THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed security dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China National Building Material Company Limited*, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or the transferee or to the licensed security dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

(1) CONTINUING CONNECTED TRANSACTION IN RELATION TO THE NEW MASTER AGREEMENTS
(2) CONTINUING CONNECTED TRANSACTION AND MAJOR TRANSACTION IN RELATION TO THE FINANCIAL SERVICES FRAMEWORK AGREEMENT
AND
(3) NOTICE OF THE EGM

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

Gram Capital Limited
嘉林資本有限公司

Capitalized terms used on this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 5 to 32 of this circular. A letter from the Independent Board Committee is set out on pages 33 to 34 of this circular. A letter from Gram Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders of the Company, is set out on pages 35 to 57 of this circular.

The notice convening the EGM to be held at Tower 2, Guohai Plaza, No. 17 Fuxing Road, Haidian District, Beijing, the People's Republic of China at 2:00 p.m. on Friday, 24 October 2025, is contained in this circular. Shareholders are advised to read the notice and to complete and return the enclosed form of proxy for use at the EGM in accordance with the instructions printed thereon.

Whether or not you are able to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time appointed for the EGM (i.e. not later than at 2:00 p.m. on Thursday, 23 October 2025) or any adjournment thereof (as the case may be).

Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

References to time and dates in this circular are to Hong Kong time and dates.

* *For identification only*

26 September 2025

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In this circular, the following expressions have the following meanings unless the context requires otherwise:

"Associate"	has the meaning given to it in the Listing Rules
"Board"	the board of Directors of the Company
"Building Materials Academy"	China Building Materials Academy Co., Ltd.* (中國建築材料科學研究總院有限公司), a wholly-owned subsidiary of the Parent
"CNAFC"	China National Association of Finance Companies* (中國財務公司協會)
"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 Stock Exchange
"Connected Person"	has the meaning given to it in the Listing Rules
"Connected Subsidiary"	has the meaning given to it in the Listing Rules
"Deposit Cap(s)"	the proposed maximum daily balance of deposits including accrued interests placed by the Group with Finance Company during the term of the Original Financial Services Framework Agreement and Financial Services Framework Agreement, as the case may be
"Director(s)"	the director(s) of the Company
"Domestic Shares"	the ordinary shares with a nominal value of RMB1.00 each in the registered capital of the Company, which are subscribed for in RMB
"EGM"	the forthcoming extraordinary general meeting of the Company to be held at Tower 2, Guohai Plaza, No. 17 Fuxing Road, Haidian District, Beijing, the PRC on Friday, 24 October 2025 at 2:00 p.m. for the purpose of considering and, if thought fit, approving, among others, the transactions under the Master Agreement on Mutual Provision of Products and Services, the transactions of procurement of engineering services from the Parent Group under the Master Agreement on Mutual Provision of Engineering Services, the deposit services transactions under the Financial Services Framework Agreement and their respective proposed annual caps

"Finance Company"	China National Building Material Group Finance Co., Ltd.* (中國建材集團財務有限公司), a limited liability company incorporated under the laws of the PRC and approved by the NFRA
"Financial Services Framework Agreement"	the framework agreement for Finance Company's provision of financial services entered into between the Company and Finance Company dated 28 August 2025
"Gram Capital" or "Independent Financial Adviser"	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity as defined under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions under the Master Agreement on Mutual Provision of Products and Services, the transactions of the procurement of engineering services from the Parent Group under the Master Agreement on Mutual Provision of Engineering Services, the deposit services transactions under the Financial Services Framework Agreement and their respective proposed annual caps
"Group"	the Company and its subsidiaries from time to time
"H Share(s)"	the overseas listed foreign shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Stock Exchange and subscribed for and traded in HK$
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the committee of independent non-executive Directors, consisting of Mr. Sun Yanjun, Mr. Liu Jianwen, Mr. Zhou Fangsheng, Mr. Li Jun and Ms. Xia Xue, which has been formed to advise the Independent Shareholders in relation to the Non-Exempt Continuing Connected Transactions and their respective proposed annual caps
"Independent Shareholder(s)"	the shareholders of the Company other than the Parent and its Associates
"Latest Practicable Date"	24 September 2025
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Master Agreement on Mutual Provision of Engineering Services"	the Master Agreement on Mutual Provision of Engineering Services entered into between the Company and the Parent on 28 August 2025

"Master Agreement on Mutual Provision of Products and Services"	the Master Agreement on Mutual Provision of Products and Services entered into between the Company and the Parent on 28 August 2025
"New Master Agreement(s)"	Master Agreement on Mutual Provision of Products and Services and Master Agreement on Mutual Provision of Engineering Services
"NFRA"	National Financial Regulatory Administration
"Non-Exempt Continuing Connected Transactions"	the transactions under the Master Agreement on Mutual Provision of Products and Services, the transactions of procurement of engineering services from the Parent Group under the Master Agreement on Mutual Provision of Engineering Services, the deposit services transactions under the Financial Services Framework Agreement
"Original Financial Services Framework Agreement"	the Financial Services Framework Agreement entered into between the Company and Finance Company on 28 October 2022
"Original Master Agreement(s)"	Original Master Agreement on Mutual Provision of Products and Services and Original Master Agreement on Provision of Engineering Services
"Original Master Agreement on Mutual Provision of Products and Services"	the Master Agreement on Mutual Provision of Products and Services entered into between the Company and the Parent on 28 October 2022
"Original Master Agreement on Mutual Provision of Engineering Services"	the Master Agreement on Mutual Provision of Engineering Services entered into between the Company and the Parent on 28 October 2022
"Parent"	China National Building Material Group Co., Ltd.* (中國建材集團有限公司), a state-owned limited liability company incorporated under the laws of the PRC and a controlling shareholder of the Company
"Parent Group"	collectively Parent and its subsidiaries (excluding the Group, but including Connected Subsidiaries of the Company)
"PBOC"	The People's Bank of China* (中國人民銀行)
"PRC"	the People's Republic of China excluding Hong Kong, Macau Special Administrative Region and Taiwan of the PRC for the purpose of this circular

"RMB"	Renminbi, the lawful currency of the PRC
"Saima IOT"	Saima IOT Technology (Ningxia) Co., Ltd.* (賽馬物聯科技(寧夏)有限公司)
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as revised, supplemented or otherwise modified from time to time)
"Shareholder(s)"	holder(s) of ordinary shares of the Company
"Share(s)"	ordinary shares of the Company with a nominal value of RMB1.00 each, comprising the Domestic Shares and H Shares
"Sinoma International"	Sinoma International Engineering Co., Ltd.* (中國中材國際工程股份有限公司), a company whose A-shares are listed and traded on the Shanghai Stock Exchange (stock code: 600970)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the supervisor(s) of the Company
"Tianshan Material"	Tianshan Material Co., Ltd.* (天山材料股份有限公司)
"%"	Per cent



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)

Executive Directors:
Mr. Zhou Yuxian *(Chairman)*
Mr. Wei Rushan *(President)*
Mr. Wang Bing
Ms. Miao Xiaoling

Non-executive Directors:
Mr. Wang Yumeng
Mr. Shen Yungang
Mr. Chen Shaolong

Independent Non-executive Directors:
Mr. Sun Yanjun
Mr. Liu Jianwen
Mr. Zhou Fangsheng
Mr. Li Jun
Ms. Xia Xue

Registered Office:
Tower 2 (Building B)
Guohai Plaza
No. 17 Fuxing Road
Haidian District
Beijing
The PRC

Place of business in Hong Kong:
40th Floor
Dah Sing Financial Centre
No. 248 Queen's Road East, Wanchai
Hong Kong

26 September 2025

To the shareholders of the Company

Dear Sir or Madam,

(1) CONTINUING CONNECTED TRANSACTION IN RELATION TO THE NEW MASTER AGREEMENTS
(2) CONTINUING CONNECTED TRANSACTION AND MAJOR TRANSACTION IN RELATION TO THE FINANCIAL SERVICES FRAMEWORK AGREEMENT
AND
(3) NOTICE OF THE EGM

1. INTRODUCTION

Reference is made to the announcement of the Company dated 28 August 2025 in respect of the New Master Agreements entered into between the Company and the Parent and the Financial Services Framework Agreement entered into between the Company and Finance Company.

The Board announced that on 28 August 2025, the Company entered into the New Master Agreements with the Parent to renew the Original Master Agreements and the Financial Services Framework Agreement with Finance Company to renew the Original Financial Services Framework Agreement. The Original Master Agreements and Original Financial Services Framework Agreement governing respective continuing connected transactions thereunder will expire on 31 December 2025. The Group intends to continue to conduct such continuing connected transactions for the three years ending 31 December 2028 which will constitute continuing connected transactions with the Parent Group pursuant to the New Master Agreements and continuing connected transactions with Finance Company pursuant to the Financial Services Framework Agreement. The New Master Agreement has a term of three years ending on 31 December 2028, pursuant to which the Group and the Parent Group have agreed to provide each other with and purchase from each other certain products and services and engineering services on a non-exclusive basis subject to the terms and conditions therein, respectively. The Financial Services Framework Agreement has a term of three years ending on 31 December 2028, pursuant to which Finance Company has agreed to provide the Group with deposit services, loan services and other financial services approved by the NFRA on a non-exclusive basis subject to the terms and conditions therein.

Details of the arrangements of the above agreements are set out in the sections below.

The Parent held directly and indirectly 50.01% of the issued share capital of the Company as at the Latest Practicable Date and is therefore a controlling shareholder of the Company. Therefore, the members of the Parent Group, including Finance Company and connected subsidiaries of the Company are therefore Connected Persons of the Company for the purpose of the Listing Rules. Accordingly, the Non-Exempt Continuing Connected Transactions constitute continuing connected transactions of the Company under the Listing Rules. As one or more of the applicable percentage ratios (except the profit ratio) as defined in Rule 14.07 of the Listing Rules for the new annual caps of the Non-Exempt Continuing Connected Transactions exceed 5%, the Non-Exempt Continuing Connected Transactions are subject to the reporting, announcement and Independent Shareholders' approval requirements of Chapter 14A of the Listing Rules. The deposit services transactions contemplated under the Financial Services Framework Agreement will also constitute a major transaction which is subject to the reporting, announcement and Shareholders' approval requirements of Chapter 14 of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors (who have no material interest in the Non-Exempt Continuing Connected Transactions) has been established to advise and provide recommendation to the Independent Shareholders on the terms of the Non-Exempt Continuing Connected Transactions and their respective proposed annual caps, and to advise the Independent Shareholders on how to vote. Gram Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The main purposes of this circular are to provide you with (a) details of the Non-Exempt Continuing Connected Transactions; (b) a letter from the Independent Board Committee; (c) a letter from the Independent Financial Advisor; and (d) a notice of the EGM to seek the Shareholders' approval regarding the Non-Exempt Continuing Connected Transactions and their respective proposed annual caps.

Apart from the Parent and its associates, no other Shareholder will be required to abstain from voting on the ordinary resolutions for approving the Non-Exempt Continuing Connected Transactions and their respective proposed annual caps at the EGM. As at the Latest Practicable Date, the Parent and its associates directly and indirectly held 3,797,269,981 Shares, representing approximately 50.01% of total issued share capital of the Company.

2. THE MASTER AGREEMENT ON MUTUAL PROVISION OF PRODUCTS AND SERVICES

The Board announced that on 28 August 2025, the Company and the Parent entered into the Master Agreement on Mutual Provision of Products and Services with a term of three years commencing from 1 January 2026, pursuant to which the Parent Group and the Group has agreed to provide each other with certain products and services. The principal terms of the Master Agreement on Mutual Provision of Products and Services are set out below:

Date

The Master Agreement on Mutual Provision of Products and Services was entered into on 28 August 2025.

Parties

(i) The Company; and

(ii) The Parent.

Effective period

The Master Agreement on Mutual Provision of Products and Services will become effective from 1 January 2026 after having been signed by legal representatives or authorised representatives of both parties and stamped. The term of the Master Agreement on Mutual Provision of Products and Services is from 1 January 2026 to 31 December 2028.

Principal terms

(1) Description of transaction

The Parent Group has agreed to provide the Group with certain products and services. These products include raw materials and commodities (including grinding aid, spare parts, refractory materials, coal, carbon fibre, pultruded products, etc.). The services include repair, design and installation of equipment, property management services, technology services, warehouse leasing services, logistics and supply chain services and others. The Group has agreed to provide the Parent Group with certain products and services. These products include raw materials and commodities (including clinker, cement, lightweight building materials, glass fibre and its products, alternative fuel products, etc.). The services include the supply of water, electricity and steam services, mining, operations and maintenance services, warehouse leasing services, logistics and supply chain services and others.

(2) Basis of Pricing

The prices of the products and services to be purchased or supplied by the Group shall be based on the following priorities:

(a). the prices prescribed by the price control authorities of the PRC;

(b). if the prices mentioned in (a) above are not available, the guided prices issued by the relevant PRC government authorities;

As for the price prescribed by the price control authorities of the PRC and the guided prices issued by the relevant PRC government authorities, the state-prescribed fees and guided prices are applicable to water, electricity and coal, which are related to the cost of such products and services and published by the relevant PRC government authorities from time to time. According to the Pricing Law of the PRC, the PRC government may implement state-prescribed or guided price for specific products and services, if necessary, and such price will be promulgated in accordance with the requirements of relevant laws, regulations or administrative regulations from time to time. If any state-prescribed price or guided price becomes available to the agreement in the future, the parties will execute such price first in accordance with the pricing principle of the agreement.

(c). if the prices mentioned in (a) and/or (b) above are not available, the market price available from or to independent third parties on arm's length basis based on normal commercial terms in the ordinary and usual course of business in the same or nearby area, or in the PRC, and the current prices will be monitored, revised and adjusted in accordance with the changes in market prices from time to time so as to be in line with the markets, among which:

c.1 While purchasing products or services from the Parent Group, the Group will seek quotes from two or more comparable independent third parties through public tender or price inquiry. When using the method of public tender, the Group will issue the information in relation to potential transactions and obtain the bidding documents as well as details of the qualification and pricing from the independent third parties. When using the method of price inquiry, the Group will obtain quotes from two or more suppliers as independent third parties;

c.2 While providing products or services to the Parent Group, the Group will charge to the Parent Group the same price as to the independent third party in accordance with the internal practice. The Group will make reference to the price of comparable products charged to two or more independent third parties in the same or nearby area, or in the PRC prior to the negotiation of the applicable price with the Parent Group; and

(d). if none of the prices mentioned in (a), (b) and (c) above is available, the prices will be determined based on the actual costs incurred in providing the same products and services plus a reasonable profit with reference to the general range of profit in the industry, and (i) the prices of products or services purchased by the Group from the Parent Group will be determined on terms not less favourable to the Group than those provided by independent third parties to the Group or provided by the Parent Group to independent third parties; (ii) the prices of products or services provided by the Group to the Parent Group will be determined on terms that are no more favourable to the Group than those provided by the Group to independent third parties or provided by independent third parties to the Parent Group. The Group will determine whether the profit margin is in line with the market practice with reference to the historical average price in relation to relevant products (to the extent available) issued by the relevant industrial associations and/or the profit margin of comparable products and services disclosed by other listed companies.

The Group has the following internal control mechanism in place to ensure the individual transactions are conducted within the Master Agreement on Mutual Provision of Products and Services:

(a). The Group employs and maintains separate business, operation and accounting personnel of its own from the Parent Group. There is clear segregation of approval authority and duty between the parties.

(b). When entering into specific business agreements under the Master Agreement on Mutual Provision of Products and Services, the Group's business departments shall review and ensure that such agreements comply with the pricing policies set forth in the Master Agreement on Mutual Provision of Products and Services.

(c). The Company's Finance Department will perform check on transactions entered into under the Master Agreement on Mutual Provision of Products and Services for every half year to ensure compliance with pricing policies and that the annual caps are not exceeded.

(d). The annual caps are set based on the estimated transaction amount reported by the members of the Group. While carrying out the specific connected transactions under the Master Agreement on Mutual Provision of Products and Services with the Parent Group, the relevant member of the Group carrying out the specific connected transactions will monitor the actual transaction amount and report to the Company if the actual transaction amount exceeds the estimated transaction amount forming the basis of the annual caps. The Company will monitor at the Group level to confirm that the aggregated transaction amounts are within the annual caps.

