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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)

CONNECTED TRANSACTION IN RELATION TO THE CAPITAL CONTRIBUTION IN SINOMA ADVANCED

THE CAPITAL CONTRIBUTION

On 14 August 2026, Sinoma Advanced (an associated company of the Company and an indirect non-wholly owned subsidiary of the Parent) entered into the Capital Contribution Agreement and the Supplemental Agreement with the Company, BNBM (a subsidiary of the Company), Building Materials Academy (a subsidiary of the Parent), CNBM United Investment (a subsidiary of the Parent) and other Party B Shareholders, Party C Shareholders and Party D Shareholders. Pursuant to the Capital Contribution Agreement, the Participating Party B Shareholders, Party C Shareholders and Party D Shareholders agreed to make a capital contribution (either by way of cash contribution or through equity swap) totaling approximately RMB98.34 million to Sinoma Advanced on a basis of RMB10.07/share. Upon completion of the Capital Contribution, the registered capital of Sinoma Advanced will increase from approximately RMB502.98 million to approximately RMB601.31 million, and Sinoma Advanced will continue to be an associated company of the Company and an indirect non-wholly owned subsidiary of the Parent.

IMPLICATIONS UNDER THE LISTING RULES

As the Parent owns, directly and indirectly, an aggregate of approximately 50.01% of equity interest in the Company, it is a substantial shareholder of the Company. Each of Building Materials Academy and CNBM United Investment is a wholly-owned subsidiary of the Parent. Sinoma Advanced is an indirect non-wholly owned subsidiary of the Parent. Thus, each of Building Materials Academy, CNBM United Investment and Sinoma Advanced constitutes a

connected person of the Company. Therefore, the entry into of the Capital Contribution Agreements by the Company and BNBM and the transaction contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Capital Contribution are higher than 0.1% but all applicable ratios are less than 5%, the Capital Contribution contemplated under the Capital Contribution Agreements is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 29 June 2022 in relation to its deemed disposal of equity interest in Sinoma Advanced.

On 14 August 2026, Sinoma Advanced (an associated company of the Company and an indirect non-wholly owned subsidiary of the Parent) entered into the Capital Contribution Agreement and the Supplemental Agreement with the Company, BNBM (a subsidiary of the Company), Building Materials Academy (a subsidiary of the Parent), CNBM United Investment (a subsidiary of the Parent) and other Party B Shareholders, Party C Shareholders and Party D Shareholders. Pursuant to the Capital Contribution Agreement, the Participating Party B Shareholders, Party C Shareholders and Party D Shareholders agreed to make a capital contribution (either by way of cash contribution or through equity swap) totaling approximately RMB98.34 million to Sinoma Advanced on a basis of RMB10.07/share. Upon completion of the Capital Contribution, the registered capital of Sinoma Advanced will increase from approximately RMB502.98 million to approximately RMB601.31 million, and Sinoma Advanced will continue to be an associated company of the Company and an indirect non-wholly owned subsidiary of the Parent.

1. PRINCIPAL TERMS OF THE CAPITAL CONTRIBUTION AGREEMENT

Date	14 August 2026
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Parties to Agreement	(1) Sinoma Advanced;
	(2) Party B Shareholders;
	(3) Party C Shareholders; and
	(4) Party D Shareholders.

Nature of the Transaction	Pursuant to the Capital Contribution Agreement, Sinoma Advanced will increase its registered capital by way of:
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- (1) capital injection in cash of RMB180 million in aggregate by the Participating Party B Shareholders by way of non-public agreement; and
- (2) capital injection in cash of RMB650 million in aggregate by Party C Shareholders, and injection through equity swap with an aggregate appraised value of approximately RMB160 million by Party D Shareholders, after going through the process of Sinoma Advanced's listing on the Shanghai United Assets and Equity Exchange (the "**Listing**").

Upon completion of the Capital Contribution, the registered capital of Sinoma Advanced will increase from approximately RMB502.98 million to approximately RMB601.31 million, representing a total increase of approximately RMB98.34 million. The shareholding structure of Sinoma Advanced before and after the Capital Contribution is set out in section 3 of this announcement below.

**Amount and Basis of
Consideration**

The total consideration of Capital Contribution is approximately RMB98.34 million, among which the consideration payable by the Company is RMB55 million for subscribing the registered capital of approximately RMB5.46 million in Sinoma Advanced with the premium part being recorded as capital reserve.

The Capital Contribution price for each share is RMB10.07 per share, determined based on the Appraised Value (which was agreed by the parties with reference to the Valuation Report), being approximately RMB5,064.17 million (as base price for the Listing), and after taking into account of the bidding results on the Shanghai United Assets and Equity Exchange.

**Time for settlement and
way of settlement**

According to the Capital Contribution Agreement, the parties to the agreement agreed that:

- (1) each of the Participating Party B Shareholders (being Building Materials Academy, the Company, Zhongqi Dongjian Phase II, Zibo High-Tech and Qingdao Huixin) will pay the amount of its respective capital contribution (being RMB55 million, RMB55 million, RMB30 million, RMB20 million and RMB20 million, respectively) within five business days from the Effective Date;
- (2) each of the Party C Shareholders will pay the remaining balance of its respective capital contributions, totaling an aggregate amount of RMB455 million (after the deduction of security deposit already paid to the Shanghai United Assets and Equity Exchange totaling RMB195 million, which is regarded as paid capital contribution as of the Effective Date) within five business days from the Effective Date;
- (3) Party D Shareholders will transfer their aggregate equity interests of 12.3508% in Sinoma Advanced Nitride Ceramics Co., Ltd. as capital contribution in kind to Sinoma Advanced at the Effective Date, and each of the Party D Shareholders will cooperate with Sinoma Advanced to complete the change of registration for industry and commerce of the equity interests in Sinoma Advanced Nitride Ceramics Co., Ltd. within five business days from the Effective Date. Upon completion of the change of registration for industry and commerce, Party D Shareholders will be entitled to the return of cash security deposit paid to the Shanghai United Assets and Equity Exchange.

Profit or loss of Sinoma Advanced

According to the Capital Contribution Agreement, the parties to the agreement agreed that:

- (1) the profit or loss of Sinoma Advanced during the period between 1 July 2021 to 30 June 2022 will be assessed in accordance with the relevant provisions as set out in the Previous Capital Contribution Agreement; and

- (2) save as provided in (1) above, all retained earnings of Sinoma Advanced as at the Valuation Reference Date, and all profits or losses of Sinoma Advanced realized from the Valuation Reference Date onwards, will be shared and borne by all shareholders of Sinoma Advanced, in proportion to their respective shareholding percentages upon completion of the Capital Contribution.

Handling of Assets and Liabilities

Save as otherwise agreed, the assets and liabilities of Sinoma Advanced will continue to be owned by Sinoma Advanced.

Corporate Governance Arrangement

The composition, powers, terms of office, and procedures of the shareholders' meeting, board of directors and management are required to be expressly specified in Sinoma Advanced's articles of association, and consistent with the arrangements before the Capital Contribution.

