meeting of the Shanghai Stock Exchange's Review Committee of Mergers Acquisitions and Restructuring in 2024" (《上海證券交易所併購重組審核委員會2024年第1次審議會議結果公告》) issued by the Shanghai Stock Exchange's Review Committee of Mergers Acquisitions and Restructuring (the "**Committee**"). The review result of the Proposed Transactions is that the Proposed Transactions do not satisfy the conditions of restructuring or the disclosure requirements. The main questions raised on-site at the meeting of the Committee were also published, with details set out below:

1. Ningxia Building Materials is required to explain the reasons for the step-by-step disposal of the cement business by transferring the control rights of the cement business rather than by disposing the entire equity interests, and the feasibility of Ningxia Building Materials disposing the remaining cement business to Tianshan Cement within three years. Representatives of the independent financial adviser are required to express a clear opinion on the foregoing;

2. Ningxia Building Materials is required to explain whether there is major uncertainty in the collection of the accounts receivable of CNBM Technology based on the scale, aging, litigation situations, post-period payments, operating conditions and credit status of customers with overdue accounts in respect of such accounts receivable, and the situation of comparable companies in the same industry, and whether the provision for bad debts on accounts receivable is sufficient. Representatives of the independent financial adviser and the accountants are required to express clear opinions on the foregoing;
3. Ningxia Building Materials is required to explain whether the Proposed Transactions will help improve the quality of Ningxia Building Materials, improve its financial condition and enhance its ability of continuing operations based on the business model of CNBM Technology and the changes in major financial indicators of Ningxia Building Materials before and after the Proposed Transactions. Representatives of the independent financial adviser are required to express a clear opinion on the foregoing.

On 23 January 2024, Ningxia Building Materials received the “Decision on the Termination of Review on the Merger by Absorption of CNBM Technology Corporation Limited by Ningxia Building Materials Group Co., Limited and the Sale of Major Assets and Relevant Fund Raising and Related Party Transactions” (《關於終止對寧夏建材集團股份有限公司換股吸收合併中建材信息技術股份有限公司及重大資產出售並募集配套資金暨關聯交易審核的決定》) issued by the Shanghai Stock Exchange. The decision states that the Committee believes that Ningxia Building Materials has not fully explained the basis for the absence of major uncertainty in the collection of the accounts receivable of CNBM Technology, and has not fully explained and disclosed that the Proposed Transactions are conducive to improving the asset quality of Ningxia Building Materials, improving its financial status and enhancing its ability of continuing operations, which do not satisfy the requirements under Article 43, Paragraph 1 of the “Administrative Measures for the Material Asset Restructuring of Listed Companies”. Based on the review opinions of the Committee, the Shanghai Stock Exchange decided to terminate the review on the Merger by Absorption of CNBM Technology by Ningxia Building Materials and the sale of major assets and relevant fund raising and related party transactions.

## **PROCEEDING WITH THE PROPOSED TRANSACTIONS**

Given that the Proposed Transactions are in line with the Group’s strategic development direction and conducive to eliminating and avoiding horizontal competition between Ningxia Building Materials and Tianshan Cement, after careful and prudent study, the Company and Ningxia Building Materials decided to proceed with the Proposed Transactions through resolutions of their respective boards of directors on 31 January 2024.

The Company and Ningxia Building Materials are currently coordinating with relevant parties to actively promote all aspects of work involved in the Proposed Transactions based on the review opinions and questions raised by the Committee, and are supplementing, revising and improving the materials related to the Proposed Transactions, which will be submitted to the Shanghai Stock Exchange for review as soon as possible after completion.

## **IMPLICATIONS UNDER THE LISTING RULES**

Continuing to advance the Proposed Transactions requires the supplement, revision and improvement of the relevant materials, which, if constituting a material variation of the terms of the Proposed Transactions as previously announced, the Company will make announcement(s) in accordance with the applicable requirements under the Listing Rules. As at the date of this announcement, the specific content of the modifications to the terms of the Proposed Transactions has not yet been determined. Further announcement(s) 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  
31 January 2024

*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 Jiaxiang, 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*