(e). The Company's external auditors will conduct an annual review of the transactions entered into under the Master Agreement on Mutual Provision of Products and Services to confirm the transaction amounts are within the annual caps and the transactions are entered into in accordance with the terms set out in the relevant framework agreements in all material respects.

(f). In accordance with the Listing Rules, the independent non-executive Directors of the Company will also perform an annual review of the terms of continuing connected transactions contemplated under the Master Agreement on Mutual Provision of Products and Services with the Parent Group to confirm that the pricing policy and the annual caps remain fair and reasonable and that appropriate internal control procedures are in place, and will confirm so each year in the annual report published by the Company.

(3) Payment

The consideration for the transactions contemplated under the Master Agreement on Mutual Provision of Products and Services will be paid in accordance with separate agreements for specific transactions.

3. REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER AGREEMENT ON MUTUAL PROVISION OF PRODUCTS AND SERVICES WITH THE PARENT

The continuing connected transactions with the Parent Group under the Master Agreement on Mutual Provision of Products and Services are a continuation of the existing continuing connected transactions of the Company under the Original Master Agreement on Mutual Provision of Products and Services, and these transactions are conducted in order to meet the operational and business development needs of the Group. When conducting the procurement transactions with the Parent Group, the Company has comprehensively considered the competitive edges of the Parent Group, including its qualification, experience, quality, industrial advantages and other factors, which are conducive to meeting the needs of the Company. The sales transactions between the Company and the Parent Group increased the Company's revenue subject to the normal commercial payments that are fair and reasonable. The Company has well-established cooperation foundation and smooth communication with the Parent Group, which is conducive to the implementation and furtherance of the transactions.

The Directors (including independent non-executive Directors, upon considering the opinions of the Independent Financial Adviser) consider that the continuing connected transactions with the Parent Group under the Master Agreement on Mutual Provision of Products and Services are on normal commercial terms or better and entered into in the ordinary and usual course of business of the Group, and the terms of these transactions and their proposed annual caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Given this and the fact that the purpose of the continuing connected transactions with the Parent Group is to satisfy the operational and business development needs of the Group, the Directors consider that it is beneficial for the Company to carry out the continuing connected transactions with the Parent Group under the Master Agreement on Mutual Provision of Products and Services.

4. PROPOSED ANNUAL CAPS AND BASIS OF DETERMINATION

The Directors have considered and proposed the following annual caps for the transactions under the Master Agreement on Mutual Provision of Products and Services:

Proposed caps for purchase of products and services from the Parent Group pursuant to the Master Agreement on Mutual Provision of Products and Services

	For the year ended 31 December 2023	**For the year ended 31 December 2024**	**For the year ending 31 December 2025**
Historical transaction amounts *(RMB million)*	11,422.078	9,956.297	3,842.766 (historical transaction amount for the first six months ended 30 June 2025) 8,180.195 (estimated transaction amount for the last six months ending 31 December 2025) *Note*
Previous annual caps *(RMB million)*	14,753.794	15,444.541	16,489.793
	For the year ending 31 December 2026	**For the year ending 31 December 2027**	**For the year ending 31 December 2028**
Proposed new annual caps *(RMB million)*	15,300.760	16,232.896	18,305.538

Note: The transaction amounts are estimated by reference to historical transaction amounts for the first six months ended 30 June 2025, and the transaction cap for the year ending 31 December 2025, taking into account the Group's business needs for the second half of 2025.

Basis of determination of the proposed new annual caps

The new annual caps are determined based on: (i) the actual transaction amounts for the two years ended 31 December 2024 and the first six months ended 30 June 2025 and the estimated transaction amount for the last six months ending 31 December 2025. The 2026 annual cap represents an approximate 27% increase over the projected annual transaction amount for 2025, with the 2027 and 2028 annual caps further increasing by approximately 6% and 13% year-on-year, respectively. These increases were determined after considering the projected growth in procurement volumes for certain products and services (primarily including blade raw materials, mining services, alternative fuels, and logistics services) by the Company's major subsidiaries from the Parent Group over the next three years, as well as price increases for certain products and services (primarily including alternative fuels and mining services); (ii) it's anticipated that the business needs for procurement of engineering spare parts products, mining services, operations and maintenance services, alternative fuel products and distributed control system renovation services from Sinoma International, a Connected Subsidiary (approximately 15.60% of its shares are held by Building Materials Academy, a subsidiary of the Parent) will further grow and the expected transaction amount for procurement of products and services from Sinoma International over the next three years amounted to approximately RMB5.85 billion, RMB6.80 billion and RMB8.43 billion respectively; (iii) it's anticipated that the needs for procurement of logistics services from Saima IOT, a Connected Subsidiary (10% of its shares are held by CNBM United Investment Co., Ltd., a subsidiary of the Parent), will further grow and the expected transaction amount for procurement of logistics services from Saima IOT over the next three years amounted to approximately RMB6.00 billion, RMB6.00 billion and RMB6.00 billion respectively; and (iv) the Group's demand for raw materials required for production, equipment, technology services, logistics services and procurement of property management services in the future is anticipated to grow. The Board considers the aforementioned basis of determination to be reasonable.

Proposed caps for provision of products and services to the Parent Group pursuant to the Master Agreement on Mutual Provision of Products and Services

	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ending 31 December 2025
Historical transaction amounts *(RMB million)*	1,689.381	1,750.163	864.951 (historical transaction amount for the first six months ended 30 June 2025) 1,736.418 (estimated transaction amount for the last six months ending 31 December 2025) *Note*
Previous annual caps *(RMB million)*	3,091.808	3,348.952	4,379.097
	For the year ending 31 December 2026	**For the year ending 31 December 2027**	**For the year ending 31 December 2028**
Proposed new annual caps *(RMB million)*	2,595.044	2,604.868	3,000.424

Note: The transaction amounts are estimated by reference to historical transaction amounts for the first six months ended 30 June 2025, and the transaction cap for the year ending 31 December 2025, taking into account the Parent Group's business needs for the second half of 2025.

Basis of determination of the proposed new annual caps

The new annual caps are determined based on: (i) the actual transaction amounts for the two years ended 31 December 2024 and the first six months ended 30 June 2025 and the estimated transaction amount for the last six months ending 31 December 2025. The 2026 and 2027 annual caps are largely consistent with the projected transaction amount for 2025, while the 2028 annual cap represents an approximate 15% year-on-year increase over the 2027 annual cap. Such increase was determined after considering the projected growth in transaction volumes for certain products and services (primarily cement, logistics services, and green energy and environmental operation and maintenance services) to be provided by the Company's major subsidiaries to the Parent Group over the next three years, as well as price increases for certain products and services (mainly standard sand); (ii) affected by the overall macroeconomic environment, the expected related business of providing products and services to the Parent Group by Sinoma International in the past three years has not been carried out, and sales volume was lower than expected. Therefore, the business structure has been optimised and the

transaction amount for the next three years has been reduced and the expected transaction amount for products and services provided by Sinoma International to the Parent Group amounted to approximately RMB270 million, RMB200 million and RMB500 million respectively; (iii) the expected transaction amount for products and services provided by Tianshan Material Co., Ltd. to the Parent Group for the next three years amounted to approximately RMB940 million, RMB950 million and RMB980 million respectively; (iv) the expected transaction amount for products and services provided by Ningxia Building Materials Group Co., Limited to the Parent Group for the next three years amounted to approximately RMB500 million, RMB500 million and RMB500 million respectively; and (v) the Group's anticipation and comparison of the supply and demand in the products and services market, and the Group's anticipated production volume of products in the period from 2026 to 2028. The Board considers the aforementioned basis of determination to be reasonable.

5. THE MASTER AGREEMENT ON MUTUAL PROVISION OF ENGINEERING SERVICES

The Board announced that on 28 August 2025, the Company and the Parent entered into the Master Agreement on Mutual Provision of Engineering Services with a term of three years commencing from 1 January 2026, pursuant to which the Parent Group and the Group has agreed to provide each other with certain engineering services, including engineering design, construction and supervisory services. Since the definition of the Parent Group includes the Connected Subsidiaries of the Company, comprising of Sinoma International and its subsidiaries, the engineering services mutually provided under the Master Agreement on Mutual Provision of Engineering Services are in fact supplied by the same party (namely, Sinoma International and its subsidiaries). The principal terms of the Master Agreement on Mutual Provision of Engineering Services are set out below:

Date

The Master Agreement on Mutual Provision of Engineering Services was entered into on 28 August 2025.

Parties

(i) The Company; and

(ii) The Parent.

Effective period

The Master Agreement on Mutual Provision of Engineering Services will become effective from 1 January 2026 after having been signed by legal representatives or authorised representatives of both parties and stamped. The term of the Master Agreement on Mutual Provision of Engineering Services is from 1 January 2026 to 31 December 2028.

Principal terms

(1) Description of transaction

The Parent Group and the Group has agreed to provide each other with engineering services including engineering design, construction and supervisory services subject to the terms and conditions of the Master Agreement on Mutual Provision of Products and Services.

(2) Basis of Pricing

The price of the engineering services to be procured from or provided to the Parent Group by the Group will be determined based on the following priorities:

(a) determined by the relevant guided prices issued by the relevant PRC government authorities, being the prices agreed by both parties within the range as stipulated by applicable PRC laws and regulations. As for the guided prices issued by the PRC government authorities, the state-prescribed fees and guided prices are applicable to water, electricity and coal, which are related to the cost of such products and services and published by the relevant PRC government authorities from time to time. According to the Pricing Law of the PRC, the PRC government may implement state-prescribed or guided price for specific products and services, if necessary, and such price will be promulgated or adjusted in accordance with the requirements of relevant laws, regulations or administrative rules from time to time. If any state-prescribed price or guided price becomes available to the agreement in the future, the parties will execute such price first in accordance with the pricing principle of the agreement;

(b) if the prices mentioned in (a) above are not available, the market price available from or to independent third parties on arm's length basis based on normal commercial terms in the ordinary and usual course of business in the same or nearby area, or in the PRC, and the current prices will be monitored, revised and adjusted in accordance with the changes in market prices from time to time so as to be in line with the markets, among which:

b.1 While purchasing engineering services from the Parent Group, the Group will seek quotes from two or more comparable independent third parties through public tender or price inquiry. When using the method of public tender, the Group will issue the information in relation to potential transactions and obtain the bidding documents as well as details of the qualification and pricing from the independent third parties. When using the method of price inquiry, the Group will obtain quotes from two or more suppliers as independent third parties;

b.2 While providing engineering services to the Parent Group, the Group will charge to the Parent Group the same price as to the independent third party in accordance with the internal practice. The Group will make reference to the price

of comparable products charged to two or more independent third parties in the same or nearby area, or in the PRC prior to the negotiation of the applicable price with the Parent Group; and

(c) if the prices mentioned in (a) and (b) above are not available, the prices will be determined based on the actual costs incurred in providing equivalent engineering services plus a reasonable profit with reference to the general range of profit in the industry, and (i) the prices of engineering services provided to the Group by the Parent Group will be determined on terms not less favourable to the Group than those provided to the Group by independent third parties or by the Parent Group to independent third parties; (ii) the prices of engineering services provided by the Group to the Parent Group will be determined on terms that are no more favourable to the Group than those provided by the Group to independent third parties or by independent third parties to the Parent Group. The Group will determine whether the profit margin is in line with the industry conditions with reference to the historical average price in relation to the provision of engineering services (to the extent available) issued by the relevant industrial associations and/or the profit margin of comparable services disclosed by other listed companies.

If the contract is granted by way of tender, the price should be determined in accordance with the procedures of the local regulatory authority for the tender in the location of the construction project.

The Group has the following internal control mechanism in place to ensure the individual transactions are conducted within the Master Agreement on Mutual Provision of Engineering Services:

(a). The Group employs and maintains separate business, operation and accounting personnel of its own from the Parent Group. There is clear segregation of approval authority and duty between the parties.

(b). When entering into specific business agreements under the Master Agreement on Mutual Provision of Engineering Services, the Group's business departments shall review and ensure that such agreements comply with the pricing policies set forth in the Master Agreement on Mutual Provision of Engineering Services.

(c). The Company's Finance Department will perform check on transactions entered into under the Master Agreement on Mutual Provision of Engineering Services for every half year to ensure compliance with pricing policies and that the annual caps are not exceeded.

(d). The annual caps are set based on the estimated transaction amount reported by the members of the Group. While carrying out the specific connected transactions under the Master Agreement on Mutual Provision of Engineering Services with the Parent Group, the relevant member of the Group carrying out the specific connected transactions will monitor the actual transaction amount and report to the Company if the actual

transaction amount exceeds the estimated transaction amount forming the basis of the annual caps. The Company will monitor at the Group level to confirm that the aggregated transaction amounts are within the annual caps.

(e). The Company's external auditors will conduct an annual review of the transactions entered into under the Master Agreement on Mutual Provision of Engineering Services to confirm the transaction amounts are within the annual caps and the transactions are entered into in accordance with the terms set out in the relevant framework agreements in all material respects.

(f). In accordance with the Listing Rules, the independent non-executive Directors of the Company will also perform an annual review of the terms of continuing connected transactions contemplated under the Master Agreement on Mutual Provision of Engineering Services with the Parent Group to confirm that the pricing policy and the annual caps remain fair and reasonable and that appropriate internal control procedures are in place, and will confirm so each year in the annual report published by the Company.

(3) Payment

The consideration for the transactions contemplated under the Master Agreement on Mutual Provision of Engineering Services will be paid in accordance with separate agreements for specific transactions.

6. REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER AGREEMENT ON MUTUAL PROVISION OF ENGINEERING SERVICES WITH THE PARENT

The sales transactions with the Parent Group under the Master Agreement on Mutual Provision of Engineering Services are a continuation of the existing continuing connected transactions of the Company under the Original Master Agreement on Provision of Engineering Services, and these transactions are conducted in order to meet the operational and business development needs of the Group. The sales transactions between the Company and the Parent Group increased the Company's revenue subject to the normal commercial payments that are fair and reasonable. The Company has well-established cooperation foundation and smooth communication with the Parent Group, which is conducive to the implementation and furtherance of the transactions. When conducting the procurement transactions with the Parent Group, the Company has comprehensively considered the competitive edges of the Parent Group, including its qualification, experience, quality, industrial advantages and other factors, which are conducive to meeting the needs of the Company. The Group and the Parent Group (excluding Sinoma International and its subsidiaries) both have been procuring engineering services from Sinoma International and its subsidiaries, and intend to continue conducting such transactions in the future. Since the definition of the Parent Group includes Connected Subsidiaries of the Company, which include Sinoma International and its subsidiaries, the engineering services from both sides under the Master Agreement on Mutual Provision of Engineering Services are actually provided by the same party, i.e. Sinoma International and its subsidiaries.

The Directors (including independent non-executive Directors, upon considering the opinions of the Independent Financial Adviser) consider that the continuing connected transactions with the Parent Group under the Master Agreement on Mutual Provision of Engineering Services are on normal commercial terms or better and entered into in the ordinary and usual course of business of the Group, and the terms of these transactions and their proposed annual caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Given this and the fact that the purpose of the continuing connected transactions with the Parent Group is to satisfy the operational and business development needs of the Group, the Directors consider that it is beneficial for the Company to carry out the continuing connected transactions with the Parent Group under the Master Agreement on Mutual Provision of Engineering Services.

7. PROPOSED ANNUAL CAPS AND BASIS OF DETERMINATION

The Directors have considered and proposed the following annual caps for the transactions of procurement of engineering services from the Parent Group under the Master Agreement on Mutual Provision of Engineering Services:

Proposed caps for purchase of engineering services from the Parent Group pursuant to the Master Agreement on Mutual Provision of Engineering Services

	For the year ended 31 December 2023	**For the year ended 31 December 2024**	**For the year ending 31 December 2025**
Historical transaction amounts *(RMB million)*	7,070.348	6,933.759	2,733.856 (historical transaction amount for the first six months ended 30 June 2025) 2,857.272 (estimated transaction amount for the last six months ending 31 December 2025) *Note*
Previous annual caps *(RMB million)*	10,236.633	11,347.807	12,133.646
	For the year ending 31 December 2026	**For the year ending 31 December 2027**	**For the year ending 31 December 2028**
Proposed new annual caps *(RMB million)*	5,428.537	5,540.323	5,472.899

Note: The transaction amounts are estimated by reference to historical transaction amounts for the first six months ended 30 June 2025, and the transaction cap for the year ending 31 December 2025, taking into account the Group's business needs for the second half of 2025.