Arrangement for Tax and Fee Bearing

Taxes and expenses involved in the Capital Contribution will be borne by each relevant party respectively.

2. PRINCIPAL TERMS OF THE SUPPLEMENTAL AGREEMENT

Date

14 August 2026

Parties to Agreement

- (1) Sinoma Advanced;
- (2) Party B Shareholders;
- (3) Party C Shareholders; and
- (4) Party D Shareholders.

Post-Completion Undertakings

Sinoma Advanced undertook to the Investing Shareholders that, among others, all proceeds received as a result of the Capital Contribution will be applied towards business expansion, research and development, production, repayment of loans and for other such purposes related to the principal businesses of Sinoma Advanced.

Special Undertakings

Pursuant to article 9 of the Previous Capital Contribution Agreement, the Company and Wang Defang are entitled to the consolidated net profits attributable to Sinoma Advanced during the then-transition period (i.e. between 1 July 2021 to 30 June 2022), being approximately RMB55.10 million (the **“2022 Transitional Distributable Profits”**). Under the Previous Capital Contribution Agreement, each of the Company and Wang Defang is entitled to 99.6548% (equivalent to approximately RMB54.91 million) and 0.3452% (equivalent to approximately RMB0.19 million) of the 2022 Transitional Distributable Profits, respectively.

Pursuant to the Supplemental Agreement, the parties acknowledged that, given Sinoma Advanced’s significant accumulated loss as of the date of the Supplemental Agreement, it is reasonably foreseeable that Sinoma Advanced would not be able to distribute the 2022 Transitional Distributable Profits in the near term. In order to support Sinoma Advanced’s possible future listing on a qualified stock exchange recognised by the Investing Shareholders with more than 50% of the voting rights (the **“QIPO”**), all parties to the Supplemental Agreement agreed to handle the 2022 Transitional Distributable Profits in the following manner:

- (a) If, prior to the submission of the QIPO application, Sinoma Advanced satisfies the conditions for profits distribution, and the amount of distributable profits exceeds the 2022 Transitional Distributable Profits (i.e. approximately RMB55.10 million), Sinoma Advanced will prioritise the distribution of the 2022 Transitional Distributable Profits to the Company and Wang Defang. Parties to the Supplemental Agreement agreed to cooperate and facilitate the passing of the requisite shareholders’ resolution at the relevant time. Following the distribution of the 2022 Transitional Distributable Profits, any remaining undistributed profits will be distributed to the then-shareholders of Sinoma Advanced in proportion to their respective shareholding percentages;

- (b) If, prior to the submission of the QIPO application, Sinoma Advanced does not satisfy the conditions for profits distribution, or the amount of distributable profits is less than the 2022 Transitional Distributable Profits, the parties agreed to make separate and further arrangements with respect to the distribution of 2022 Transitional Distributable Profits.

3. SHARE CAPITAL STRUCTURE OF SINOMA ADVANCED

The amount of shares subscribed in the capital contribution by each participating shareholders, and the shareholding structure of Sinoma Advanced before and after the Capital Contribution is set out below:

Shareholder	Prior to the Capital Contribution		Capital Contribution (share)	After the Capital Contribution	
	Subscribed Registered Capital (share)	Approx. % of Registered Capital		Subscribed Registered Capital (share)	Approx. % of Registered Capital
Building Materials Academy	208,453,261	41.44%	5,461,767	213,915,028	35.57%
The Company	166,572,500	33.12%	5,461,767	172,034,267	28.61%
Guocai No. 1	51,912,568	10.32%	–	51,912,568	8.63%
Zhongqi Dongjian Phase II	7,634,548	1.52%	2,979,145	10,613,693	1.77%
Zibo High-Tech	6,830,601	1.36%	1,986,097	8,816,698	1.47%
Qingdao Huixin	6,830,601	1.36%	1,986,097	8,816,698	1.47%
Hongtai Jincai	15,027,322	2.99%	–	15,027,322	2.50%
Mr. Zhang Wenxi	9,643,833	1.92%	–	9,643,833	1.60%
Jingci Zhonghe	7,110,655	1.41%	–	7,110,655	1.18%
Hengxin Industrial	5,343,714	1.06%	–	5,343,714	0.89%
Zhongqi Dongjian	4,160,000	0.83%	–	4,160,000	0.69%
CNBM United Investment	4,098,360	0.81%	–	4,098,360	0.68%
Jingci Gongchuang	3,415,300	0.68%	–	3,415,300	0.57%
Mr. Wang Jinghui	2,671,286	0.53%	–	2,671,286	0.44%
Mr. Wang Defang	1,707,050	0.34%	–	1,707,050	0.28%
BNBM	1,564,294	0.31%	–	1,564,294	0.26%
Jiaxing Juyuan	–	–	4,965,243	4,965,243	0.83%
Wuhan Guangchuang	–	–	2,979,145	2,979,145	0.50%
Xinjin Gaoying	–	–	8,937,437	8,937,437	1.49%
Beijing Integrated Circuit Investment	–	–	7,944,389	7,944,389	1.32%

Shareholder	Prior to the Capital Contribution			After the Capital Contribution		
	Subscribed Registered Capital (share)	Approx. % of Registered Capital	Capital Contribution (share)	Subscribed Registered Capital (share)	Approx. % of Registered Capital	
Industrial Machinery Industry Investment	–	–	3,972,194	3,972,194	0.66%	
Nanjing Chengzhicai	–	–	10,923,535	10,923,535	1.82%	
Hangzhou Liju Hecai	–	–	24,826,216	24,826,216	4.13%	
CNBM (Anhui) New Materials	–	–	9,549,095	9,549,095	1.59%	
Zhuzhou Jiazixin No. 2	–	–	6,366,020	6,366,020	1.06%	
Total	502,975,893	100%	98,338,147	601,314,040	100%	

Note: Percentages may not add up to 100% due to rounding.

4. VALUATION OF SINOMA ADVANCED

According to the Valuation Report, as at the Valuation Reference Date, Valuer valued total shareholders' equity interest in Sinoma Advanced by adopting the income approach at RMB5,064.17 million. Please refer to Appendix to this announcement for a summary of the Valuation Report containing (*inter alia*) the valuation methodology, assumptions and main inputs to the valuation.

5. REASONS FOR AND BENEFITS OF THE CAPITAL CONTRIBUTION

The Capital Contribution is in line with the Company's development strategy under the 15th Five-Year Plan. The target sector is of high quality with strong growth potential, and the 2026 Capital Contribution will also help Sinoma Advanced maintain robust operations and strengthen the funding support for its future development.

The Board (including the independent non-executive Directors) is of the view that the Capital Contribution entered into by the Company and BNBK is conducted in the ordinary and usual course of business of the Group on normal commercial terms, and the terms of the Capital Contribution Agreements are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

Except for three directors (being Mr. Zhou Yuxian, Mr. Wang Yumeng and Mr. Wei Rushan) who are employed by the Parent or its subsidiaries outside the Group and thus need to abstain from voting on the board resolution approving the Capital Contribution, none of the Directors has a material interest in the Capital Contribution or is required to abstain from voting with respect to the relevant board resolution.

