

*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 disclaim 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)

## **INSIDE INFORMATION UPDATE ON RESTRUCTURING OF CEMENT ASSETS**

Reference is made to the announcements dated 24 July 2020, 7 August 2020, 2 March 2021, 23 March 2021, 10 August 2021 (the “**Announcement**”), 10 September 2021 and 28 October 2021 and the circular dated 4 March 2021 (the “**Circular**”), each issued by the Company and in relation to the restructuring of cement assets of the Company. Unless otherwise defined, the capitalized terms used in this announcement shall have the same meanings as defined in the Circular and the Announcement.

As stated in the Circular, on 2 March 2021, the Company entered into the Impairment Compensation Agreement with Tianshan Cement, in connection with the provision of impairment compensation to Tianshan Cement in respect of the CNBM Target Equity Interests. The impairment compensation period is the three consecutive accounting years commencing from the year during which the completion of the Restructuring took place (being the years of 2021, 2022 and 2023). If there is an impairment, the Company shall compensate Tianshan Cement by means of Compensation Shares (being the shares in Tianshan Cement as acquired by the Company pursuant to the Restructuring) with respect to the corresponding impairment amount based on the results of the specific impairment audit reports. There was no such impairment for the years of 2021 and 2022.

As stated in the Announcement, on 10 August 2021, the Company entered into the Profit Guarantee Agreement with Tianshan Cement, in connection with the provision of profit guarantee to Tianshan Cement in respect of the Guaranteed Assets. The Profit Compensation payable pursuant to the profit guarantee is supplemental to the Company's obligation to make the impairment compensation under the Impairment Compensation Agreement. Only if the aggregated impairment amount to be compensated under the Impairment Compensation Agreement (the "**Impairment Compensation Amount**") is smaller than the aggregated amount of the unrealized net profits of the Guaranteed Assets under the Profit Guarantee Agreement (the "**Deficiency Amount**") will the Company be required to compensate Tianshan Cement for the shortfall in cash.

As at the date of this announcement, Tianshan Cement has engaged a valuer, Vocation (Beijing) International Asset Valuation Co., Ltd\* (沃克森(北京)國際資產評估有限公司), to issue a specific valuation report in respect of the CNBM Target Equity Interests for the year of 2023. For reference only, pursuant to its preliminary estimation, the estimated range of the Impairment Compensation Amount is approximately RMB19,673.8884 million to RMB20,259.1209 million. After the issuance of such specific valuation report, Tianshan Cement will engage an auditing firm to issue a specific audit report in respect of the relevant impairment test for the year of 2023 (the "**2023 Impairment Audit Report**"). As the abovementioned reports have not been issued yet, the Impairment Compensation Amount to be compensated by the Company to Tianshan Cement pursuant to the Impairment Compensation Agreement has not been determined yet.

Further, as at the date of this announcement, Tianshan Cement has engaged an auditing firm, Da Hua Certified Public Accountants (Special General Partnership), to issue a specific audit report in respect of the Guaranteed Assets, pursuant to which and in accordance with the calculation methodology under the Profit Guarantee Agreement, the aggregated amount of the realized net profits of the Guaranteed Assets during the Profit Guarantee Period (being the three consecutive accounting years commencing from the year in which Completion took place, i.e., the years of 2021, 2022 and 2023) is RMB13,726.9607 million, the aggregated amount of the guaranteed net profits as agreed under the Profit Guarantee Agreement is RMB35,518.2403 million, and the Deficiency Amount is RMB21,791.2796 million.

Pursuant to the Impairment Compensation Agreement and the Profit Guarantee Agreement, and using the abovementioned estimated range of the Impairment Compensation Amount (being approximately RMB19,673.8884 million to RMB20,259.1209 million) as an example, the Company is required to make an impairment compensation of equivalent value to Tianshan Cement by means of Compensation Shares (thereby resulting in a decrease of approximately 3.31% to 3.43% in the Company's shareholding in Tianshan Cement) and to return the aggregated amount of the cash dividend attributed to the relevant Compensation Shares during the impairment compensation period (being approximately RMB915.0646 million to RMB942.2847 million) to Tianshan Cement. Meanwhile, the Company is required to make a Profit Compensation (being approximately RMB1,532.1587 million to RMB2,117.3911 million) in cash to Tianshan Cement. Accordingly, on the assumption that the Impairment Compensation Amount and the amount of the Profit Compensation would be finalized in this year, the equity attributable to equity holders of the Company is expected to decrease by approximately RMB3,257.7090 million to RMB3,261.7648 million while the non-controlling interests are expected to increase by the same amount, but there will be no material impact on the Company's consolidated statement of profit or loss.

As at the date of this announcement, given that the Impairment Compensation Amount has not been determined yet, the final amount to be compensated by the Company to Tianshan Cement pursuant to the Impairment Compensation Agreement and the Profit Guarantee Agreement (the "**Final Compensation Amount**") and the means of compensation have not been determined yet. After the issuance of the 2023 Impairment Audit Report, the number of Compensation Shares for the impairment compensation, the aggregated amount of the cash dividend attributed to the relevant Compensation Shares during the impairment compensation period and the cash amount for the Profit Compensation will be determined with reference to the audit results.

Further, for the avoidance of doubt, the calculation basis for determining the Impairment Compensation Amount is different from the impairment test required under the International Financial Reporting Standards (the latter is applicable to the preparation of the consolidated financial statements in the Company's annual report), and therefore the existence of impairment compensation does not necessarily mean that an impairment loss of equivalent amount shall be recognized in the relevant consolidated financial statements. As the impairment compensation and the Profit Compensation are adjustment events subsequent to the reporting period for the year of 2023, the management of the Company will assess their potential impact on the Company's consolidated financial statements for the year of 2023 pursuant to the requirements under the International Financial Reporting Standards. Such impact will be reflected in the Company's consolidated financial statements for the year of 2023, but may be different from the Final Compensation Amount.

This announcement is made by the Company pursuant to Part XIVA of the SFO and Rule 13.09 of the Listing Rules. Further announcement(s) will be made by the Company as and when appropriate.

## **WARNING**

The Final Compensation Amount and the means of compensation have not been determined yet and there remains uncertainty as to the impact of the implementation thereof on the Company. **Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

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

Beijing, the PRC  
26 March 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 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*