Basis of determination of the proposed new annual caps

The new annual caps are determined based on (i) the actual transaction amounts for the two years ended 31 December 2024 and the first six months ended 30 June 2025 and the estimated transaction amount for the last six months ending 31 December 2025; (ii) the business needs for the procurement of engineering services from the Connected Subsidiary Sinoma International and its subsidiaries decreased, which are subject to the ongoing decline in domestic cement prices and the slowdown in investment, and the expected transaction amount for procurement of engineering services from Sinoma International over the next three years amounted to approximately RMB5.10 billion, RMB5.27 billion and RMB5.20 billion, respectively; and (iii) The new annual caps are primarily intended to meet the needs of Tianshan Materials, a subsidiary of the Company. As of 30 June 2025, Tianshan Materials had three major construction-in-progress projects with cumulative investments totaling approximately RMB8.7 billion, at completion stages of approximately 64.31%, 62.17%, and 22.93%, respectively. According to relevant announcements published by Tianshan Materials, the total estimated investment for the aforementioned projects is approximately RMB15.4 billion. The Board considers the aforementioned basis of determination to be reasonable.

8. THE FINANCIAL SERVICES FRAMEWORK AGREEMENT

The Board announced that on 28 August 2025, the Company and Finance Company entered into the Financial Services Framework Agreement with a term of three years commencing from 1 January 2026, pursuant to which Finance Company has agreed to provide the Group with deposit services, loan services and other financial services approved by the NFRA on a non-exclusive basis subject to the terms and conditions therein. The principal terms of the Financial Services Framework Agreement are set out below:

Date

The Financial Services Framework Agreement was entered into on 28 August 2025.

Parties

(i) The Company; and

(ii) Finance Company.

Effective period

The Financial Services Framework Agreement will become effective from 1 January 2026 after: (i) having been signed by legal representatives or authorised representatives of both parties and stamped; and (ii) having completed respective internal approval procedures by the parties. The term of the Financial Services Framework Agreement is from 1 January 2026 to 31 December 2028.

Principal terms

(1) Description of transaction

Finance Company has agreed to provide the Group with deposit services, loan services and other financial services approved by the NFRA (such as bills acceptance and discounting services, assistance in achieving the collection and payment of the transactional proceeds, clearing and settlement services, financial and financing advisory services, credit authentication and related consulting and agency services) on a non-exclusive basis.

(2) Basis of Pricing

When determining the price for any financial services to be provided as specific transactions to be entered into between the Group and Finance Company pursuant to the Financial Services Framework Agreement, the Group will obtain quotes of interest rate during the same period, fees and terms from at least two general commercial banks in the PRC (mainly PRC state-owned commercial banks, including but not limited to Industrial and Commercial Bank of China Limited, Agricultural Bank of China Limited, Bank of China Limited and China Construction Bank Corporation Limited which currently provide services to the Group) located in the same or adjacent regions. In practice, the Group may select the general commercial banks to obtain quotes based on their market positions and the competitiveness of their terms in past transactions or quotes. The Finance Department of the Company will be in charge of obtaining the quotes. The general commercial banks are generally willing to offer quotes to the Group from time to time for business development purposes.

The Company considers that quotes from two or more general commercial banks will be sufficient and representative for the following reasons:

(a) as disclosed above, the general commercial banks which the Company will obtain quotes from are mainly large PRC stated-owned commercial banks (including but not limited to Industrial and Commercial Bank of China Limited, Agricultural Bank of China Limited, Bank of China Limited and China Construction Bank Corporation Limited) with strong market position and are considered sensitive to the latest PRC government policies and market trend. Based on the terms offered by them in the past, the Company believes that their quotes are credible and representative of the most favourable terms available under the prevailing market conditions; and

(b) the financial services industry in the PRC is subject to regulations and standards imposed by the NFRA. There is a strong tendency of homogenisation of terms offered by the banks. Based on its experience, the Company believes that two quotes are usually sufficient. The Group will compare the quotes so obtained with the corresponding terms proposed by Finance Company and:

(i) if the interest rate, fees and terms proposed by Finance Company are more favourable than those proposed by such PRC general commercial banks, the Group will engage Finance Company; and

(ii) as a matter of principle, the Group will give priority to using the services of Finance Company if Finance Company and such PRC general commercial banks offer equivalent terms and conditions. The Group has discretion to engage one or more such PRC general commercial banks as its financial service providers as it thinks fit and beneficial to the Group. In practice, the Finance Department of the Company will be in charge of obtaining the quotes. If such quotes are more favourable to the Group than the price proposed to be charged by Finance Company, the Finance Department will report such fact to the Company. Such information will be used by the Group for re-negotiating the price with Finance Company.

Pursuant to the Financial Services Framework Agreement, Finance Company has agreed to provide the financial services to the Group in accordance with the following principles:

(a) Deposit services: The interest rate for the Group for its deposits with Finance Company shall comply with the PBOC's regulations on interest rates for deposits of the same type from time to time, and will not be lower than: (i) the benchmark interest rate specified by the PBOC for deposits of the same category during the same period; (ii) the interest rate paid by Finance Company for deposits of the same type placed by members of the Parent Group during the same period under the same conditions; and (iii) the interest rate for deposits of the same type offered by PRC general commercial banks to the Group during the same period under the same conditions.

(b) Loan services: The interest rate for loans granted to the Group by Finance Company shall comply with the PBOC's regulations on interest rates for loans of the same type from time to time, and will not be higher than: (i) the benchmark interest rate specified by the PBOC for loans of the same category during the same period; (ii) the interest rate for similar loans charged by Finance Company to members of the Parent Group during the same period under the same conditions; and (iii) the interest rate charged by PRC general commercial banks to the Group for similar loans during the same period under the same conditions.

Finance Company will provide the loan services on normal commercial terms or better and such loans will not be secured by the assets of the Group.

(c) Other financial services: During anytime, the terms and conditions for provision of other financial services by Finance Company to the Group will not be less favourable than: (i) the terms and conditions for provisions of the same type of services by Finance Company to members of the Parent Group; and (ii) the terms and conditions for provision of financial services of the same type by PRC general commercial banks to the Group. The services fees charged by Finance Company for provision of other financial services to the Group shall be in accordance with the standard of fees set by the PBOC or the NFRA (if applicable).

According to the above principle, such services fees will not be higher than: (i) the fees charged by Finance Company to members of the Parent Group for providing services of the same type during the same period under the same conditions; and (ii) the fees charged to the Group by PRC general commercial banks in the PRC for services of the same type during the same period under the same conditions. The settlement services provided by Finance Company to the Group will be free of charge.

The Group has the following internal control mechanism in place to ensure the individual transactions are conducted within the Financial Services Framework Agreement:

(a) The Group employs and maintains separate business, operation and accounting personnel of its own from Finance Company. There is clear segregation of approval authority and duty between the parties.

(b) When entering into specific business agreements under the Financial Services Framework Agreement, the Group's business departments shall review and ensure that such agreements comply with the pricing policies set forth in the Financial Services Framework Agreement.

(c) The Company's Finance Department will perform quarterly check on transactions entered into under the Financial Services Framework Agreement to ensure compliance with pricing policies and the annual caps are not exceeded.

(d) The annual caps are set based on the estimated transaction amount reported by the members of the Group. While carrying out the specific connected transactions under the Financial Services Framework Agreement, the relevant members of the Group carrying out the specific connected transactions will monitor the actual transaction amount and report to the Company if the actual transaction amount exceeds the estimated transaction amount forming the basis of the annual caps. The Company will monitor at the Group level to confirm that the aggregated transaction amounts are within the annual caps.

(e) The Company's external auditors will conduct an annual review of the transactions entered into under the Financial Services Framework Agreement to confirm the transaction amounts are within the annual caps and the transactions are entered into in accordance with relevant terms set out in the Financial Services Framework Agreement in all material respects.

(f) In accordance with the Listing Rules, the independent non-executive Directors of the Company will also perform an annual review of the terms of continuing connected transactions under the Financial Services Framework Agreement to confirm that the pricing policy and the annual caps remain fair and reasonable and that appropriate internal control procedures are in place, and will confirm so each year in the annual report published by the Company.

(3) Capital Risk Control Measures

Finance Company was established on 23 April 2013, as a non-bank financial institution approved by the former China Banking Regulatory Commission (Financial License of the People's Republic of China: No. 00805637) and is supervised by the National Financial Regulatory Administration. In compliance with relevant regulations from the National Financial Regulatory Administration and the People's Bank of China, the Finance Company has established a series of management systems, including the "Finance Company Credit Management Measures" and the "Finance Company Working Capital Loan Management Measures," along with corresponding operational procedures. One of the prerequisites for clients to apply for loans from Finance Company is that they must have a corresponding credit line with Finance Company. The Finance Company strictly implements credit policies stipulated in the "Working Capital Loan Management Measures" and "Fixed Asset Loan Management Measures" issued by the National Financial Regulatory Administration, managing loan businesses according to the principles of "separation of credit review and approval, tiered process of review and approval".

Matters concerning annual centralized credit and large-amount credit of Finance Company are submitted to the board of Finance Company for review and decision. Concurrently, China National Building Material Company Limited appoints directors to Finance Company to participate in corporate governance and decision-making.

The Group prioritizes protecting the interests of minority shareholders. Over the past three years, the scale of deposit and loan transactions between Finance Company and the Company, as well as the overall deposit and loan transaction scale, has been consistent with the Parent's shareholding ratio within the Group. There has been no instance of leveraging the listed company to secure financial benefits for other Group members.

	31 December 2023	**31 December 2024**	**30 June 2025**	**22 September 2025**
Group deposits at Finance Company/Total deposits at Finance Company	50.39%	54.47%	50.08%	51.74%
Group credit business at Finance Company/Total credit business at Finance Company	37.59%	41.69%	44.86%	53.28%
Group credit business at Finance Company/Group deposits at Finance Company	48.81%	68.40%	81.20%	103.49%

Furthermore, pursuant to the Financial Services Framework Agreement, Finance Company made the following undertakings to the Group to manage the related capital risks:

(a) Finance Company has established sound internal control, financial accounting and other related systems. All of its business activities are carried out in compliance with the relevant laws and regulations in order to safeguard the Group's deposit with Finance Company;

(b) in respect of the deposits placed by the Company through the deposit services under the Financial Service Framework Agreement, Finance Company will use its best endeavors and take all reasonable steps to guarantee that Finance Company will use such deposits for the purpose of providing credit services for the Company, prioritizing meeting the Group's funding needs;

(c) the statutory deposit reserve ratio of Finance Company will not be lower than the minimum permitted by the PBOC at any time;

(d) in accordance with the scope of its business operations, Finance Company may only engage in fixed-income securities investment activities. Finance Company shall not use deposits placed by the Group for any high risk investments;

(e) a daily report of the Group's deposit balance with Finance Company for every business day will be delivered by Finance Company to the Finance Director of the Company before 5:00 p.m. on the following business day;

(f) Finance Company will provide a copy of regulatory reports submitted to the NFRA to the Company; and

(g) a monthly financial statement of Finance Company will be provided to the Company on or before the seventh business day following the end of each month.

Besides, the Parent made the following undertakings to the Company to manage the related capital risks:

(a) The Parent undertakes not to abuse its shareholder rights in Finance Company, not to interfere in the day-to-day operations of Finance Company, and not to harm in any manner the legitimate rights and interests of Finance Company and its other shareholders, and shall ensure the independence of Finance Company in terms of assets, business operations, personnel, and finances;

(b) The Parent undertakes to establish effective risk isolation mechanisms to prevent the diffusion and transfer of risks between the Parent, the Company, Finance Company, and other affiliated institutions;

(c) The Parent shall provide a final payment undertaking to Finance Company. Should Finance Company encounter financial difficulties, the Parent guarantees that, in accordance with the actual requirements for resolving such payment difficulties, it shall inject additional capital into Finance Company proportionate to its shareholding in Finance Company; and

(d) In the event where Finance Company is unable to fulfil its obligations under the Financial Services Framework Agreement, the Parent shall bear the losses incurred by the Group resulting from the same proportionate to its shareholding in Finance Company. Such losses shall include, but are not limited to, the principal of deposits, interest, and any related expenses arising therefrom.

(4) Payment

The consideration for the transactions contemplated under the Financial Services Framework Agreement will be paid in accordance with separate agreements for specific transactions.

9. REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCIAL SERVICES FRAMEWORK AGREEMENT WITH FINANCE COMPANY

(a). The interest rates for deposit and fees for other financial services provided by Finance Company will be equivalent to or more favorable to the Group than those provided by PRC general commercial banks, which avails the Group to a stable source of financial services in its ordinary course of business. Taking the current interest rates as an example, the deposit terms offered by Finance Company to the Group include demand deposits, negotiated deposits, notice deposits, and time deposits ranging from three months to three years, with interest rates ranging from 0.55% to 2.75%, representing an overall premium of 20 to 55 basis points above the People's Bank of China benchmark rate.

(b). The Financial Services Framework Agreement is non-exclusive and does not limit the Group's choice in engaging any banks or financial institutions to satisfy its need for financial services. The entry into the Financial Services Framework Agreement will simply avail the Group to one more service provider and encourage all financial services providers to offer more competitive terms to the Group.

(c). The Group will be able to use Finance Company as a medium between the Company and its subsidiaries to more effectively allocate funds among its subsidiaries and manage its existing capital and cash flow.

(d). The Group expects to benefit from Finance Company's better understanding of the Group's operations. Such understanding will enable Finance Company to offer more favorable, diversified and flexible financial services than third-party commercial banks. Subject to regulatory compliance, Finance Company leverages its internal financial institution services to provide preferential credit to some of enterprises under the Group. In 2025, the Finance Company provided RMB1.306 billion in working capital loans to enterprises under the Group

that did not have external loans, with an average interest rate of 2.38%. This reduced companies' financing costs while ensuring the funding needs of these subsidiaries, supporting the stable development of the Group's business.

(e). By combining its own advantages as a financial institution and collaborating with banks' financial resources, Finance Company can effectively adjust the types and structure of financing and reduce the Group's comprehensive financing costs through the establishment of banking consortiums and subscription to bonds issued by enterprises under the Group, etc.

The Directors (including independent non-executive Directors, upon considering the opinions of the Independent Financial Adviser) consider that the continuing connected transaction contemplated under the Financial Services Framework Agreement are on normal commercial terms or better and entered into in the ordinary and usual course of business of the Group, and the terms of these transactions and their respective proposed annual caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

10. PROPOSED NEW DEPOSIT CAPS AND BASIS OF DETERMINATION

The Directors have considered and proposed the following New Deposit Caps for the deposit transactions under the Financial Services Framework Agreement:

	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ending 31 December 2025
Historical maximum daily deposit balance (including accrued interests) *(RMB million)*	15,393.94	16,188.52	19,389.91 (historical transaction amount for the first six months ended 30 June 2025) 20,000.00 (estimated transaction amount for the last six months ending 31 December 2025) *Note*
Previous Deposit Caps (maximum daily deposit balance, including accrued interests) *(RMB million)*	18,800	20,400	22,000
Proportion of deposits in the Group's total monetary funds at the end of the year (%)	47.71%	56.84%	(as of 30 June 2025) 45.97%

	For the year ending 31 December 2026	For the year ending 31 December 2027	For the year ending 31 December 2028
Proposed New Deposit Caps (maximum daily deposit balance, including accrued interests) *(RMB million)*	26,600	29,700	32,600

Note: The transaction amounts are estimated by reference to historical transaction amounts for the first six months ended 30 June 2025, and the transaction cap for the year ending 31 December 2025, taking into account the Group's deposit needs for the second half of 2025.