6. INFORMATION ON RELEVANT PARTIES AND SINOMA ADVANCED

A. The Group

The Company

CNBM is a leading building materials company around the world with significant operations in basic building materials, new materials and engineering services businesses.

BNBM

BNBM is a subsidiary of the Company in which the Company owns 37.54% of its shares, and is principally engaged in the R&D, production and sales of its three key businesses of gypsum board, waterproof materials and coatings.

B. Connected persons

Building Materials Academy

Building Materials Academy is a wholly-owned subsidiary of the Parent, which is principally engaged in three major businesses, including R&D in the area of inorganic non-metallic materials, industrialization of new materials, and high-tech services.

CNBM United Investment

CNBM United Investment is a wholly-owned subsidiary of the Parent, and is principally engaged in investment management and assets management.

Sinoma Advanced

Sinoma Advanced, an indirect non-wholly owned subsidiary of the Parent, is principally engaged in manufacturing and developing ceramic and crystal materials which are widely used in the fields of pan-semiconductor, electric power, new energy, energy conservation and environmental protection, and aerospace.

Based on the audited financial statements of Sinoma Advanced prepared in accordance with the China Accounting Standards for Business Enterprises, for each of the two years ended 31 December 2024 and 2025, the audited net profit (before tax) of Sinoma Advanced was approximately RMB250.83 million and RMB201.88 million, respectively, and the audited net profit (after tax) was approximately RMB238.13 million and RMB155.43 million, respectively. The audited net asset of Sinoma Advanced as at 31 December 2025 was approximately RMB3,305.55million.

The Parent

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

C. Independent Third Parties

Guocai No. 1

Guocai No.1 is principally engaged in investment activities using its own funds. Its general partner is China National Building Materials Private Fund Management (Anhui) Co., Ltd.*, and its limited partners are China National Building Materials (Anhui) New Materials Industry Investment Fund Partnership Enterprise (Limited Partnership)*, Global Logistic Properties Investment(Shanghai) Co., Ltd.*, Zhejiang Industry Fund Co., Ltd.*, Shenzhen Juyuan Xinchuang Private Equity Investment Fund Partnership Enterprise (Limited Partnership)*, Yangzhou Hengcai Venture Capital Partnership Enterprise (Limited Partnership)*, Tianjin Haihe Red Earth Investment Fund Partnership(L.P.)*, Hangzhou Sino-Rock Investment Management Service Co., Ltd.*, Hunan Zhongqidong Jian Private Equity Investment Partnership(L.P.)*, Beijing Guide ENERGY Venture CAPITAL Co., Ltd.* and Shenzhen Innovation Capital Investment Co., Ltd.*. The general partner does not have actual control over Guocai No. 1, and Guocai No. 1 does not have an ultimate controller.

Zhongqi Dongjian Phase II

Zhongqi Dongjian Phase II is principally engaged in equity investment business. Its general partner is Zhongqi Private Equity Fund Management (Hainan) Co., Ltd.* which has no ultimate controller.

Zibo High-Tech

Zibo High-Tech is principally engaged in venture capital investment (limited to investment in non-listed enterprises), enterprise management and enterprise consulting businesses. Its general partner is Zibo High Tech Zone Guochuang Private Equity Fund Management Co., Ltd.*, and the general partner is ultimately controlled by the Management Committee of Zibo National High-tech Industrial Development Zone*. Its limited partner is Zibo High Tech Industry Investment Co., Ltd.*.

Qingdao Huixin

Qingdao Huixin is principally engaged in investment business using its own funds. Its general partner is Shandong Guohui Asset Management Co., Ltd.*, and the general partner is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Shandong Provincial People's Government*. Its limited partner is Shandong Guohui Reform Development Fund Partnership (L.P.)*.

Hongtai Jincai

Hongtai Jincai is principally engaged in equity investment, investment management and asset management businesses. Its general partner is Hongxin Guotai (Beijing) Investment Co., Ltd.*, and the ultimate controller of the general partner is Wang Hongli*.

Jingci Zhonghe

Jingci Zhonghe is an employee shareholding platform of Sinoma Advanced, beneficially held by a total of 206 employees. Its general partner is Jingci Chuangcheng (Zibo) Investment Management Co., Ltd.*. The general partner does not have actual control over Jingci Zhonghe, and Jingci Zhonghe does not have an ultimate controller.

Hengxin Industrial

Hengxin Industrial is principally engaged in businesses including park infrastructure construction, industrial investment, park operations and smart construction. Its ultimate controller is Pingxiang State-owned Assets Supervision and Administration Commission*.

Zhongqi Dongjian

Zhongqi Dongjian is principally engaged in principally engaged in equity investment business. Its general partner is Zhongqi Private Equity Fund Management (Hainan) Co., Ltd.* which has no ultimate controller.

Jingci Gongchuang

Jingci Gongchuang is an employee shareholding platform of Sinoma Advanced, beneficially owned by a total of 30 employees. Its general partner is Jingci Chuangcheng (Zibo) Investment Management Co., Ltd.*. The general partner does not have actual control over Jingci Gongchuang, and Jingci Gongchuang does not have an ultimate controller.

Jiaxing Juyuan

Jiaxing Juyuan is principally engaged in private equity investment business. Its general partner is Cft Capital Private Equity Fund Management (Shenzhen) Co., Ltd.*, and the general partner has no ultimate controller. Its limited partners are Gongqingcheng Xingxin Investment Partnership Enterprise (Limited Partnership)*, Xiamen Wo Mei Da Investment Co., Ltd.*, and Jinan Caixin Enterprise Management Partnership Enterprise (Limited Partnership)*.

Wuhan Guangchuang

Wuhan Guangchuang is principally engaged in venture capital investment business. Its general partner is Wuhan Optics Valley Industrial Investment Fund Management Co., Ltd.*, and the general partner is ultimately controlled by the Wuhan East Lake New Technology Development Zone Management Committee*. Its limited partners are Wuhan Optics Valley Industrial Investment Co., Ltd.* and Hubei Science & Technology Investment Group Co., Ltd.*.

Xinjin Gaoying

Xinjin Gaoying is principally engaged in equity investment business. Its general partner is Xinjin Licheng Management Consulting Co., Ltd.* which is ultimately controlled by Mr. Hu Bin*. Its limited partners are Beijing Chaoyang Digital Economy Industry Equity Fund Phase I Partnership Enterprise (Limited Partnership)*, and Xinjin Jiaotou Equity Investment (Xiong'an) Partnership Enterprise (Limited Partnership)*.

Beijing Integrated Circuit Investment

Beijing Integrated Circuit Investment is principally engaged in equity investment business. Its general partner is Beijing Novartis Capital Investment Management Co., Ltd.* which has no ultimate controller.