Basis of determination of the proposed Deposit Caps

In determining the proposed maximum daily deposit balance (including accrued interests) in the Group's account with Finance Company during the term of the Financial Services Framework Agreement, the Board has considered the following factors: (i) the maximum daily deposit balance of the deposit services provided by Finance Company to the Group under the Original Financial Services Framework Agreement for the two years ended 31 December 2024 and for the first six months ended 30 June 2025, and the estimated maximum daily deposit balance for the last six months ending 31 December 2025. The Group's deposit funds in Finance Company are approaching the caps. Judging from the changes in the balance of deposits in recent years, it is expected that the balance of the Group's deposits in Finance Company will further increase in the future. Meanwhile, due to risk control and the continuous decline in bank deposit interest rates, the Group plans to focus on flexible deposit services such as agreement deposits and notice deposits, taking into account safety, profitability, and capital utilisation efficiency. The benchmark interest rates currently published by the People's Bank of China for agreed deposits, one-day notice deposits and seven-day notice deposits are 1.15%, 0.80% and 1.35%, respectively. The board interest rates offered by Industrial and Commercial Bank of China Limited, Agricultural Bank of China Limited, Bank of China Limited, China Construction Bank Corporation Limited and Bank of Communications Co., Ltd. for these deposits are 0.10%, 0.10% and 0.30%, respectively. The board interest rates offered by Finance Company for these deposits are 1.35%, 1.00% and 1.55%, respectively, which are significantly higher than the aforementioned board interest rates of state-owned banks. Based on the above circumstances, the Group's deposit balance in Finance Company is expected to increase further in the future; (ii) the business development and financial status of the Group; (iii) the competitive interest rates of deposits in Finance Company. On the premise of regulatory compliance, the deposit interest rates of Finance Company are generally not lower than the rates offered to the Group by general commercial banks in China for similar deposits under the same conditions and the same period; and (iv) Finance Company may provide high-quality services to the Group. Finance Company can proactively connect with external financial resources, align with the Group's strategy, and provide various financial services such as issuing proprietary loans, syndicated loans, subscribing to bonds issued by subsidiaries, issuing "double-exemption" letters of guarantee (waiving both deposit and handling fees), cross-border fund transfers, and financial advisory services, to provide targeted support and high-quality financial services to subsidiaries on an enterprise-by-enterprise basis, precisely empowering the Group's development in strategic directions such as technological innovation, green and low-carbon initiatives, and internationalisation.

For reference, the scale of credit granted to the Group from Finance Company is as follows:

Unit: RMB million

	31 December 2023	31 December 2024	30 June 2025	22 September 2025
The Group's Credit Scale at Finance Company	19,865	24,800	25,900	26,052

11. IMPLICATIONS UNDER THE LISTING RULES

The Parent held directly and indirectly 50.01% of the issued share capital of the Company as at the Latest Practicable Date and is a controlling shareholder of the Company. Therefore, members of the Parent Group (including Finance Company and the Connected Subsidiaries of the Company) constitute Connected Persons of the Company, and the transactions contemplated under the New Master Agreements and the Financial Services Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

Based on the new annual caps for the Non-Exempt Continuing Connected Transactions, one or more of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules are higher than 5%. As a result, the Non-Exempt Continuing Connected Transactions are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules for the Deposit Caps exceeds 25%, the deposit services transactions contemplated under the Financial Services Framework Agreement will also constitute a major transaction which is subject to the announcement and shareholders' approval requirements of Chapter 14 of the Listing Rules.

The loan services to be provided by Finance Company to the Group are on normal or better commercial terms and are in the interest of the Group. No security over the assets of the Group will be granted to Finance Company in respect of such loans. Such services will therefore be fully exempted from all reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

12. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Non-Exempt Continuing Connected Transactions and their respective proposed annual caps will be subject to the Independent Shareholders' approval at the EGM. The Parent and its associates will abstain from voting on the ordinary resolutions for approving the Non-Exempt Continuing Connected Transactions and their respective proposed annual caps at the EGM.

The Independent Board Committee comprising all the independent non-executive Directors (who have no material interest in the Non-Exempt Continuing Connected Transactions) has been established to advise and provide recommendation to the Independent Shareholders on the terms of the Non-Exempt

Continuing Connected Transactions and their respective proposed annual caps, and to advise the Independent Shareholders on how to vote. Gram Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

13. INFORMATION RELATING TO THE PARENT GROUP AND THE COMPANY

The Parent

The Parent is a state-owned limited liability company, which is principally engaged in nonmetallic materials manufacturing and capital investment. Its ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the State Council.

The Company

The Company is a leading building materials company in the PRC with significant operations in the basic building materials, new materials and engineering technology services businesses.

Finance Company

Finance Company, a limited liability company incorporated under the laws of the PRC, was established in the PRC as a non-banking financial institution in April 2013. It is licensed by the original China Banking and Insurance Regulatory Commission (incorporated into the NFRA on 18 May 2023) and regulated by the NFRA and is engaged in the provision of financial services which principally include acceptance of deposits, loans, bills acceptance and discounting services and clearing and settlement services.

Finance Company has a registered capital of RMB4,721 million and is a 77.93%-held subsidiary of the Parent, and the other 22.07% of the equity interests is held by the Company.

For the six months ended 30 June 2025, Finance Company has a capital adequacy ratio of approximately 21.46% (the regulatory requirement is not lower than 10.5%), and has a non-performing asset ratio of 0%, which is better as compared to the average levels in Finance Company industry in the PRC for the six months ended 30 June 2025 of 0.05% (Note).

Note: Statistics for the six months ended 30 June 2025 are provided by CNAFC.

14. EGM

The EGM of the Company will be held at Tower 2, Guohai Plaza, No. 17 Fuxing Road, Haidian District, Beijing, the PRC on Friday, 24 October 2025 at 2:00 p.m. A form of proxy for use at the EGM is enclosed with this circular. A notice of the EGM is set out on pages EGM-1 to EGM-4 of this circular. Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions will be passed by way of poll at the EGM. Any Shareholder with a material interest in the Non-Exempt Continuing Connected Transactions, and his close associates will abstain from voting on the ordinary resolutions for approving the Non-Exempt Continuing Connected Transactions and their respective proposed annual

caps. To the extent that the Company is aware having made all reasonable enquiries, other than the Parent and its associates, no Shareholder will be required under the Listing Rules to abstain from voting on the ordinary resolutions for approving the Non-Exempt Continuing Connected Transactions and their respective proposed annual caps at the EGM. As at the Latest Practicable Date, the Parent and its associates directly held 3,797,269,981 Shares, representing approximately 50.01% of total issued share capital of the Company, and controlled or were entitled to control over the voting right in respect of their shares in the Company.

Holders of H Shares of the Company whose names appear on the register of the Company maintained by Tricor Investor Services Limited, the Company's H Share Registrar in Hong Kong, and holders of Domestic Shares of the Company whose names appear on the register of the Company on Friday, 24 October 2025 shall be entitled to attend the EGM. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time appointed for the EGM (i.e. not later than at 2:00 p.m. on Thursday, 23 October 2025) or any adjournment thereof (as the case may be), and deposit it with Tricor Investor Services Limited, the Company's H Share Registrar in Hong Kong, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for holders of H Shares; or the office of the Company, at Tower 2, Guohai Plaza, No. 17 Fuxing Road, Haidian District, Beijing, the PRC for holders of Domestic Shares. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so desire.

15. RECOMMENDATION

The Directors (including independent non-executive Directors, upon considering the opinions of the Independent Financial Adviser) consider that the Non-Exempt Continuing Connected Transactions and their respective proposed annual caps are on normal commercial terms or better and entered into in the ordinary and usual course of business of the Group, and the terms of the Non-Exempt Continuing Connected Transactions and their respective proposed annual caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole, thus recommend the Independent Shareholders to vote in favour of the resolutions in relation to the Non-Exempt Continuing Connected Transactions and their respective proposed annual caps at the EGM.

As Mr. Zhou Yuxian, Mr. Wang Yumeng, Mr. Wei Rushan and Ms. Miao Xiaoling being Directors, hold positions in the Parent or its subsidiaries (excluding the Group), they are deemed to have a material interest in the Non-Exempt Continuing Connected Transactions. They have abstained from voting on the relevant Board resolutions in respect of the Non-Exempt Continuing Connected Transactions and their respective proposed annual caps. Save as the Directors mentioned above, none of the Directors has a material interest in the Non-Exempt Continuing Connected Transactions or is required to abstain from voting on the relevant Board resolutions. In addition, the Board has authorized any one of the executive Directors to approve and confirm the deposit service transactions and its caps under the Financial Services Framework Agreement, and all other matters incidental thereto or in connection therewith, as he/she may in his/her discretion consider as desirable and to be in the interests of the Company, within the scope of authority of the Board.

16. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on pages 33 to 34 of this circular and the letter from Gram Capital to the Independent Board Committee and the Independent Shareholders set out on pages 35 to 57 of this circular, and the information set out in the appendices of this circular.

By order of the Board
China National Building Material Company Limited*
ZHOU Yuxian
Chairman of the Board



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)

To the Independent Shareholders,

Dear Sir or Madam,

(1) CONTINUING CONNECTED TRANSACTION IN RELATION TO THE NEW MASTER AGREEMENTS AND (2) CONTINUING CONNECTED TRANSACTION AND MAJOR TRANSACTION IN RELATION TO THE FINANCIAL SERVICES FRAMEWORK AGREEMENT

Reference is made to the circular in relation to (i) the continuing connected transaction in relation to the New Master Agreements; and (ii) the major transaction and continuing connected transaction in relation to the Financial Services Framework Agreement of China National Building Material Company Limited* (the "**Company**") dated 26 September 2025 (the "**Circular**") of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board as the members of the Independent Board Committee to give a recommendation to Independent Shareholders on the terms of the Non-Exempt Continuing Connected Transactions and their respective proposed annual caps and to advise the Independent Shareholders on how to vote. Gram Capital has been appointed by the Company as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard.

Having considered the terms of the Non-Exempt Continuing Connected Transactions and their respective proposed annual caps and taken into account the advice of Gram Capital, in particular the factors, reasons and recommendations set out in the letter from the Independent Financial Adviser in the Circular, we are of the view that the Non-Exempt Continuing Connected Transactions and their respective proposed annual caps are on normal commercial terms or better and entered into in the ordinary and usual course of business of the Group, and the terms of the Non-Exempt Continuing Connected Transactions and their respective proposed annual caps are fair and reasonable and in the interest of the Company and the Shareholders as a

whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions in relation to the Non-Exempt Continuing Connected Transactions and their respective proposed annual caps at the EGM.

We wish to draw the attention of the Independent Shareholders to (1) the letter from the Board set out on pages 5 to 32 of the Circular, (2) the letter from the Independent Financial Adviser set out on pages 35 to 57 of the Circular, and (3) each of the appendices to the Circular.

Yours faithfully,
Independent Board Committee

26 September 2025

Sun Yanjun	**Liu Jianwen**	**Zhou Fangsheng**	**Li Jun**	**Xia Xue**
Independent non-executive Director of the Company	*Independent non-executive Director of the Company*	*Independent non-executive Director of the Company*	*Independent non-executive Director of the Company*	*Independent non-executive Director of the Company*

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Non-Exempt Continuing Connected Transactions for the purpose of inclusion in this circular.

Gram Capital Limited
嘉林資本有限公司

Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

26 September 2025

*To: The independent board committee and the independent shareholders of China National Building Material Company Limited**

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS AND MAJOR TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Non-Exempt Continuing Connected Transactions, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 26 September 2025 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

With reference to the Board Letter, the Original Master Agreements and Original Financial Services Framework Agreement governing respective continuing connected transactions thereunder will expire on 31 December 2025. As the Group intends to continue to conduct such continuing connected transactions, on 28 August 2025, (i) the Company and the Parent entered into the Master Agreement on Mutual Provision of Products and Services with a term of three years commencing from 1 January 2026, pursuant to which the Parent Group and the Group has agreed to provide each other with certain products and services (the "**Mutual Provision of Products and Services**"); (ii) the Company and the Parent entered into the Master Agreement on Mutual Provision of Engineering Services with a term of three years commencing from 1 January 2026, pursuant to which, among other things, the Parent Group has agreed to provide the Group with certain engineering services, including engineering design, construction and supervisory services (the "**Procurement of Engineering Services**"); and (iii) the Company and the Finance Company entered into the Financial Services Framework Agreement with a term of three years commencing from 1 January 2026, pursuant to which the Finance Company has agreed to provide the Group with, among other things, deposit services on a non-exclusive basis subject to the terms and conditions therein (the "**Deposit Services**").

With reference to the Board Letter, the Non-Exempted Continuing Connected Transactions constitute continuing connected transactions of the Company and are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Deposit Services also constitute a major transaction of the Company under Chapter 14 of the Listing Rules.

The Independent Board Committee comprising Mr. Sun Yanjun, Mr. Liu Jianwen, Mr. Zhou Fangsheng, Mr. Li Jun and Ms. Xia Xue (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Non-Exempted Continuing Connected Transactions are on normal commercial terms and are fair and reasonable; (ii) whether the Non-Exempted Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the Non-Exempted Continuing Connected Transactions at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as the independent financial adviser to the independent board committee of the Company in relation to a conditional cash offer to buy-back H Shares and whitewash waiver (details of which are set out in the Company's offer document dated 27 January 2025) (the "**Previous Engagement**"). Save for the Previous Engagement, there was no other service provided by Gram Capital to the Company with executed agreement during the past two years immediately preceding the Latest Practicable Date.

Notwithstanding the Previous Engagement, as at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser.

Having considered that the Past Engagement was an independent financial advisory engagement and that none of the circumstances as set out under Rule 13.84 of the Listing Rules existed as at the Latest Practicable Date, we are of the view that we are independent to act as the Independent Financial Adviser.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no

undisclosed private agreements/arrangements or implied understanding with anyone concerning the Non-Exempted Continuing Connected Transactions. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Parent, the Finance Company and each of their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Non-Exempted Continuing Connected Transactions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Non-Exempted Continuing Connected Transactions, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Non-Exempted Continuing Connected Transactions

Information on the Company

With reference to the Board Letter, the Company is a leading building materials company in the PRC with significant operations in the basic building materials, new materials and engineering technology services businesses.

Information on the Parent

With reference to the Board Letter, the Parent is a state-owned limited liability company, which is principally engaged in nonmetallic materials manufacturing and capital investment. Its ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the State Council.

Information on the Finance Company

With reference to the Board Letter:

(i) Finance Company, a limited liability company incorporated under the laws of the PRC, was established in the PRC as a non-banking financial institution in April 2013. It is licensed by the original China Banking and Insurance Regulatory Commission (incorporated into the NFRA on 18 May 2023) and regulated by the NFRA and is engaged in the provision of financial services which principally include acceptance of deposits, loans, bills acceptance and discounting services and clearing and settlement services.

(ii) The Finance Company has a registered capital of RMB4,721 million and is a 77.93%-held subsidiary of the Parent, and the other 22.07% of the equity interests is held by the Company.

(iii) For the six months ended 30 June 2025, Finance Company has a capital adequacy ratio of approximately 21.46% (the regulatory requirement is not lower than 10.5%), and has a non-performing asset ratio of 0%.

Reasons for and benefits of the Transactions

(i) The Mutual Provision of Products and Services

With reference to the Board Letter, the continuing connected transactions with the Parent Group under the Master Agreement on Mutual Provision of Products and Services are continuation of the existing continuing connected transactions of the Company under the Original Master Agreement on Mutual Provision of Products and Services, and these transactions are conducted in order to meet the operational and business development needs of the Group. When conducting the procurement transactions with the Parent Group, the Company has comprehensively considered the competitive edges of the Parent Group, including its qualification, experience, quality, industrial advantages and other factors, which are conducive to meeting the needs of the Company. The sales transactions between the Company and the Parent Group increased the Company's revenue subject to the normal commercial payments that are fair and reasonable. The Company has well-established cooperation foundation and smooth communication with the Parent Group, which is conducive to the implementation and furtherance of the transactions.

We discussed with the Directors and noted that the Group has been conducting Mutual Provision of Products and Services with the Parent Group before the Group's listing on the Stock Exchange in 2006. Hence, the Group and the Parent Group has been familiar with the

operation requirements and the demands of each other. As advised by the Directors, the Parent Group is able to provide the products and services based on different demands to the Group on terms not less favourable than those provided to the independent third parties, or vice versa.