Industrial Machinery Industry Investment

Industrial Machinery Industry Investment is principally engaged in equity investment business. Its general partner is Guoqi Yuanhe Private Fund Management Co., Ltd.*, and the general partner is ultimately controlled by the Suzhou Industrial Park Management Committee*. Its limited partners are National Manufacturing Transformation and Upgrade Fund Co., Ltd.*, Suzhou Industrial Park Yuanhe Industrial Machine Equity Investment Partnership (Limited Partnership)*, Jiangsu Province Government Investment Fund(L.P.)* and Suzhou Innovation Investment Group Co., Ltd.*.

Nanjing Chengzhicai

Nanjing Chengzhicai is principally engaged in investment activities using its own funds. Its general partner is Shanghai Chengzhixin Enterprise Consulting Co., Ltd.*, the general partner does not have actual control over Nanjing Chengzhicai, the actual controller of Nanjing Chengzhicai is the State-owned Assets Supervision and Administration Commission of The State Council. Its limited partners are Global Logistic Properties Investment(Shanghai) Co., Ltd.*, Chengtong Sci Tech Innovation Investment Fund (Beijing) Partnership Enterprise (Limited Partnership)*, and Hefei Jianhui Zhanxin Equity Investment Fund Partnership Enterprise (Limited Partnership)*.

Hangzhou Liju Hecai

Hangzhou Liju Hecai is principally engaged in enterprise management and investment activities using its own funds. Its general partner is Guoxin Innovation (Hangzhou) Enterprise Management Co., Ltd.*. The general partner does not have actual control over Hangzhou Liju Hecai, and Hangzhou Liju Hecai does not have an ultimate controller. Its limited partners are China State-Owned Enterprises Strategic Emerging Industries Development Fund Co., Ltd.*, Guoxin Venture Capital Fund (Hangzhou) Partnership Enterprise (Limited Partnership)*, Chengdu Production Investment Science and Technology Innovation Equity Investment Fund Partnership Enterprise (Limited Partnership)*, Zhejiang Fulu Venture Capital Fund Partnership Enterprise (Limited Partnership)*, Zibo Qichuang Industrial Investment Fund Partnership (Limited Partnership)*, Changsha Qianfan Qihang No.13 Equity Investment Fund Partnership (Limited Partnership)*, Chaoyang Hydrogen New Energy Venture Capital Fund (Yantai) Partnership Enterprise (Limited Partnership)*, Kunlun Tongzhou Bay Battle New Equity Investment Fund Partnership Enterprise (Limited Partnership)*, and Valin Tsuga (Tianjin) Industrial Investment Fund Partnership(L.P.)*.

CNBM (Anhui) New Materials

CNBM (Anhui) New Materials is principally engaged in equity investment, investment management and asset management businesses. Its general partners are China National Building Materials Private Equity Fund Management (Beijing) Co., Ltd.* and China National Building Materials Private Fund Management (Anhui) Co., Ltd.*. The general partners are not actual controllers of CNBM (Anhui) New Materials, and CNBM (Anhui) New Materials has no ultimate controller.

Zhuzhou Jiazixin No. 2

Zhuzhou Jiazixin No. 2 is principally engaged in equity investment business. Its general partner is Zhuzhou Shidai Huaxin Investment Co., Ltd.*, and the general partner has no ultimate controller. Its limited partners are Hunan Times Dingchuang No.3 Equity

Investment Partnership Enterprise (Limited Partnership)*, Zhuzhou Times Dingchuang No.1 Equity Investment Partnership Enterprise (Limited Partnership)* and Zhuzhou Huacai Enterprise Management Partnership Enterprise (Limited Partnership)*.

The Company confirms that, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, each of the Independent Third Parties and (where applicable) their respective ultimate beneficial owners are third parties independent of the Company and of connected persons (as defined under the Listing Rules) of the Company.

7. IMPLICATIONS UNDER THE LISTING RULES

As the Parent owns, directly and indirectly, an aggregate of approximately 50.01% of equity interest in the Company, it is a substantial shareholder of the Company. Each of Building Materials Academy and CNBM United Investment is a wholly-owned subsidiary of the Parent. Sinoma Advanced is an indirect non-wholly owned subsidiary of the Parent. Thus, each of Building Materials Academy, CNBM United Investment and Sinoma Advanced constitutes a connected person of the Company. Therefore, the entry into of the Capital Contribution Agreements by the Company and BNBM and the transaction contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Capital Contribution are higher than 0.1% but all applicable ratios are less than 5%, the Capital Contribution contemplated under the Capital Contribution Agreements is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

8. DEFINITIONS

“2022 Transitional Distributable Profits”	as defined in the section headed “2. Principal Terms of the Supplemental Agreement” in this announcement
“Appraised Value”	the appraised value of all equity interests in Sinoma Advanced as at the Valuation Reference Date adopting the income approach as set out in the Valuation Report
“Beijing Integrated Circuit Investment”	Beijing Integrated Circuit Equipment Industry Investment M&A Phase II Fund (Limited Partnership)* (北京集成電路裝備產業投資並購二期基金(有限合夥))
“BNBM”	Beijing New Building Material Public Limited Company* (北新集團建材股份有限公司), a company incorporated under the laws of the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000786)

“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
“Capital Contribution”	the capital contribution contemplated under the Capital Contribution Agreements
“Capital Contribution Agreement”	the capital contribution agreement dated 14 August 2026 entered into by Sinoma Advanced, Party B Shareholders, Part C Shareholders and Party D Shareholders
“Capital Contribution Agreements”	the Capital Contribution Agreement and the Supplemental Agreement
“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 of Hong Kong Limited
“CNBM United Investment”	CNBM United Investment Co., Ltd.* (中建材聯合投資有限公司)
“CNBM (Anhui) New Materials”	CNBM (Anhui) New Materials Industry Investment Fund Partnership (Limited Partnership)* (中建材(安徽)新材料產業投資基金合夥企業(有限合夥))
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	The director(s) of the Company

“Effective Date”	the date on which the Capital Contribution Agreement taking effect, being the date when the Capital Contribution Agreement is duly signed by all the parties
“Group”	the Company and its subsidiaries from time to time
“Guocai No. 1”	Hefei Guocai No. 1 Equity Investment Partnership (Limited Partnership)* (合肥國材壹號股權投資合夥企業(有限合夥))
“Hangzhou Liju Hecai”	Hangzhou Liju Hecai Enterprise Management Partnership (Limited Partnership)* (杭州力聚合材企業管理合夥企業(有限合夥))
“Hengxin Industrial”	Pingxiang City Hengxin Industrial Development Investment Co., Ltd.* (萍鄉市恆鑫工業發展投資有限責任公司)
“Hongtai Jincai”	Zibo Hongtai Jincai Equity Investment Fund Partnership (Limited Partnership)* (淄博鴻泰金材股權投資基金合夥企業(有限合夥))
“Independent Third Parties”	Mr. Zhang Wenxi, Mr. Wang Jinghui, Mr. Wang Defang, and the parties listed out under the section headed “6. Information on Relevant Parties and Sinoma Advanced – C. Independent Third Parties” in this announcement
“Industrial Machinery Industry Investment”	Industrial Machinery Industry Investment Fund (Limited Partnership)* (工業母機產業投資基金(有限合夥))
“Investing Shareholders”	Party C Shareholders and Party D Shareholders
“Jiaxing Juyuan”	Jiaxing Juyuan Jingwei Equity Investment Partnership (Limited Partnership)* (嘉興聚源材盛股權投資合夥企業(有限合夥))
“Jingci Zhonghe”	Jingci Zhonghe (Zibo) Investment Partnership (Limited Partnership)* (晶瓷眾合(淄博)投資合夥企業(有限合夥))
“Jingci Gongchuang”	Jingci Gongchuang (Zibo) Investment Partnership (Limited Partnership)* (晶瓷共創(淄博)投資合夥企業(有限合夥))

“Listing”	as defined in the section headed “1. Principal Terms of the Capital Contribution Agreement” in this announcement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Nanjing Chengzhicai”	Nanjing Chengzhicai Equity Investment Partnership (Limited Partnership)* (南京誠之材股權投資合夥企業(有限合夥))
“Parent”	China National Building Material Group Co., Ltd.* (中國建材集團有限公司) (previously known as China National Building Materials Group Corporation (中國建築材料集團有限公司)), a state-owned limited liability company established under the laws of the PRC, the controlling shareholder of the Company
“Participating Party B Shareholders”	being Building Materials Academy, the Company, Zhongqi Dongjian Phase II, Zibo High-Tech, and Qingdao Huixin
“Party B Shareholders”	refers to Building Materials Academy, the Company, BNBM, Wang Defang, Guocai No. 1, Hongtai Jincai, Zhang Wenxi, Zhongqi Dongjian Phase II, Jingci Zhonghe, Zibo High-Tech, Qingdao Huixin, Hengxin Industrial, Zhongqi Dongjian, CNBM United Investment, Jingci Gongchuang and Wang Jinghui
“Party C Shareholders”	refers to Jiaxing Juyuan, Wuhan Guangchuang, Xinjin Gaoying, Beijing Integrated Circuit Investment, Industrial Machinery Industry Investment, Nanjing Chengzhicai, and Hangzhou Liju Hecai
“Party D Shareholders”	refers to CNBM (Anhui) New Materials and Zhuzhou Jiaixin No. 2
“PRC”	The People’s Republic of China (which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan)
“Previous Capital Contribution Agreement”	the capital contribution agreement dated 29 June 2022 entered into by Sinoma Advanced, the Company, Sinoma Group, Building Materials Academy, BNBM and Wang Defang
“Qingdao Huixin”	Qingdao Huixin Investment Partnership (Limited Partnership) * (青島惠鑫投資合夥企業(有限合夥))

“QIPO”	as defined in the section headed “2. Principal Terms of the Supplemental Agreement” in this announcement
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Sinoma Advanced”	Sinoma Advanced Materials Co., Ltd.* (中材高新材料股份有限公司), a joint stock limited company established under the laws of the PRC
“Sinoma Group”	China National Materials Group Corporation Ltd.* (中國中材集團有限公司), a company established under the laws of the PRC
“Supplemental Agreement”	the supplemental capital contribution agreement dated 14 August 2026 entered into by Sinoma Advanced, Party B Shareholders, Part C Shareholders and Party D Shareholders
“Transition Period”	the period from the Valuation Reference Date (exclusive) and up to the date of completion (inclusive)
“Valuation Reference Date”	31 August 2025, being the reference date on which the equity interests of Sinoma Advanced were evaluated
“Valuation Report”	the valuation report (Xin Zi Ping Bao Zi (2026) No. 040011) in respect of the equity interests in Sinoma Advanced issued by the Valuer dated 20 April 2026
“Valuer”	Shanghai Lixin Assets Evaluation Co., Ltd.* (上海立信資產評估有限公司), a qualified appraisal company in the PRC, engaged by the Company to value the total shareholders’ equity interests in Sinoma Advanced
“Wuhan Guangchuang”	Wuhan Guangchuang Emerging Technology Phase I Venture Capital Fund Partnership (Limited Partnership)* (武漢光創新興技術一期創業投資基金合夥企業(有限合夥))
“Xinjin Gaoying”	Beijing Chaoyang Xinjin Gaoying Management Consulting Center (Limited Partnership)* (北京朝阳信金高盈管理咨询中心(有限合夥))

“Zhongqi Dongjian”	Hunan Zhongqi Dongjian Private Equity Investment Partnership (Limited Partnership)* (湖南中啟洞鑒私募股權投資合夥企業(有限合夥))
“Zhongqi Dongjian Phase II”	Hunan Zhongqi Dongjian Phase II Private Equity Investment Partnership (Limited Partnership)* (湖南中啟洞鑒二期私募股權基金合夥企業(有限合夥))
Zhuzhou Jiazixin No. 2	Zhuzhou Jiazixin No. 2 Investment Partnership (Limited Partnership)* (株洲甲子芯二號投資合夥企業(有限合夥))
“Zibo High-Tech”	Zibo High-Tech Zone Gaochuang Venture Capital Partnership (Limited Partnership)* (淄博高新區高創創業投資合夥企業(有限合夥))

On behalf of the Board
China National Building Material Company Limited*
Miao Xiaoling
Executive Director and Secretary of the Board

Beijing, the PRC
14 August 2026

As at the date of this announcement, the board of directors of the Company comprises Mr. Zhou Yuxian, Mr. Wei Rushan, Mr. Wang Bing and Ms. Miao Xiaoling as executive directors, Mr. Wang Yumeng and Mr. Chen Shaolong as non-executive directors and Mr. Sun Yanjun, Mr. Liu Jianwen, Mr. Zhou Fangsheng, Mr. Li Jun and Ms. Xia Xue as independent non-executive directors.

* *For identification purposes only*

APPENDIX – SUMMARY OF THE VALUATION REPORT

According to the Valuation Report issued by Shanghai Lixin Appraisal Co., Ltd. dated 20 April 2026, the total equity value of the shareholders of Sinoma Advanced Materials Co., Ltd. as at the Valuation Reference Date (i.e. 31 August 2025), which was assessed using the income approach, was RMB5,064.17 million, and the book value of the total equity value of the shareholders was RMB1,975.08 million, with a value-added rate of 156.40%, mainly due to the strong expected profitability of Sinoma Advanced.

1. SUBJECT AND SCOPE OF VALUATION

The appraisal target is the total equity value of the shareholders of Sinoma Advanced, and the appraisal scope includes all assets and liabilities of Sinoma Advanced, specifically including current assets, non-current assets (long-term receivables, long-term equity investments, fixed assets, right-of-use assets, intangible assets, long-term deferred expenses, other non-current assets), current liabilities, and non-current liabilities.

2. REASONS FOR SELECTION OF INCOME APPROACH

This appraisal uses both the asset-based approach and the income approach to evaluate Sinoma Advanced, with the final appraisal conclusion determined by the income approach.