With reference to the Board Letter, the Mutual Provision of Products and Services are carried out in the ordinary and usual course of business of the Group. As also confirmed by the Directors, the Mutual Provision of Products and Services are conducted on a frequent basis. Therefore, the Directors consider that it would be costly and impractical to make regular disclosure of each of the relevant transactions and obtain the prior approval from the Independent Shareholders, as required by the Listing Rules. Accordingly, the Directors are of the view that entering into of the Master Agreement on Mutual Provision of Products and Services to govern the Mutual Provision of Products and Services will be beneficial to the Company and the Shareholders as a whole.

In light of the above factors, we consider that the Mutual Provision of Products and Services are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

(ii) The Procurement of Engineering Services

With reference to the Board Letter, when conducting the procurement transactions with the Parent Group under the Master Agreement on Mutual Provision of Engineering Services, the Company has comprehensively considered the competitive edges of the Parent Group, including its qualification, experience, quality, industrial advantages and other factors, which are conducive to meeting the needs of the Company. The Group and the Parent Group (excluding Sinoma International and its subsidiaries) both have been procuring engineering services from Sinoma International and its subsidiaries, and intend to continue conducting such transactions in the future. Since the definition of the Parent Group includes Connected Subsidiaries of the Company, which include Sinoma International and its subsidiaries, the engineering services from both sides under the Master Agreement on Mutual Provision of Engineering Services are actually provided by the same party, i.e. Sinoma International and its subsidiaries.

With reference to the Board Letter, the Procurement of Engineering Services are conducted in the ordinary and usual course of business of the Company. As also confirmed by the Directors, the Procurement of Engineering Services are conducted on a frequent basis. Therefore, the Directors consider that it would be costly and impractical to make regular disclosure of each of the relevant transactions and obtain the prior approval from the Independent Shareholders, as required by the Listing Rules. Accordingly, the Directors are of the view that entering into of the Master Agreement on Mutual Provision of Engineering Services to govern the Procurement of Engineering Services will be beneficial to the Company and the Shareholders as a whole.

In light of the above factors, we consider that the Procurement of Engineering Services are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

(iii) Deposit Services

With reference to the Board Letter:

(a) The interest rates for deposit and fees for other financial services provided by Finance Company will be equivalent to or more favorable to the Group than those provided by PRC general commercial banks, which avails the Group to a stable source of financial services in its ordinary course of business.

(b) The Financial Services Framework Agreement is non-exclusive and does not limit the Group's choice in engaging any banks or financial institutions to satisfy its need for financial services. The entry into the Financial Services Framework Agreement will simply avail the Group to one more service provider and encourage all financial services providers to offer more competitive terms to the Group.

(c) The Group will be able to use Finance Company as a medium between the Company and its subsidiaries to more effectively allocate funds among its subsidiaries and manage its existing capital and cash flow.

(d) The Group expects to benefit from Finance Company's better understanding of the Group's operations. Such understanding will enable Finance Company to offer more favorable, diversified and flexible financial services than third-party commercial banks.

In light of the above factors, we consider that the Deposit Services are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the Non-Exempted Continuing Connected Transactions

A. The Mutual Provision of Products and Services

Summarised below are the major terms of the Mutual Provision of Products and Services as contemplated under the Master Agreement on Mutual Provision of Products and Services, details of which are set out under the section headed "2. The Master Agreement on Mutual Provision of Products and Services" of the Board Letter:

Date

28 August 2025

Parties

(i) The Company; and

(ii) The Parent

Effective period

The Master Agreement on Mutual Provision of Products and Services will become effective from 1 January 2026 after having been signed by legal representatives or authorised representatives of both parties and stamped. The term of the Master Agreement on Mutual Provision of Products and Services is from 1 January 2026 to 31 December 2028.

Principal terms

The Parent Group has agreed to provide the Group with certain products and services. These products include raw materials and commodities (including grinding aid, spare parts, refractory materials, coal, carbon fibre, pultruded products, etc.). The services include repair, design and installation of equipment, property management services, technology services, warehouse leasing services, logistics and supply chain services and others.

The Group has agreed to provide the Parent Group with certain products and services. These products include raw materials and commodities (including clinker, cement, lightweight building materials, glass fibre and its products, alternative fuel products, etc.). The services include the supply of water, electricity and steam services, mining, operations and maintenance services, warehouse leasing services, logistics and supply chain services and others.

Basis of pricing

The prices of the products and services to be purchased or supplied by the Group shall be based on the following priorities as set out under the sub-section headed "(2) Basis of Pricing" of the section headed "2. The Master Agreement on Mutual Provision of Products and Services" of the Board Letter.

For our due diligence purpose, we obtained a list of all individual transactions regarding the purchase of products and services by the Group from the Parent Group under the Mutual Provision of Products and Services (the "**Purchase of Products and Services**") for the two years ended 31 December 2024 and the six months ended 30 June 2025 ("**1H2025**") from the Company, and randomly selected one individual transaction during each of the two years ended 31 December 2024 and 1H2025 (three individual transactions in total) from the list (the "**Selected Purchase of Products and Services Transactions**"). As the sampling was conducted on a random selection basis and the sampling period covered two and a half financial years of the Company, we consider such sampling to be sufficient from independent financial adviser's perspective. The Company provided us with corresponding documents (including the relevant agreements, invoices, bidding documents, internal approval records) for the Selected Purchase of Products and Services Transactions which demonstrated that the prices of the products/services purchased by the Group from the Parent Group were not higher than those offered by independent third parties.

For our due diligence purpose, we obtained a list of all individual transactions regarding the provision of products and services by the Group to the Parent Group under the Mutual Provision of Products and Services (the "**Provision of Products and Services**") for the two

years ended 31 December 2024 and 1H2025 from the Company, and randomly selected one individual transaction during each of the two years ended 31 December 2024 and 1H2025 (three individual transactions in total) from the list (the "**Selected Provision of Products and Services Transactions**"). As the sampling was conducted on a random selection basis and the sampling period covered two and a half financial years of the Company, we consider such sampling to be sufficient from independent financial adviser's perspective. The Company provided us with corresponding documents (including the relevant agreements, invoices, bidding documents, internal approval records and comparable agreements and invoices for similar products/services to independent third parties) for the Selected Provision of Products and Services Transactions which demonstrated that the prices of products/services provided by the Group to the Parent Group were not lower than those provided by the Group to independent third parties.

With reference to the Board Letter, the Group has internal control mechanism in place to ensure the individual transactions are conducted within the Master Agreement on Mutual Provision of Products and Services. Details of the internal control mechanism are set out under the sub-section headed " (2) Basis of Pricing" of the section headed "2. The Master Agreement on Mutual Provision of Products and Services" of the Board Letter. We consider that implementation of the above internal control mechanism would ensure fair pricing of the Mutual Provision of Products and Services.

With reference to the Company's annual report for the year ended 31 December 2024 ("**FY2024**") (the "**Company 2024 Annual Report**"), the independent non-executive Directors have reviewed, among other things, the continuing connected transactions (including the Mutual Provision of Products and Services) for FY2024 and confirmed that such continuing connected transactions were conducted (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms, or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole (the "**INEDs Confirmation**").

With reference to the Company 2024 Annual Report, the Company's auditors were also engaged to report on the Group's continuing connected transactions (including the Mutual Provision of Products and Services) for FY2024 in accordance with Hong Kong Standard on Assurance Engagements No. 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice No. 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company's auditors have reviewed among other things, the continuing connected transactions (including the Mutual Provision of Products and Services) for FY2024 and reported to the Board that: (1) nothing has come to their attention that causes them to believe that the transactions have not been approved by the Board; (2) nothing has come to their attention that causes them to believe that the transactions involving provision of goods or services were not conducted, in all material respects, in accordance with the pricing policy of the Group; (3) nothing has come to their attention that

causes them to believe that the transactions were not conducted, in all material respects, in accordance with the terms of the agreement governing it; and (4) nothing has come to their attention that causes them to believe that the values of continuing connected transactions entered between the Group and its connected persons which were subject to annual caps have exceeded their respective annual caps (the "**Auditor Confirmation**").

Purchase of Products and Services Caps

Set out below are (i) the historical amounts of the Purchase of Products and Services for the two years ended 31 December 2024 and 1H2025" with existing annual caps; and (ii) the proposed annual caps of the Purchase of Products and Services for the three years ending 31 December 2028 (the "**Purchase of Products and Services Cap(s)**"):

	For the year ended 31 December 2023 ("FY2023")	**For the year ended 31 December 2024**	**For the year ending 31 December 2025 ("FY2025")**
	RMB' million	*RMB' million*	*RMB' million*
Historical amounts	11,422.078	9,956.297	3,842.766 *(Note)*
Existing annual caps	14,753.794	15,444.541	16,489.793
Utilization rate (%)	77	64	N/A

	For the year ending 31 December 2026 ("FY2026")	**For the year ending 31 December 2027 ("FY2027")**	**For the year ending 31 December 2028 ("FY2028")**
	RMB' million	*RMB' million*	*RMB' million*
Purchase of Products and Services Caps	15,300.760	16,232.896	18,305.538

Note: The figure was for 1H2025.

With reference to the Board Letter, the Purchase of Products and Services Caps are determined based on: (i) the actual transaction amounts for the two years ended 31 December 2024 and 1H2025 and the estimated transaction amount for the last six months ending 31 December 2025; (ii) the anticipated growing business needs for procurement of engineering spare parts products, mining services, operations and maintenance services, alternative fuel products and distributed control system renovation services from Sinoma International, a Connected Subsidiary (approximately 15.60% of its shares are held by Building Materials Academy, a subsidiary of the Parent) and the expected transaction amount for procurement of products and services from Sinoma International (the "**Purchase of Products and Services from Sinoma International**") over the next three years amounted to approximately RMB5.85 billion, RMB6.80 billion and RMB8.43 billion respectively; (iii) the Group anticipated that the needs for procurement of logistics services from Saima IOT, a Connected Subsidiary (10% of its shares are held by CNBM United Investment Co., Ltd., a subsidiary of the Parent) (the "**Purchase of Products and Services from Saima IOT**"), will further grow and the expected

transaction amount for procurement of logistics services from Saima IOT over the next three years amounted to approximately RMB6.00 billion, RMB6.00 billion and RMB6.00 billion respectively; and (iv) the Group's demand for raw materials required for production, equipment, technology services, logistics services and procurement of property management services in the future is anticipated to grow.

Anticipated Growth and industry overview

We noted that the utilization rates of the existing annual caps for FY2023 and FY2024 were approximately 77% and 64% respectively. As advised by the Directors, having considered such utilization rates, as balanced by anticipated growth in the Group's business needs and demand for procurement as aforementioned (the "**Anticipated Growth**"), the Company set (i) the Purchase of Products and Services Cap for FY2026 lower than those for FY2024 and FY2025; and (ii) the Purchase of Products and Services Caps for FY2027 and FY2028 with increase of approximately 6% and 13% respectively.

With reference to the Company 2024 Annual Report, the Group's revenue continuously decreased from approximately RMB276 billion for the year ended 31 December 2021 to approximately RMB181 billion for FY2024. With reference to the Company's interim report for 1H2025 (the "**Company 2025 Interim Report**"), the Group's revenue for 1H2025 only decreased by approximately 0.2% as compared to that for the six months ended 30 June 2024. As advised by the Directors, the above circumstances may indicate the sign of stability or recovery of the Group's business operation.

As the Group principally engaged in the production and sale of building materials, we searched for certain relevant indicators in the PRC as summarised below.

Set out below are the year-on-year change in (i) total investment in fixed assets in the PRC (excluding rural households); and (ii) infrastructure investment (excluding power, heat, gas and water production and supply industries) of the PRC for 2020, 2021, 2022, 2023 and 2024, as published by the National Bureau of Statistics of the PRC:

	2020	**2021**	**2022**	**2023**	**2024**
Year-on-year change in total investment in fixed assets in the PRC (excluding rural households) (%)	2.9	4.9	5.1	3	3.2
Year-on-year change in infrastructure investment (excluding power, heat, gas and water production and supply industries) (%)	0.9	0.4	9.4	5.9	4.4

According to the table above, the total investment in fixed assets in the PRC (excluding rural households) and the infrastructure investment (excluding power, heat, gas and water production and supply industries) of the PRC increased continuously for the last five years from 2020 to 2024, representing average year-on-year increase of approximately 3.8% and 4.2% respectively.

In addition, we also summarised the policies regarding the building material industry as issued by the PRC government in recent years as below:

On 22 August 2023, the Ministry of Industry and Information Technology of the PRC, the National Development and Reform Commission of the PRC, the Ministry of Finance of the PRC, the Ministry of Natural Resources of the PRC, the Ministry of Ecology and Environment of the PRC, the Ministry of Housing and Urban-Rural Development of the PRC, the Ministry of Commerce of the PRC and the National Financial Regulatory Administration of the PRC jointly issued an article titled "Stable Growth Work Plan for the Building Materials Industry*" (《建材行業穩增長工作方案》), which stated that the PRC government should support optimizing production capacity layout for special cement, quick-setting materials, etc., enhance material supply capability under emergency conditions, encourage the use of bulk cement, pre-mixed concrete, pre-mixed mortar products for different application areas such as agricultural buildings and infrastructure, and support the implementation of typical demonstrations of green construction solutions.

On 19 January 2024, the Ministry of Ecology and Environment of the PRC, the National Development and Reform Commission of the PRC, the Ministry of Industry and Information Technology of the PRC, the Ministry of Finance of the PRC and the Ministry of Transport of the PRC jointly published an article titled "Opinions on Advancing the Implementation of Ultra-Low Emissions in the Cement Industry*" (《關於推進實施水泥行業超低排放的意見》), which stated that the PRC government should promote the implementation of ultra-low emissions in the cement industry, enhance the comprehensive atmospheric pollution control level throughout all processes of the cement industry, drive the industry's green and low-carbon transformation and upgrade, and increase support for cement enterprises that meet the requirements for ultra-low emissions transformation.

On 27 May 2024, the National Development and Reform Commission of the PRC, the Ministry of Industry and Information Technology of the PRC, the Ministry of Ecology and Environment of the PRC, the State Administration for Market Regulation of the PRC and the National Energy Administration of the PRC jointly issued the "Special Action Plan for Energy Conservation and Carbon Reduction in the Cement Industry*" (《水泥行業節能降碳專項行動計劃》), which stated that the PRC clinker production capacity of cement will be controlled at around 1.8 billion tons by the end of 2025, with the proportion of capacity exceeding the energy efficiency benchmark reaching 30%, and the PRC cement industry's production capacity layout will be further optimized by the end of 2030, the proportion of capacity exceeding the energy efficiency benchmark will increase significantly, and overall efficiency will reach international advanced levels.

Having considered the generally positive industry overview and supportive governmental policies as set out above and that the slight year-on-year decrease in the Group's revenue for 1H2025 (in contrast to the continuous decrease in the Group's revenue from FY2021 to FY2024) may indicate the sign of stability or recovery of the Group's business operation, we consider the Anticipated Growth to be reasonable.

Major coverages of the Purchase of Products and Services Caps

We noted that major coverages of the Purchase of Products and Services Caps include the expected Purchase of Products and Services from Sinoma International and the expected Purchase of Products and Services from Saima IOT for the three years ending 31 December 2028.

In respect of the expected Purchase of Products and Services from Sinoma International:

(i) We obtained from the Company a breakdown of the expected Purchase of Products and Services from Sinoma International for the three years ending 31 December 2028 and noted that such expected Purchase of Products and Services from Sinoma International mainly include mining services and alternative fuel products provided to Tianshan Material Co., Ltd. (stock code: SZ000877) ("**Tianshan Materials**"), a non-wholly owned subsidiary of the Company, for Tianshan Materials' raw materials used in daily production.

(ii) The Company also provided us (a) a list of individual contracts in respect of the mining services which are continuous in nature, with term ending from 2027 onwards; and (b) Sinoma International's future plan to sell alternative fuel products (including those to Tianshan Materials), which substantiate the expected Purchase of Products and Services from Sinoma International for the three years ending 31 December 2028.

Having considered the above, we do not doubt the expected amount of Purchase of Products and Services from Sinoma International for the three years ending 31 December 2028 as covered by the Purchase of Products and Services Caps.