The income approach employs expected future earnings as the value standard, measuring operational profitability of the assets. Sinoma Advanced possesses robust production organization capabilities and technical response capabilities. It has established a well-developed sales network, accumulated a large base of high-quality customers, built strong brand recognition, and demonstrates solid overall profitability. The appraisal conclusion under income approach can better reflect the overall growth and profitability of the enterprise.

Based on the analysis of the applicability of valuation methods and the provisions of asset valuation standards, combined with the specific circumstances of the subject assets, the valuer analyzed the various preliminary value conclusions, and based on a comprehensive consideration of the rationality of different evaluation methods and preliminary value conclusions, as well as the quality and quantity of the data used, the valuation based on income approach was ultimately selected as the valuation conclusion.

3. KEY ASSUMPTIONS ADOPTED IN THE VALUATION REPORT

The key assumptions used in the Valuation Report are set out below:

(I) Basic assumptions

(1) Going Concern Assumption

This assumes that the assets of Sinoma Advanced being evaluated will continue to be used according to their original purpose and usage method after the realization of the evaluation objective, continuing to produce the same or similar products.

(2) Open Market Assumption

This assumption assumes that the assets can be freely bought and sold in a fully competitive market, with the price determined by independent buyers and sellers based on their judgment of the asset's value under market supply conditions.

An open market refers to a fully competitive market with numerous buyers and sellers. In this market, buyers and sellers are on equal footing, and both have sufficient opportunities and time to obtain sufficient market information. The transaction between the buyer and seller is conducted voluntarily, rationally, and without coercion or restrictions.

(3) Transaction Assumption

The value of any asset is derived from transactions. Regardless of whether the evaluation object is involved in a transaction in an economic activity related to the purpose of the valuation, we assume that the evaluation object is in the process of a transaction, and the valuer conducts the valuation by simulating a market based on the transaction terms of the assets to be evaluated.

(II) General assumptions

- (1) The industry in which the enterprise operates continues to show stable growth, and there have been no significant changes in the current national and local laws, regulations, systems, or socio-political and economic policies that the enterprise is subject to;
- (2) No consideration of the impact of inflation on the valuation results;
- (3) Interest rates and exchange rates remain at their current levels, with no significant changes;

- (4) No significant adverse impact due to force majeure or unforeseen factors.

(III) Special Assumptions

- (1) No significant changes to the relationship between the target enterprise and its partners, as well as their mutual interests;
- (2) The current and future operators of the target enterprise are responsible, and the management of the enterprise can steadily advance the development plan of the enterprise, and try its best to realise the expected operating situation;
- (3) The core team of the target enterprise will continue to hold positions in the enterprise in the coming years and will not engage in competing businesses outside of the enterprise;
- (4) The target enterprise is able to perform the contracts and agreements executed as at the Valuation Reference Date in accordance with their terms;
- (5) The target enterprise complies with relevant national laws and regulations, and there will be no significant violations affecting the development and revenue realization of the enterprise;
- (6) The accounting policies adopted in the financial data provided by the target enterprise over the years are basically consistent with the accounting policies and the accounting methods used in earnings forecast in material aspects;
- (7) Cash inflows and outflows of the target enterprise from revenue and expenses occur evenly throughout each year;
- (8) The premises and equipment leased by the target enterprise for production and operations can be renewable upon lease expiry and available for continued use in the normal course of business;
- (9) The target enterprise is able to obtain necessary funding in line with its business needs, and its operations are not expected to be affected by financing matters;
- (10) The relevant business licenses of the target enterprise can be renewable upon expiry under normal circumstances;

In accordance with asset valuation requirements, these assumptions are considered valid as at the Valuation Reference Date. No responsibility shall be assumed for any differences in valuation conclusions resulting from changes in these assumptions due to significant changes in future economic conditions.

4. SELECTION OF THE INCOME MODEL

This valuation adopts the Discounted Cash Flow (DCF) method to value the operating assets of the enterprise. The income caliber is Free Cash Flow to the Firm (FCFF), and the corresponding discount rate adopts WACC model. The basic formula is as follows:

Shareholders' Total Equity Value = Enterprise Total Value – Interest-Bearing Liabilities

(I) Enterprise Total Value

Enterprise Total Value = Operating Asset Value + Surplus Asset Value + Non-Operating Asset and Liability Value

(1) Operating Asset Value

The Operating Asset Value is calculated according to the following formula:

$$P = \sum_{i=1}^n \frac{F_i}{(1+r)^i}$$

Where:

P denotes Operating Asset Value;

r denotes Discount Rate;

I denotes Forecast Year;

F_i denotes Net Cash Flow in Year i;

n denotes Income Period.

The discount rate for this valuation is determined based on the Weighted Average Cost of Capital (WACC) method. The calculation model is set out below:

$$WACC = R_e \times \frac{E}{D+E} + R_d \times (1-T) \times \frac{D}{D+E}$$

Where: WACC: Weighted Average Cost of Capital

R_e : Expected Rate of Return on Equity

R_d : Expected Rate of Return on Debts

E: Value of Equity

D: Value of Debts

T: Income Tax Rate

Where: the Expected Rate of Return on Equity (Re) is calculated using the Capital Assets Pricing Model (CAPM) with the formula as follows:

$$R_e = R_f + \beta \times (R_m - R_f) + \varepsilon$$

Where: R_f : Risk-Free Interest Rate

β : Adjustment Factor for Systemic Risk of Equity

R_m : Rate of Market Return

$(R_m - R_f)$: Market Risk Premium

ε : Specific Risk Premium Rate

(2) *Determination of Surplus Asset and Non-Operating Asset and Liability*

Surplus assets refer to surplus assets that are not directly related to the income of the enterprise and in excess of the enterprise's operating requirements, mainly including surplus cash and assets not included in this valuation under the income approach. Non-operating assets and liabilities refer to assets and liabilities that are not directly related to the income of the enterprise and are inefficient. Surplus assets and non-operating assets and liabilities are valued using the cost approach, income approach or market approach in this valuation.

(II) Determination of Interest-Bearing Liabilities

Interest-bearing liabilities refer to the debts that need to pay interest as at the Valuation Reference Date, including short-term borrowings and interest on borrowings in other payables, principal of borrowings in non-current liabilities due within one year, long-term borrowings, etc.

5. DETERMINATION OF THE INCOME PERIOD AND FORECAST PERIOD

The appraised entity was established on 25 December 2000. Considering that there are no restrictions on the future industrial development in which the company operates, the income period for this valuation is assumed to be indefinite. When conducting a forecast over an indefinite period, the residual asset value at the end of the period can be disregarded.

Generally, the forecast period is divided into two stages, being the detailed forecast period and the subsequent period. The Valuation Reference Date of the valuation is 31 August 2025. Based on the operating conditions of the Company and the purpose of the valuation, a detailed forecast is adopted for the period from September 2025 to 2030, and therefore we assumed that the operating results of the appraised company will basically stabilise at the level projected for the forecast period in 2030 for the years after 2030, and will not take terminal growth into account.

6 EXPLANATION OF THE INCOME FORECAST

The income forecast for future years is provided by the management of Sinoma Advanced based on their medium-and long-term plans. The appraisers analyzed the forecast data provided by the management and discussed the assumptions, premises, and forecasting process with them, generally adopting the management's forecast.

(1) Forecast of Operating Revenue

The enterprise's operating revenue in historical periods was mainly derived from revenue generated by alumina products in the Alumina Division and quartz ceramic rollers in the Quartz Division; revenue from microcrystalline alumina ceramic products used in the building materials sector, and revenue from the sale of materials and goods generated by the Shandong Settlement Centre and the Shandong Industrial Ceramics Division. It is expected that the parent company will transfer the majority of its operations to its wholly-owned subsidiary, Shandong Industrial Ceramics Research and Design Institute Co., Ltd. Consequently, from the perspective of Sinoma Advanced as a whole, the revenue annual growth rate from 2026 to 2030 is expected to remain within the range of 8% to 13%.

(2) Forecast of Costs of Sales

Costs of sales primarily comprise the cost of alumina products from the Alumina Division, the cost of quartz ceramic rollers from the Quartz Division, the cost of microcrystalline alumina ceramic products used in the building materials sector, and the cost of materials and supplies sold. From the perspective of Sinoma Advanced as a whole, the annual growth rate of costs of sales from 2026 to 2030 is expected to remain within the range of -3% to 1%.

(3) Forecast of Taxes and Surcharges

Taxes and surcharges include urban maintenance and construction tax, education surtax, stamp duty, property tax, land use tax, and others.

Urban maintenance and construction tax and education surtax shall each be calculated at 7% and 5% of the VAT payable, respectively, and the stamp duty shall be calculated at 0.03% of the contract sum.

(4) Forecast of Selling Expenses

Selling expenses primarily include employee compensation, travel expenses, office expenses, exhibition expenses, and others.

Employee compensation: Forecasts for future years are estimated based on the 2025 level.

Depreciation and amortisation: Calculates the depreciation amount for fixed assets for each period in accordance with the enterprise's current depreciation policy; calculates the amortisation amount for intangible assets for each period in accordance with the enterprise's current amortisation policy.

Other selling expenses: Calculates based on a comprehensive analysis by the enterprise's management, taking into account actual amounts incurred in historical years.

Consequently, it is expected that the annual selling expenses at parent company level from 2026 to 2030 will remain at RMB6.75 million.

(5) Forecast of Administrative Expenses

Administrative expenses primarily include employee compensation, rental fees, property management fees, depreciation and amortisation, office expenses, and others.

Employee compensation: Due to the decentralization of business, it is expected that forecasts for future years are estimated based on the 2026 level.

Depreciation and amortisation: Calculates the depreciation amount for fixed assets for each period in accordance with the enterprise's current depreciation policy; calculates the amortisation amount for intangible assets for each period in accordance with the enterprise's current amortisation policy.

Other administrative expenses: Calculates based on a comprehensive analysis by the enterprise's management, taking into account actual amounts incurred in historical years.

Consequently, it is expected that the annual management expenses at parent company level from 2026 to 2030 will remain within the range of RMB13.55 million to RMB14.55 million.

(6) Forecast of Financial Expenses

Financial expenses include interest expenses, interest income, handling fees, exchange gains or losses, and others.

Interest expenses: For the purposes of this valuation, only interest expenses paid on borrowings from financial institutions are considered, and such expenses are calculated based on the scale of borrowings as at the Valuation Reference Date.

Interest income, exchange gains or losses, handling fees, and other expenses are subject to uncertainty, no forecast is made in this valuation.

(7) Forecast of Income Tax

The income tax rate for the appraised entity was 25%.

7. FORECAST OF ENTERPRISE FREE CASH FLOW

Enterprise free cash flow = Net Profit After Tax + Depreciation and Amortisation + Interest Expenses (net of tax effects) - Capital Expenditures - Net Change in Working Capital

(1) Forecast for Depreciation and Amortisation

The amount of depreciation and amortisation are calculated based on the enterprise's fixed assets on hand as at the Valuation Reference Date and its capital expenditure for the forecast period.

(2) Forecast of Capital Expenditures

Based on the enterprise's actual operating conditions and future development plans, future capital expenditures will be allocated to the replacement expenditure of the stock of assets.

(3) Forecast of Increase in Working Capital

First, forecasts for future working assets and working liabilities are prepared separately to derive working capital, which is then compared with the working capital of the preceding year. A higher balance represents a cash outflow, and vice versa represents a cash inflow.

(4) Determination of the Discount Rate

In this valuation, the discount rate was 8.6%. The specific calculation process is as follows:

a. Determination of Risk-free Interest Rate

Risk-free interest rate represents compensation for the time value of capital. In accordance with the Guideline for Asset Appraisal Experts No. 12– Measurement of Discount Rate in the Income Approach to Appraise Enterprise Value, this valuation uses the yield to maturity of China Bond with a remaining term of 10 years as the risk-free interest rate, updated monthly. The data source is the China Government Bond Yield (to Maturity) Curve, published online by the China Appraisal Society and provided by the China Central Depository & Clearing Co., Ltd. (CCDC). The average 10-year yield to maturity announced for the month of the Valuation Reference Date is used for calculation, which is, the risk-free rate (R_f) in the Chinese market as at the Valuation Reference Date, was 1.75%.

b. Determination of Market Risk Premium ($R_m - R_f$)

Market risk premium refers to the expected excess return demanded by investors for equity investments with the same average risk as the overall market, that is, the risk compensation that exceeds the risk-free interest rate. The market risk premium can usually be measured by using the historical risk premium data of the market.

Considering that the primary business operations of the appraised entity are conducted within China, the historical risk premium data of the China's Securities Market Index are used for the calculation.

Given the presence of numerous indices in the Shanghai and Shenzhen stock markets, the CSI 300 Index, recognized as a representative benchmark for the Chinese securities market, is selected as the market return indicator in accordance with the guidelines of the Guidelines for Assets Appraisal Experts No. 12 – Measurement of Discount Rates in the valuation of Enterprise Value by the Income Approach. For this Valuation, the annual average closing value of the CSI 300 Index is determined using the 12-month monthly closing values obtained from the iFinD (同花順) financial terminal. The market return (R_m) for the year is calculated as either the arithmetic average return or the geometric average return from the base date of the CSI 300 Index to the annual average closing value. This market return is then compared with the risk-free interest rate for the same year to derive the market risk premium for the Chinese securities market for each respective year.

As geometric mean return better reflects the long-term trend of returns in the Chinese securities market, the market risk premium ($R_m - R_f$) adopted in this valuation is based on the average of the annual market risk premiums over the past 10 years, estimated using geometric mean return and derived through data processing and analysis.