In respect of the expected Purchase of Products and Services from Saima IOT:

(i) We obtained from the Company a breakdown of the expected Purchase of Products and Services from Saima IOT for the three years ending 31 December 2028 and noted that such expected Purchase of Products and Services from Saima IOT include logistic services to be procured to support the Group's daily operations (including Tianshan Materials' daily operation).

(ii) The Company also provided us certain internal memo/notice of Tianshan Materials in 2022 which promoted the use of logistic services to be provided by Saima IOT.

Having considered the above, we do not doubt the expected amount of Purchase of Products and Services from Saima IOT for the three years ending 31 December 2028 as covered by the Purchase of Products and Services Caps.

Having considered the Anticipated Growth and the major coverages of the Purchase of Products and Services Caps as discussed above, we are of the view that the Purchase of Products and Services Caps for the three years ending 31 December 2028 are fair and reasonable.

Shareholders should note that as the Purchase of Products and Services Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2028, and they do not represent forecasts of cost to be incurred from the Purchase of Products and Services. Consequently, we express no opinion as to how closely the actual cost to be incurred from the Purchase of Products and Services will correspond with the Purchase of Products and Services Caps.

Having considered the principal terms of the Purchase of Products and Services as set out above, we are of the view that the terms of the Purchase of Products and Services (including the Purchase of Products and Services Caps) are on normal commercial terms and are fair and reasonable.

Provision of Products and Services

Set out below are (i) the historical amounts of the Provision of Products and Services for the two years ended 31 December 2024 and 1H2025 with existing annual caps; and (ii) the proposed annual caps of the Provision of Products and Services for the three years ending 31 December 2028 (the "**Provision of Products and Services Cap(s)**"):

	For the year ended 31 December 2023 *RMB' million*	**For the year ended 31 December 2024** *RMB' million*	**For the year ending 31 December 2025** *RMB' million*
Historical amounts	1,689.381	1,750.163	864.951 *(Note)*
Existing annual caps	3,091.808	3,348.952	4,379.097
Utilization rate (%)	55	52	N/A

	For the year ending 31 December 2026 *RMB' million*	**For the year ending 31 December 2027** *RMB' million*	**For the year ending 31 December 2028** *RMB' million*
Provision of Products and Services Caps	2,595.044	2,604.868	3,000.424

Note: the figure was for 1H2025.

With reference to the Board Letter, the Provision of Products and Services Caps are determined based on: (i) the actual transaction amounts for the two years ended 31 December 2024 and 1H2025 and the estimated transaction amount for the last six months ending 31 December 2025; (ii) affected by the overall macroeconomic environment, the expected related business of providing products and services to the Parent Group by Sinoma International in the past three years has not been carried out, and sales volume was lower than expected. Therefore, the business structure has been optimised and the transaction amount for the next three years has been reduced and the expected transaction amount for products and services provided by Sinoma International to the Parent Group amounted to approximately RMB270 million, RMB200 million and RMB500 million respectively (the "**Provision of Products and Services by Sinoma International**"); (iii) the expected transaction amount for products and services provided by Tianshan Material to the Parent Group (the "**Provision of Products and Services by Tianshan Material**") for the next three years amounted to approximately RMB940 million, RMB950 million and RMB980 million respectively; (iv) the expected transaction amount for products and services provided by Ningxia Building Materials Group Co., Limited, a subsidiary of the Company, to the Parent Group (the "**Provision of Products and Services by Ningxia Building Materials**") for the next three years amounted to approximately RMB500 million, RMB500 million and RMB500 million respectively; and (v) the Group's anticipation and comparison of the supply and demand in the products and services market, and the Group's anticipated production volume of products in the period from 2026 to 2028.

We noted that the utilization rates of the existing annual caps for FY2023 and FY2024 were approximately 55% and 52% respectively. Accordingly, we consider that it is reasonable for the Company to set the Provision of Products and Services Caps for the three years ending 31 December 2028 lower than that for FY2023.

As aforementioned, having considered the generally positive industry overview and supportive governmental policies as set and that the slight year-on-year decrease in the Group's revenue for 1H2025 (in contrast to the continuous decrease in the Group's revenue from FY2021 to FY2024) may indicate the sign of stability or recovery of the Group's business operation, we consider the Anticipated Growth to be reasonable. Accordingly, we consider the increase of approximately 0.38% for FY2027 and approximately 15.19% for FY2028 in Provision of Products and Services Caps to be reasonable.

We noted that major coverages of the Provision of Products and Services Caps include the expected Provision of Products and Services by Sinoma International, the expected Provision of Products and Services by Tianshan Material and the expected Provision of Products and Services by Ningxia Building Materials for the three years ending 31 December 2028.

In respect of the expected Provision of Products and Services by Sinoma International, we obtained from the Company a breakdown of the expected Provision of Products and Services by Sinoma International for the three years ending 31 December 2028 and noted that expected Provision of Products and Services by Sinoma International mainly include EPC (engineering,

procurement and construction) services and raw materials to support the Parent Group's business development and daily operation. The Company also provided us with certain executed individual EPC and related contracts.

In respect of the expected Provision of Products and Services by Tianshan Material, we obtained from the Company a breakdown of the expected Provision of Products and Services by Tianshan Material for the three years ending 31 December 2028 and noted that such expected Provision of Products and Services by Tianshan Material mainly include cement provided to the Parent Group. As advised by the Directors, certain members of the Parent Group procure cement from Tianshan Material on a continuous basis and enter into individual contract with Tianshan Material and/or its subsidiaries on an annual basis. For our due diligence purpose, the Company provided us certain of the aforesaid individual contracts.

In respect of the expected Provision of Products and Services by Ningxia Building Materials, we obtained from the Company a breakdown of the expected Provision of Products and Services by Ningxia Building Materials for the three years ending 31 December 2028 and noted that such expected Provision of Products and Services by Ningxia Building Materials include logistics services provided to the Parent Group to support the Parent Group's daily operation.

Having considered the above, we are of the view that the Provision of Products and Services Caps for the three years ending 31 December 2028 are fair and reasonable.

Shareholders should note that as the Provision of Products and Services Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2028, and they do not represent revenue to be generated from the Provision of Products and Services. Consequently, we express no opinion as to how closely the actual revenue to be generated from the Provision of Products and Services will correspond with the Provision of Products and Services Caps.

Having considered the principal terms of the Provision of Products and Services as set out above, we are of the view that the terms of the Provision of Products and Services (including the Provision of Products and Services Caps) are on normal commercial terms and are fair and reasonable.

B. The Procurement of Engineering Services

Summarised below are the major terms of the Procurement of Engineering Services as contemplated under the Master Agreement on Mutual Provision of Engineering Services, details of which are set out under the section headed "5. The Master Agreement on Mutual Provision of Engineering Services" of the Board Letter:

Date

28 August 2025

Parties

(i) The Company; and

(ii) The Parent

Effective period

The Master Agreement on Mutual Provision of Engineering Services will become effective from 1 January 2026 after having been signed by legal representatives or authorised representatives of both parties and stamped. The term of the Master Agreement on Mutual Provision of Engineering Services is from 1 January 2026 to 31 December 2028.

Principal terms

The Parent Group has agreed to provide the Group with engineering services including engineering design, construction and supervisory services subject to the terms and conditions of the Master Agreement on Mutual Provision of Products and Services.

Basis of pricing

The price of the engineering services to be procured from the Parent Group by the Group will be determined based on the priorities as set out under the sub-section headed " (2) Basis of Pricing" of the section headed "5. The Master Agreement on Mutual Provision of Engineering Services" of the Board Letter.

For our due diligence purpose, we obtained a list of all individual transactions regarding the Procurement of Engineering Services for the two years ended 31 December 2024 and 1H2025 from the Company, and randomly selected one individual transaction for each of the two years ended 31 December 2024 and 1H2025 (three individual transactions in total) from the list (the "**Selected Procurement of Engineering Services Transactions**"). As the sampling was conducted on a random selection basis and the sampling period covered two and a half financial years of the Company, we consider such sampling to be sufficient from independent financial adviser's perspective. The Company provided us with corresponding documents (including the relevant agreement, invoices, bidding documents and internal approval records) for the Selected Procurement of Engineering Services Transactions, demonstrating that the prices of the engineering services purchased by the Group from the Parent Group were not higher than those offered by independent third parties.

With reference to the Board Letter, the Group has internal control mechanism in place to ensure the individual transactions are conducted within the Master Agreement on Mutual Provision of Engineering Services. Details of the internal control mechanism are set out under the sub-section headed "(2) Basis of Pricing" of the section headed "5. The Master Agreement on Mutual Provision of Engineering Services" of the Board Letter. We consider that implementation of the above internal control mechanism would ensure fair pricing of the Procurement of Engineering Services.

With reference to the Company 2024 Annual Report, the independent non-executive Directors have reviewed, among other things, the continuing connected transactions (including the Procurement of Engineering Services) for FY2024 and provided the INEDs Confirmation. The Company's auditors have also reviewed among other things, the continuing connected transactions (including the Procurement of Engineering Services) for FY2024 and provided the Auditor Confirmation.

The proposed annual caps

Set out below are (i) the historical amounts of the Procurement of Engineering Services for the two years ended 31 December 2024 and 1H2025 with existing annual caps; and (ii) the proposed annual caps of the Procurement of Engineering Services for the three years ending 31 December 2028 (the "**Procurement of Engineering Services Cap(s)**"):

	For the year ended 31 December 2023 *RMB' million*	**For the year ended 31 December 2024** *RMB' million*	**For the year ending 31 December 2025** *RMB'million*
Historical amounts	7,070.348	6,933.759	2,733.856 *(Note)*
Existing annual caps	10,236.633	11,347.807	12,133.646
Utilization rate (%)	69	61	N/A

	For the year ending 31 December 2026 *RMB' million*	**For the year ending 31 December 2027** *RMB' million*	**For the year ending 31 December 2028** *RMB' million*
Procurement of Engineering Services Caps	5,428.537	5,540.323	5,472.899

Note: the figure was for 1H2025.

With reference to the Board Letter, the Procurement of Engineering Services Caps are determined based on: (i) the actual transaction amounts for the two years ended 31 December 2024 and 1H2025 and the estimated transaction amount for the last six months ending 31 December 2025; and (ii) the business requirements for the procurement of engineering services from Sinoma International (a Connected Subsidiary) and its subsidiaries, which are subject to the ongoing decline in domestic cement prices and the slowdown in investment, and the expected transaction amount for procurement of engineering services from Sinoma International (the "**Procurement of Engineering Services from Sinoma International**") over the next three years amounted to approximately RMB5.10 billion, RMB5.27 billion and RMB5.20 billion, respectively; and (iii) the new annual caps are primarily intended to meet the needs of Tianshan Materials.

We noted that the utilization rates of the existing annual caps for FY2023 and FY2024 were approximately 69% and 61% respectively. Accordingly, we consider that it is reasonable for the Company to set the Procurement of Engineering Services Caps for the three years ending 31 December 2028 lower than that for FY2023.

Based on the information provided by the Company, we noted that the Procurement of Engineering Services Caps for the three years ending 31 December 2028 mainly cover the demand of Tianshan Material. We noted from Tianshan Materials' interim report for the six months ended 30 June 2025 that, as at 30 June 2025, Tianshan Materials has three major engineering projects currently under construction (the "**Disclosed Projects**"), and the cumulative investment amounts for such projects had reached approximately RMB8.7 billion, with respective completion rates of approximately 64.31%, 62.17% and 22.93%. With reference to relevant announcements as published by Tianshan Materials, the total estimated investment amount for the aforesaid engineering projects was approximately RMB15.4 billion.

We obtained from the Company a breakdown of the expected Procurement of Engineering Services from Sinoma International for the three years ending 31 December 2028 and noted that such expected Procurement of Engineering Services from Sinoma International include procurement by Tianshan Materials for its engineering projects (including the Disclosed Projects).

Having considered the above, we are of the view that the Procurement of Engineering Services Caps for the three years ending 31 December 2028 are fair and reasonable.

Shareholders should note that as the Procurement of Engineering Services Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2028, and they do not represent forecasts of cost to be incurred from the Procurement of Engineering Services. Consequently, we express no opinion as to how closely the actual cost to be incurred from the Procurement of Engineering Services will correspond with the Procurement of Engineering Services Caps.

Having considered the principal terms of the Procurement of Engineering Services as set out above, we are of the view that the terms of the Procurement of Engineering Services (including the Procurement of Engineering Services) are on normal commercial terms and are fair and reasonable.

C. The Deposit Services

Summarised below are the major terms of the Deposit Services as contemplated under the Financial Services Framework Agreement, details of which are set out under the section headed "8. The Financial Services Framework Agreement" of the Board Letter:

Date

28 August 2025

Parties

(i) The Company; and

(ii) The Finance Company

Effective period

The Financial Services Framework Agreement will become effective from 1 January 2026 after: (i) having been signed by legal representatives or authorised representatives of both parties and stamped; and (ii) having completed respective internal approval procedures by the parties. The term of the Financial Services Framework Agreement is from 1 January 2026 to 31 December 2028.

Principal terms

The Finance Company has agreed to provide the Group with, among other things, deposit services on a non-exclusive basis.

Basis of pricing

Pursuant to the Financial Services Framework Agreement, the Finance Company has agreed to provide the Deposit Services to the Group in accordance with the following principles: The interest rate for the Group for its deposits with Finance Company shall comply with the PBOC's regulations on interest rates for deposits of the same type from time to time, and will not be lower than: (i) the benchmark interest rate specified by the PBOC for deposits of the same category during the same period; (ii) the interest rate paid by Finance Company for deposits of the same type placed by members of the Parent Group during the same period under the same conditions; and (iii) the interest rate for deposits of the same type offered by PRC general commercial banks to the Group during the same period under the same conditions.

For our due diligence purpose, we obtained from the Company a list of records on deposit interest derived from the deposits placed by the Group with the Finance Company for the two years ended 31 December 2024 and 1H2025. We randomly selected one deposit interest record for each of the two years ended 31 December 2024 and 1H2025 (three deposit interest records in total) (the "**Selected Deposit Interest Records**"). As the sampling was conducted on a random selection basis and the sampling period covered two and a half financial years of the Company, we consider such sampling to be sufficient from independent financial adviser's perspective. The Company provided us with internal deposit interest settlement record for each of the Selected Deposit Interest Records, together with (i) information on the published interest rates offered by the PBOC for deposit of the same category during the same period; (ii) information on the interest rate for deposits of the same type offered by PRC general commercial banks to the Group during the corresponding period; and (iii) the internal deposit interest settlement record regarding the interests paid by Finance Company for deposits of the same category placed by members of the Parent Group during the same period. We noted from

the aforesaid documents that the interest rates offered by the Finance Company to the Group were not lower than (i) the benchmark interest rate specified by the PBOC; (ii) the interest rate by PRC general commercial banks to the Group; and (iii) the interest rate offered by Finance Company to members of the Parent Group.

With reference to the Board Letter, the Group has internal control mechanism in place to ensure the individual transactions are conducted within the Financial Services Framework Agreement. Details of the internal control mechanism are set out under the sub-section headed "(2) Basis of Pricing" of the section headed "8. The Financial Services Framework Agreement" of the Board Letter. We consider that implementation of the above internal control mechanism would ensure fair interest rate determination of the Deposit Services.

With reference to the Company 2024 Annual Report, the independent non-executive Directors have reviewed, among other things, the continuing connected transactions (including the Deposit Services) for FY2024 and provided the INEDs Confirmation. The Company's auditors have also reviewed among other things, the continuing connected transactions (including the Deposit Services) for FY2024 and provided the Auditor Confirmation.

The proposed annual caps

Set out below are (i) the historical amounts of the Deposit Services for the two years ended 31 December 2024 and 1H2025 with existing annual caps; and (ii) the proposed annual caps of the Deposit Services for the three years ending 31 December 2028 (the "**Deposit Cap(s)**"):

	For the year ended 31 December 2023 *RMB' million*	**For the year ended 31 December 2024** *RMB' million*	**For the year ended 31 December 2025** *RMB' million*
Historical amounts	15,393.940	16,188.520	19,389.910 *(Note)*
Existing annual caps	18,800.000	20,400.000	22,000.000
Utilization rate (%)	82%	79%	N/A

	For the year ending 31 December 2026 *RMB' million*	**For the year ending 31 December 2027** *RMB' million*	**For the year ending 31 December 2028** *RMB' million*
Deposit Caps	26,600.000	29,700.000	32,600.000

Note: the figure was for 1H2025.

With reference to the Board Letter, the Deposit Caps are determined by the Board after considering the factors as set out under the sub-section headed "Basis of determination of the proposed Deposit Caps" of the Board Letter.

As depicted from the above table, the utilization rates of the existing annual caps were approximately 82% for FY2023 and approximately 79% for FY2024. The Group's maximum daily deposit balance (including accrued interests) under the Deposit Services for 1H2025 reached approximately 88% of the existing annual cap for FY2025.

With reference to the Company 2025 Interim Report, as at 30 June 2025, the Group's cash and cash equivalents were approximately RMB26.3 billion, pledged bank deposits were approximately RMB3.6 billion and structured deposits (classified as financial assets at fair value through profit or loss) were approximately RMB2.3 billion.

In addition, based on the information provided by the Company: (i) the Group's maximum daily deposit balance (including accrued interests) of approximately RMB19.4 billion under the Deposit Services for 1H2025 incurred in early June 2025; (ii) the Group's daily deposit balance (including accrued interests) under the Deposit Services was approximately RMB19.4 billion as at 31 May 2025; and (iii) the Group's cash and cash equivalents were approximately RMB31.1 billion as at 31 May 2025.

With reference to the Board Letter, the Group's credit scale at the Finance Company was RMB25.9 billion as at 30 June 2025, whereas the Group could obtain financing from the Finance Company (including but not limited to loan borrowings) within such limit. Based on the information provided by the Company, the unutilised limit of the aforesaid credit scale was over RMB10 billion as at 30 June 2025. As advised by the Directors, when the Group obtain loan from the Finance Company, the Finance Company will transfer the fund to the Group's designated account under the Finance Company before applying such fund for specified purpose. Accordingly, the Group's loan obtaining from the Finance Company may utilise the Deposit Caps in short-term.

The above figures indicated the Group's possible demand of the Deposit Services (i.e. the Group's cash and cash equivalents of approximately RMB31.1 billion as at 31 May 2025, pledged bank deposits of approximately RMB3.6 billion and structured deposits (classified as financial assets at fair value through profit or loss) of approximately RMB2.3 billion (which could be realised for cash) as at 30 June 2025, and the Group's unutilised limit of credit scale at the Finance Company of over RMB10 billion as at 30 June 2025). Accordingly, we consider the Deposit Caps ranging from RMB26.6 billion to RMB32.6 billion for the three years ending 31 December 2028 could cover the Group's possible demand of the Deposit Services. Therefore, we consider the Deposit Caps for the three years ending 31 December 2028 to be fair and reasonable.

Shareholders should note that as the Deposit Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2028, and they do not represent forecasts of deposits to be placed under the Deposit Services. Consequently, we express no opinion as to how closely the actual deposits to be placed under the Deposit Services will correspond with the Deposit Caps.

Having considered the principal terms of the Deposit Services as set out above, we are of the view that the terms of the Deposit Services (including the Deposit Caps) are on normal commercial terms and are fair and reasonable.

3. Listing Rules implication regarding the Non-Exempt Continuing Connected Transactions

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of the Non-Exempt Continuing Connected Transactions must be restricted by their respective proposed annual caps; (ii) the terms of the Non-Exempt Continuing Connected Transactions (including their respective proposed annual caps) must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Non-Exempt Continuing Connected Transactions must be included in the Company's subsequent published annual reports and financial accounts. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Non-Exempt Continuing Connected Transactions (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group (for the products sale and service provision); (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded the proposed annual caps. In the event that the total amounts of the Non-Exempt Continuing Connected Transactions are anticipated to exceed their respective proposed annual caps, or that there is any proposed material amendment to the terms of the Non-Exempt Continuing Connected Transactions, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Non-Exempt Continuing Connected Transactions and thus the interest of the Independent Shareholders would be safeguarded.

Recommendation on the Non-Exempt Continuing Connected Transactions

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Non-Exempt Continuing Connected Transactions are on normal commercial terms and are fair and reasonable; and (ii) the Non-Exempt Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board

Committee to advise the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Non-Exempt Continuing Connected Transactions and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 30 years of experience in investment banking industry.

1. THE GROUP'S FINANCIAL INFORMATION

The audited consolidated financial information of the Company for each of the three years ended 31 December 2022, 2023 and 2024 have been disclosed in the annual reports of the Company for the years ended 31 December 2022, 2023 and 2024 in accordance with IFRS, respectively. The unaudited condensed consolidated interim financial information of the Company as of and for the six months ended 30 June 2025 have been disclosed in the interim report of the Company for the six months ended 30 June 2025. Details of the financial statements have been published on the Stock Exchange website (http://www.hkexnews.hk) and the Company's website (http://www.cnbmltd.com/):

(i) in respect of the annual report of the Company for the year ended 31 December 2024 published on 27 March 2025 (pages 105 to 266)

(ii) in respect of the annual report of the Company for the year ended 31 December 2023 published on 28 March 2024 (pages 112 to 276)

(iii) in respect of the annual report of the Company for the year ended 31 December 2022 published on 4 April 2023 (pages 138 to 336)

(iv) in respect of the interim report of the Company for the six months ended 30 June 2025 published on 28 August 2025 (pages 35 to 91)

2. INDEBTEDNESS

(i) Borrowings

At the close of business on 31 July 2025, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had the following outstanding borrowings:

	RMB'000
Borrowings:	
– Bank borrowings, secured and unguaranteed	7,113,130
– Bank borrowings, unsecured and guaranteed	8,672,759
– Bank borrowings, unsecured and unguaranteed	146,613,367
– Bonds, unsecured and unguaranteed	34,900,000
– Borrowings from other financial institutions, secured and unguaranteed	927,310
	198,226,566
Lease liabilities, unsecured and unguaranteed	2,327,808
Other borrowings, unsecured and unguaranteed	15,021,936
	215,576,310

Notes:

1. Secured and unguaranteed bank borrowings

As at 31 July 2025, the secured and unguaranteed bank borrowings are secured by the Group's property, plant and equipment, right-of-use assets, cash and cash equivalents, intangible assets and bills receivables set out below. The effective interest rates for these borrowings range from 2.00% to 6.00%.

2. Unsecured and guaranteed bank borrowings

As at 31 July 2025, the unsecured and guaranteed bank borrowings are guaranteed by the Parent, subsidiaries of the Parent, related parties of the Company and third parties. The effective interest rates for these borrowings range from 1.85% to 6.41%.

3. Unsecured and unguaranteed bank borrowings

As at 31 July 2025, the effective interest rates for the unsecured and unguaranteed bank borrowings range from 1.08% to 10.65%.

4. Unsecured and unguaranteed bonds

As at 31 July 2025, the coupon rates for these unsecured and unguaranteed bonds range from 1.55% to 4.55%.

5. Secured and unguaranteed borrowings from other financial institutions

As at 31 July 2025, the secured and unguaranteed borrowings from other financial institutions are secured by the Group's property, plant and equipment. The effective interest rates for these borrowings range from 2.40% to 3.45%.

6. Unsecured and unguaranteed other borrowings

As at 31 July 2025, the effective interest rates for other borrowings range from 2.07% to 5.00%.

(ii) Pledge of assets

At the close of business on 31 July 2025, the Group has pledged the following assets for securing bank borrowings and borrowings from other financial institutions:

	RMB'000
Property, plant and equipment	3,320,233
Right-of-use assets	211,867
Cash and cash equivalents	3,592,513
Intangible assets	6,496,188
Bills receivable	481,822
	14,102,623

(iii) Commitment

At the close of business on 31 July 2025, the Group had commitment for acquisition of property, plant and equipment of approximately RMB545 million.

(iv) Contingent liabilities

At the close of business on 31 July 2025, the Group did not have any contingent liabilities of potential future payments under guarantee.

(v) Disclaimers

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, the Group did not have any other loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but unissued and term loans or other borrowings, indebtedness in the nature of borrowings, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities outstanding on 31 July 2025.

3. FINANCIAL AND TRADING PROSPECTS OF THE COMPANY

The external environment for economic development remains uncertain, and internal structural adjustments are under considerable pressure. However, amid the evolving landscape, opportunities lie within the challenges. Internationally, infrastructure demand in emerging markets continues to grow, application scenarios for new materials are expanding, and the transition to green and low-carbon development is in a critical window of opportunity. Domestically, the foundation for China's economic recovery is being consolidated, with overall stable economic operations and positive signs of recovery, demonstrating strong resilience and vitality in mitigating fluctuations. From an industry perspective, consensus on industry ecosystem development is further deepening, the effects of a series of policies are gradually being released, supply-side reforms in the industry are continuing to advance, promising continued improvement in the industry ecosystem.

The Group will remain steadfast in its commitment to achieving its annual targets and objectives. Focusing on accelerating the development of a world-class materials enterprise, it will continue to prioritize four key areas: operational management, optimizing layout, deepening reforms, and value management:

First, the Group will focus on steady operations, prioritize efficiency, and continue to consolidate the upward trend in business performance. It will continue to deepen commitment to the Management of Three Delicacies: lean operations focusing on promoting "stability", refined management focusing on increasing efficiency through "reduction", and streamlined organization focusing on improving quality through "reduction".

Second, the Group will continue to optimize the layout, accelerate the transformation and upgrading of industries, and focus on both the basic building materials sector and strategic emerging industries. It will accelerate the optimization and upgrading of basic building materials, with the cement business centered on enhancing profitability, prioritizing the growth of specialty cement and high-performance concrete, seizing opportunities from national key projects, and continuously expanding application scenarios. The commercial concrete business will accelerate its layout in key domestic regions such as the Yangtze River Delta, using a light-asset model to further enhance market control. The aggregate business will focus on improving the input-output ratio and accelerating the completion and efficiency of ongoing projects. The strategic emerging industries will comprehensively utilize investment in new construction, mergers and acquisitions, industrial funds, and strategic cooperation to improve tiered layout, focus on key products, and accelerate the construction of industrial clusters. It will accelerate the implementation of internationalization strategies, coordinate resource elements, and enhance international operational capabilities.

Third, the Group will enhance the quality and effectiveness of reforms, complete the final phase of reform deepening and upgrading with high quality, further empowering operations through reforms. It will comprehensively complete the reform of the Supervisory Committee and the assumption of functions, and continue to optimize corporate governance. It will accurately implement medium- and long-term incentives, strengthen medium- and long-term incentives oriented toward technological innovation, and maximize the effectiveness of incentives. It will deeply integrate into the national innovation system, strengthen the construction of original technology sources, and promote high-efficiency transformation and industrialization of achievements.

Fourth, the Group will strengthen value management and adhere to a value management philosophy centered on enhancing intrinsic value. It will balance value creation and value realization, and actively safeguard shareholder rights, further improve the ESG system, continuously enhance ESG governance and practices, and empower the Company's sustainable development.

4. WORKING CAPITAL

The Directors are of the opinion that, the financial resources available to the Group, including but not limited to the internally generated funds, cash and cash equivalents on hands, available facilities from bank and financial institutions, the working capital available to the Group is sufficient for the Group's requirements for at least 12 months from the date of this circular.

5. FINANCIAL EFFECT OF THE FINANCIAL SERVICES FRAMEWORK AGREEMENT ON THE EARNINGS, ASSETS AND LIABILITIES OF THE GROUP

The Financial Services Framework Agreement does not and the Group expects that it will not have any material impact on the earnings, net asset value, liabilities and gearing of the Group.

6. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or operating position of the Group since 31 December 2024, the date to which the latest published audited financial statements of the Group were made up.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS IN SHARES

I. Interests and short positions of the Directors, Chief Executive and Supervisors

As at the Latest Practicable Date, so far as the Directors, chief executive or supervisors of the Company are aware, none of the Directors, chief executive or supervisors of the Company had interests and short positions in the Shares, underlying Shares and/or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code of Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

II. Interests of Shareholders disclosable pursuant to the SFO

As at the Latest Practicable Date, so far as is known to the Directors, chief executive or supervisors of the Company, the following persons (other than a Director, chief executive or supervisor of the Company) had an interest or short position in the Shares or underlying Shares of Company (as the case may be) which would fall to be disclosed to Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by Company under Section 336 of the SFO or had otherwise notified the Company are as follows:

Name of Substantial Shareholders	Class of Shares	Long/short position	Capacity	Number of Shares held	*Notes*	Percentage of the relevant class of share capital *(%)*[1]	Percentage of total share capital *(%)*[1]
Parent	Domestic Shares	Long	Beneficial owner	628,592,008			
	Domestic Shares	Long	Interest of controlled corporations	2,984,713,973			
				3,613,305,981	*2*	93.21	47.59
	H Shares	Long	Beneficial owner	8,536,000			
	H Shares	Long	Interest of controlled corporations	175,428,000			
				183,964,000	*2*	4.95	2.42
Beijing New Building Material (Group) Co., Ltd. ("**BNBMG**")	Domestic Shares	Long	Beneficial owner	1,485,566,956	*2*	38.32	19.56
China National Materials Group Corporation Ltd. ("**Sinoma Parent**")	Domestic Shares	Long	Beneficial owner	1,270,254,437	*2*	32.77	16.73
Taian Taishan Finance Investment Group Co., Ltd. ("**Taishan Finance**")	Domestic Shares	Long	Interest of controlled corporations	263,318,181	*3*	6.79	3.47
Taian Taishan Investment Co., Ltd. ("**Taishan Investment**")	Domestic Shares	Long	Interest of controlled corporations	263,318,181	*3*	6.79	3.47
Tai'an Finance Industrial Development Co., Ltd ("**Finance Industry**")	Domestic Shares	Long	Beneficial owner	263,318,181	*3*	6.79	3.47

Name of Substantial Shareholders	Class of Shares	Long/short position	Capacity	Number of Shares held	*Notes*	Percentage of the relevant class of share capital *(%)*[1]	Percentage of total share capital *(%)*[1]
CNBM United Investment Co., Ltd. ("**CNBM United Investment**")	Domestic Shares	Long	Beneficial owner	227,719,530	2	5.87	3.00
	H Shares	Long	Beneficial owner	168,628,000		4.54	2.22
BlackRock, Inc.	H Shares	Long	Interest of controlled corporations	239,148,435	4	6.43	3.15
		Short	Interest of controlled corporations	8,572,673	4	0.23	0.11

Notes:

1. As at the Latest Practicable Date, the Company's total number of issued shares comprises 7,593,021,358 Shares, including 3,876,624,162 Domestic Shares and 3,716,397,196 H Shares.

2. Of these 3,613,305,981 Shares, 628,592,008 Shares are directly held by the Parent, the remaining 2,984,713,973 Shares are deemed corporate interest indirectly held through BNBMG, Sinoma Parent, CNBM United Investment and Building Materials Academy. Sinoma Parent, CNBM United Investment and Building Materials Academy are wholly-owned subsidiaries of the Parent. BNBMG is a subsidiary of the Parent which directly and indirectly holds 100% of its equity interests, of which 70.04% is directly held and 29.96% is indirectly held through China National Building Material Import and Export Co., Ltd. Under the SFO, the Parent is deemed to own the Shares directly held by BNBMG (1,485,566,956 Shares), Sinoma Parent (1,270,254,437 Shares), CNBM United Investment (227,719,530 Shares) and Building Materials Academy (1,173,050 Shares).

3. Finance Industry is a wholly-owned subsidiary of Taishan Investment, which in turn is a wholly-owned subsidiary of Taishan Finance. Under the SFO, Taishan Finance is deemed to own 263,318,181 Shares directly held by Finance Industry.

4. BlackRock, Inc. was deemed to hold interests in a total of 239,148,435 H Shares (long position) and 8,572,673 H Shares (short position) in the Company by virtue of its control over the following corporations, which held direct interests in the Company:

   4.1 BlackRock Investment Management, LLC held 54,000 H Shares (long position) in the Company. BlackRock Investment Management, LLC was an indirect wholly-owned subsidiary of BlackRock, Inc.

   4.2 BlackRock Financial Management, Inc. held 4,710,972 H Shares (long position) and 7,688,863 H Shares (short position) in the Company. BlackRock Financial Management, Inc. was an indirect wholly-owned subsidiary of BlackRock, Inc.

4.3 BlackRock Institutional Trust Company, National Association held 38,223,844 H Shares (long position) and 883,810 H Shares (short position) in the Company. BlackRock Institutional Trust Company, National Association was an indirect wholly-owned subsidiary of BlackRock Holdco 6, LLC, which in turn was indirectly held as to 90% by BlackRock, Inc.

4.4 BlackRock Fund Advisors held 73,334,071 H Shares (long position) in the Company. BlackRock Fund Advisors was an indirect wholly-owned subsidiary of BlackRock Holdco 6, LLC, which in turn was indirectly held as to 90% by BlackRock, Inc.

4.5 BlackRock Japan Co., Ltd. held 8,157,213 H Shares (long position) in the Company. BlackRock Japan Co., Ltd. was an indirect wholly-owned subsidiary of BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc.

4.6 BlackRock Asset Management Canada Limited held 1,318,000 H Shares (long position) in the Company. BlackRock Asset Management Canada Limited was an indirect wholly-owned subsidiary of BlackRock International Holdings, Inc., which in turn was an indirect wholly-owned subsidiary of BlackRock, Inc.

4.7 BlackRock Investment Management (Australia) Limited held 957,396 H Shares (long position) in the Company. BlackRock Investment Management (Australia) Limited was an indirect wholly-owned subsidiary of BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc.

4.8 BlackRock Asset Management North Asia Limited held 12,351,260 H Shares (long position) in the Company. BlackRock Asset Management North Asia Limited was an indirect wholly-owned subsidiary of BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc.

4.9 BlackRock (Netherlands) B.V. held 11,619,224 H Shares (long position) in the Company. BlackRock (Netherlands) B.V. was an indirect wholly-owned subsidiary of BlackRock Group Limited, which in turn was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc.

4.10 BlackRock Asset Management Ireland Limited held 43,096,837 H Shares (long position) in the Company. BlackRock Asset Management Ireland Limited was an indirect wholly-owned subsidiary of BlackRock Group Limited, which in turn was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc.

4.11 BLACKROCK (Luxembourg) S.A. held 30,590,000 H Shares (long position) and 594,000 H Shares (short position) in the Company. BLACKROCK (Luxembourg) S.A. was an indirect wholly-owned subsidiary of BlackRock Group Limited, which in turn was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc.

4.12 BlackRock Investment Management (UK) Limited held 4,332,322 H Shares (long position) in the Company. BlackRock Investment Management (UK) Limited was an indirect wholly-owned subsidiary of BlackRock Group Limited, which in turn was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc.

4.13 BlackRock Fund Managers Limited held 9,779,595 H Shares (long position) in the Company. BlackRock Fund Managers Limited was an indirect wholly-owned subsidiary of BlackRock Group Limited, which in turn was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc.

4.14 BlackRock Life Limited held 149,539 H Shares (long position) in the Company. BlackRock Life Limited was an indirect wholly-owned subsidiary of BlackRock Group Limited, which in turn was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc.

4.15 BlackRock (Singapore) Limited held 373,231 H Shares (long position) in the Company. BlackRock (Singapore) Limited was an indirect wholly-owned subsidiary of BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc.

4.16 BlackRock Asset Management Schweiz AG held 66,000 H Shares (long position) in the Company. BlackRock Asset Management Schweiz AG was an indirect wholly-owned subsidiary of BlackRock Group Limited, which in turn was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc.

4.17 Aperio Group, LLC held 34,931 H Shares (long position) in the Company. Aperio Group, LLC was a direct wholly-owned subsidiary of Aperio Holdings, LLC, which in turn was directly held as to 60% by Amethyst Intermediate, LLC (an indirect wholly-owned subsidiary of BlackRock, Inc.), and 40% by EG Holdings Blocker, LLC (an indirect wholly-owned subsidiary of BlackRock, Inc.).

6,711,518 H Shares (long position) and 7,704,863 H Shares (short position) of BlackRock, Inc. in the Company were held through cash settled unlisted derivatives.

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified by any persons who have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

3. DIRECTORS' AND SUPERVISORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDERS

The followings are the particulars of Directors' and Supervisors' employment with substantial shareholders as at the Latest Practicable Date:

Name	Position in the Company	Position held in the substantial Shareholder
Zhou Yuxian	Chairman and executive Director of the Company	Chairman of the board of the Parent
Wei Rushan	President and executive Director of the Company	Deputy general manager of the Parent
Miao Xiaoling	Deputy secretary of the party committee and executive Director of the Company	the head of the organisation department of the party committee and the general manager of the human resources department of the Parent
Wang Yumeng	Non-executive Director of the Company	Deputy general manager of the Parent
Chen Shaolong	Non-executive Director of the Company	Director and general manager of Taian Taishan Investment Co., Ltd.* (泰安市泰山投資有限公司)

4. MATERIAL CONTRACTS

The following contracts (being contracts not entered into in the ordinary course of business) have been entered into by the Group within the two years up to and including the Latest Practicable Date which are or may be material:

1. On 26 July 2024, Sinoma Cement (a subsidiary of the Company) entered into a share purchase agreement with VOTORANTIM CIMENTOS EAA INVERSIONES S.L.U. (a joint stock company organised under the laws of the Kingdom of Spain) ("**Votorantim Cimentos**"), pursuant to which Votorantim Cimentos agreed to sell, and Sinoma Cement agreed to acquire, all the shares of Société Les Ciments de Jbel Oust (the "**Target Company**") for an aggregate consideration of approximately USD130 million (subject to certain adjustments) and the final consideration (after the adjustments) shall not exceed USD145 million. Upon completion of the acquisition of all the shares of the Target Company by Sinoma Cement from Votorantim Cimentos pursuant to the share purchase agreement, the Target Company and its subsidiary, Granulats Jbel Oust, will both become indirect subsidiaries of the Company.

5. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

6. SERVICE CONTRACTS

None of the Directors or Supervisors has entered into a service contract with any member of the Group (excluding contracts expiring or determinable within one year without payment of compensation (other than statutory compensation)).

7. OTHER INTERESTS OF THE DIRECTORS AND SUPERVISORS

As at the Latest Practicable Date:

(a). none of the Directors or Supervisors had any direct or indirect interest in any assets which have been, since 31 December 2024, the date of the latest published audited accounts of the Company, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

(b). none of the Directors or Supervisors was materially interested in any contract or arrangement entered into by any member of the Group which is subsisting as at the date of this circular and which is significant in relation to the business of the Group; and

(c). none of the Directors and their close associates had any competing interest, in a business which competes or is likely to compete either directly or indirectly, with the business of the Group.

8. EXPERT

The name and qualification of the expert who has given their opinion, letter or advice contained in this circular are as follows:

Name	Qualification
Gram Capital	A corporation licensed for carrying out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Gram Capital did not have:

(a). any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up; and

(b). any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Gram Capital has given and has not withdrawn its written consent to the issue of this circular with its letter and reference to its name included in the form and context in which it is included.

9. OTHER INFORMATION

(a). The Company has joint company secretaries, namely Ms. Pei Hongyan and Mr. Chung Ming Fai ("**Mr. Chung**").

Ms. Pei Hongyan is the authorised representative of the Company and the secretary of the Board. Ms. Pei has extensive experience in accounting and corporate governance.

Mr. Chung has over 20 years of experience in corporate secretary, mergers and acquisitions, financial reporting and auditing. Mr. Chung is currently a senior vice president of SWCS Corporate Services Group (Hong Kong) Limited, primarily responsible for managing the company secretarial and compliance work for companies listed on the Stock Exchange. Mr. Chung is currently a fellow of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. He obtained a bachelor's degree in commerce from the Australian National University in December 2003.

(b). The address of the registered office and principal place of business of the Company is located at Tower 2 (Building B), Guohai Plaza, No. 17 Fuxing Road, Haidian District, Beijing, the PRC. The address of the Company's place of business in Hong Kong is at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong.

(c). In case of inconsistency, the English version of this circular shall prevail over the Chinese version.

10. DOCUMENTS ON DISPLAY

The following documents are available at (i) the website of the Stock Exchange (www.hkexnews.hk) and (ii) the website of the Company (www.cnbmltd.com) for a period of 14 days from the date of this circular (both days inclusive):

(a). the Master Agreement on Mutual Provision of Products and Services;

(b). the Master Agreement on Mutual Provision of Engineering Services;

(c). the Financial Services Framework Agreement;

(d). the letter from the Independent Financial Adviser, the full text of which is set out in this circular from pages 35 to 57; and

(e). the letter of expert's consent from Gram Capital.

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)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting ("**EGM**") of China National Building Material Company Limited (the "**Company**") will be held at 2:00 p.m. on Friday, 24 October 2025 at Tower 2, Guohai Plaza, No. 17 Fuxing Road, Haidian District, Beijing, the People's Republic of China (the "**PRC**") for the purposes of considering and, if thought fit, passing the following resolutions. Unless otherwise indicated, capitalised terms used herein shall have the same meaning as those defined in the circular of the Company dated 26 September 2025 (the "**Circular**").

AS ORDINARY RESOLUTIONS

1. To consider and approve the transactions contemplated under the master agreement on mutual provision of products and services dated 28 August 2025 (the "**Master Agreement on Mutual Provision of Products and Services**") entered into between the Company and China National Building Material Group Co., Ltd.* (the "**Parent**") and the annual caps of such transactions and all other matters of and incidental thereto or in connection therewith:

   "**THAT**

   (A) the transactions under the Master Agreement on Mutual Provision of Products and Services and all other matters of and incidental thereto or in connection therewith be and are hereby approved and confirmed;

   (B) the annual caps of the transactions contemplated under the Master Agreement on Mutual Provision of Products and Services as more particularly set out in the Circular (a copy of which has been produced to the meeting marked "A" and has been initialed by the chairman of the meeting for the purpose of identification), be and are hereby approved and confirmed; and

   (C) any one executive Director of the Company be and is hereby authorised for and on behalf of the Company, amongst other matters, to sign, seal, stamp, execute, perfect, deliver, do or to authorise signing, executing, perfecting and delivering and doing all such documents, deeds, acts, matters and things as he/she may in his/her discretion consider necessary, expedient or desirable to give effect to and implement the terms of the transactions under the Master

Agreement on Mutual Provision of Products and Services and to make and agree such variations of a non-material nature in or to the terms of the transactions under the Master Agreement on Mutual Provision of Products and Services as he/she may in his discretion consider to be desirable and in the interests of the Company."

2. To consider and approve the transactions of procurement of engineering services from the Parent and its subsidiaries (excluding the Company and its subsidiaries, but including the Connected Subsidiaries of the Company) (the "**Parent Group**") under the master agreement on mutual provision of engineering services dated 28 August 2025 (the "**Master Agreement on Mutual Provision of Engineering Services**") entered into between the Company and the Parent and the annual caps of such transactions and all other matters of and incidental thereto or in connection therewith:

"**THAT**

(A) the transactions of procurement of engineering services from the Parent Group under the Master Agreement on Mutual Provision of Engineering Services and all other matters of and incidental thereto or in connection therewith be and are hereby approved and confirmed;

(B) the annual caps of the transactions of procurement of engineering services from the Parent Group under the Master Agreement on Mutual Provision of Engineering Services as more particularly set out in the Circular (a copy of which has been produced to the meeting marked "A" and has been initialed by the chairman of the meeting for the purpose of identification), be and are hereby approved and confirmed; and

(C) any one executive director of the Company be and is hereby authorised for and on behalf of the Company, amongst other matters, to sign, seal, stamp, execute, perfect, deliver, do or to authorise signing, executing, perfecting and delivering and doing all such documents, deeds, acts, matters and things as he/she may in his/her discretion consider necessary, expedient or desirable to give effect to and implement the terms of the transactions of procurement of engineering services from the Parent Group under the Master Agreement on Mutual Provision of Engineering Services and to make and agree such variations of a non-material nature in or to the terms of the transactions of procurement of engineering services from the Parent Group under the Master Agreement on Mutual Provision of Engineering Services as he/she may in his discretion consider to be desirable and in the interests of the Company."

3. To consider and approve the deposit services transactions under the financial services framework agreement dated 28 August 2025 (the "**Financial Services Framework Agreement**") entered into between the Company and China National Building Material Group Finance Co., Ltd. (the "**Finance Company**") and the caps of such transactions and all other matters of and incidental thereto or in connection therewith:

"**THAT**

(A) the deposit services transactions under the Financial Services Framework Agreement and all other matters of and incidental thereto or in connection therewith be and are hereby approved and confirmed;

(B) the Deposit Caps as more particularly set out in the Circular (a copy of which has been produced to the meeting marked "A" and has been initialled by the chairman of the meeting for the purpose of identification), be and are hereby approved and confirmed; and

(C) any one executive director of the Company be and is hereby authorised for and on behalf of the Company, amongst other matters, to sign, seal, stamp, execute, perfect, deliver, do or to authorise signing, executing, perfecting and delivering and doing all such documents, deeds, acts, matters and things as he/she may in his/her discretion consider necessary, expedient or desirable to give effect to and implement the terms of the deposit services transactions under the Financial Services Framework Agreement and to make and agree such variations of a non-material nature in or to the terms of the deposit services transactions under the Financial Services Framework Agreement as he/she may in his discretion consider to be desirable and in the interests of the Company."

By order of the Board
China National Building Material Company Limited*
Zhou Yuxian
Chairman of the Board

Beijing, the PRC
26 September 2025

Notes:

(1) All resolutions at the meeting will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands pursuant to the Listing Rules. The chairman of the meeting will therefore demand a poll for every resolution put to vote at the EGM in accordance with the Articles of Association. An announcement on the poll vote results will be made by the Company after the EGM in the manner prescribed under Listing Rule 13.39(5). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.

(2) For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Tuesday, 21 October 2025 to Friday, 24 October 2025, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, holders of the H Shares whose transfers have not been registered shall deposit all transfer documents accompanied by the relevant share certificates at the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited for registration not later than 4:30 p.m. on Monday, 20 October 2025. Holders of H Shares of the Company whose names appear on the register of the Company maintained by Tricor Investor Services Limited, the Company's H Share Registrar in Hong Kong, and holders of Domestic Shares of the Company whose names appear on the register of the Company on Friday, 24 October 2025 shall be entitled to attend the EGM.

(3) A Shareholder entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote on his behalf. A proxy need not be a Shareholder of the Company. Where a Shareholder appoints more than one proxy, his proxies can only vote on a poll.

(4) The instrument appointing a proxy must be in writing under the hand of a Shareholder or his attorney duly authorised. If the Shareholder is a corporation, that instrument must be either under its common seal or under the hand of its director(s) or duly authorised attorney(s). If that instrument is signed by an attorney of Shareholder of the Company, the power of attorney authorising that attorney to sign or other authorisation document must be notarised.

(5) In order to be valid, the form of proxy together with the power of attorney or other authorisation document (if any) must be deposited at the Secretariat of the Board at the Company's principal place of business in the PRC for holders of the Domestic Shares and at the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, for holders of the H Shares not less than 24 hours before the time appointed for the EGM (i.e. not later than at 2:00 p.m. on Thursday, 23 October 2025) or any adjournment thereof (as the case may be).

(6) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or loss of capacity of the appointer, or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of shares in respect of which the proxy is given, provided that no notice in writing of these matters shall have been received by the Company prior to the commencement of the EGM.

(7) The address and contact details of the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, are as follows:

17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
Telephone No.: (+852) 2980 1333
Facsimile No.: (+852) 2810 8185

(8) The address and contact details of the Company's principal place of business in the PRC are as follows:

Tower 2, Guohai Plaza
No. 17 Fuxing Road
Haidian District
Beijing, the PRC
Telephone No.: (+86) 10 6813 8300
Facsimile No.: (+86) 10 6813 8388

(9) In accordance with the Company's Articles of Association, where two or more persons are registered as the joint holders of any share, only the person whose name appears first in the register of members shall be entitled to receive this notice, to attend and exercise all the voting powers attached to such share at the EGM, and this notice shall be deemed to be given to all joint holders of such share.

(10) The EGM is expected to be concluded within half a day. Shareholders (in person or by proxy) attended the EGM are responsible for their own transportation and accommodation expenses. Shareholders of the Company or their proxies attended the EGM shall produce identity documents.

(11) References to time and dates in this notice are to Hong Kong time and dates.

* *For identification only*