Based on the above calculations, the market risk premium ($R_m - R_f$) adopted in this valuation was 6.25%.

c. *Determination of Coefficient for Systematic Equity Risk Adjustment (β)*

The coefficient for systematic equity risk adjustment measures the risk premium of the appraised company relative to the overall return of the capital market. It also serves as an indicator of the extent to which an individual stock is affected by changes in the broader economic environment, including stock price fluctuations. In selecting reference companies, listed companies operating in the same industry or subject to similar economic factors are typically chosen, with a preference for those located in the same country or region as the appraised company. We selected three listed companies in similar industries and queried their adjusted β values through the financial terminal of iFinD to convert the reference companies with financial leverage β coefficients to no financial leverage β coefficients.

Its calculation formula:

$$\text{Lever-adjusted } \beta = \text{adjusted } \beta / [1 + (1-T) \times D/E]$$

The average financial leverage (D/E) of the reference companies was 2.47%, and the average value of the lever-adjusted β was 0.9193, were converted to the target financial leverage β (i.e. 0.9576) of the appraised entity based on the average financial leverage coefficient.

d. *Determination of the Specific Risk Premium (ϵ)*

The company-specific risk premium is the expectation of the company's shareholders that the company's exposure to risk is different from that of other companies and therefore requires an additional rate of return on investment. A reasonable specific risk premium is determined by comprehensively considering factors such as the business scale of the appraised entity, its current stage of operations, market competition, dependence on major customers and suppliers, corporate governance, and capital structure. The specific analyzed risk adjustment factor was 1%.

e. Determination of Expected Rate of Return on Debts (R_d)

In this valuation, the five-year Loan Prime Rate of 3.50% is adopted as the expected return on debt (R_d) of the appraised entity.

(5) Determination of Surplus Asset and Non-Operating Asset and Liability

After analysis and verification by the appraisers, the enterprise's non-operating assets as at the Valuation Reference Date totalled RMB760.84 million, including other receivables, other current assets, long-term receivables, fixed assets, intangible assets, other non-current assets and other accounts. Non-operating liabilities totalled RMB177.75 million, comprising employee compensation payable, taxes payable, other payables, deferred income and other accounts.

After thorough verification, the cash account balance has a face value of approximately RMB236.98 million. Upon information obtained by the appraisers from the financial staff, the enterprise needs to have a cash flow that is sufficient to cover one month of operating cost. Besides that, it has excess assets of about RMB233.11 million.

As at the Valuation Reference Date, the enterprise's interest-bearing debt totalled approximately RMB243.95 million, including short-term loans, other payables, non-current liabilities due within one year, and long-term loans.

(6) Determination of the Value of Long-Term Equity Investments

The basic details of the long-term equity investments in the entity being valued as at the Valuation Reference Date are set out in the table below:

No.	Name of entity in which the long-term equity investment is held	Percentage of equity
1	Shandong Research and Design Institute of Industrial Ceramics Co., Ltd.	100.00%
2	Sinoma Biological Materials Co., Ltd.	51.00%
3	Sinoma Synthetic Crystals Co., Ltd.	100.00%
4	Sinoma Jiangxi Insulator and Electricity Co., Ltd.	100.00%
5	Sinoma Advanced Nitride Ceramics Co., Ltd.	74.61%
6	Sinoma (Jiangsu) Silicon Materials Technology Co., Ltd.	100.00%
7	Jiangxi Sinoma New Material Company Ltd.	64.00%
8	Sinoma Shandong Engineering Co. Ltd.	34.00%
9	Feidu Aerospace Technology Co., Ltd.	24.21%

- ① This valuation assesses the long-term equity investments listed under items 1 to 7 above individually, determining the valuation by multiplying the assessed value of the investee's total shareholders' equity by the parent company's equity holding ratio. The specific valuation methods and the approach to select the valuation conclusions are as follows:

No.	Name of entity in which the long-term equity investment is held	Valuation methods	Approach to select the valuation conclusions
1	Shandong Research and Design Institute of Industrial Ceramics Co., Ltd.	Asset-based approach, income approach	Income approach
2	Sinoma Biological Materials Co., Ltd.	Asset-based approach	Asset-based approach
3	Sinoma Synthetic Crystals Co., Ltd.	Asset-based approach, income approach	Asset-based approach
4	Sinoma Jiangxi Insulator and Electricity Co., Ltd.	Asset-based approach	Asset-based approach
5	Sinoma Advanced Nitride Ceramics Co., Ltd.	Income approach, market approach	Income approach
6	Sinoma (Jiangsu) Silicon Materials Technology Co., Ltd.	Asset-based approach	Asset-based approach
7	Jiangxi Sinoma New Material Company Ltd.	Asset-based approach, income approach	Income approach

- ② With regard to the long-term equity investment referred to in item no. 8 above, the valuation for this valuation is determined by multiplying the net assets as shown in the financial statements as at the Valuation Reference Date by the parent company's shareholding percentage.
- ③ As the subscribed and paid-up capital ratios for the long-term equity investment referred to in item no. 9 above do not correspond, and in accordance with the provisions of the Company's Articles of Association – which stipulate that dividends are distributed in proportion to the paid-up capital – the valuation for this valuation has been determined by multiplying the net assets as shown in the financial statements as at the Valuation Reference Date by the paid-up capital ratio.
- ④ For the long-term equity investments mentioned above, where the value of total shareholders' equity was calculated using the income approach, the forecasts for operating revenue, cost of sales, taxes and surcharges, administrative expenses, selling expenses and research and development expenses are broadly consistent with those of the parent company, and the method used to calculate the discount rate is the same.

- ⑤ The specific reasons for adopting the asset-based approach to arrive at the valuation conclusions for long-term equity investments in item no. 2, 3, 4 and 6 above are as follows:

Sinoma Biological Materials Co., Ltd.'s main business is orthopaedic consumables. As these products are expected to be included in centralised procurement by 2026, future plans remain unclear; expected returns cannot be quantified, the duration of such returns is difficult to predict, and the risks associated with expected returns – which are closely linked to discounting – cannot be predicted. Consequently, the income approach is not applicable to this valuation. The carrying amount of Sinoma Biological Materials Co., Ltd.'s net assets is RMB48.81 million, whilst the valuation stands at RMB52.32 million, representing a surplus of RMB3.51 million. The primary reason for this surplus is that an appropriate profit margin was taken into account in the valuation of finished goods and goods in transit.

Sinoma Synthetic Crystals Co., Ltd.'s principal business activities comprise the letting of its own properties and property management services. Its main assets consist of buildings and land, with tangible assets accounting for a significant proportion of its total assets. Consequently, the valuation results derived from the asset-based approach better reflect the overall value of Sinoma Synthetic Crystals Research Institute Co., Ltd. The carrying amount of Sinoma Synthetic Crystals Co., Ltd.'s net assets is RMB227.79 million, whilst the valuation stands at RMB948.05 million, representing a gain of RMB720.26 million. This increase is primarily attributable to the inclusion of an appropriate profit margin in the valuation of finished goods and work-in-progress. Furthermore, as the carrying amount of long-term equity investments is accounted for using the cost method, their valuation reflects both the returns accrued from historical operations and the impact of future profitability.

Sinoma Jiangxi Insulator and Electricity Co., Ltd. was established in 2024 and primarily serves as a holding platform. Therefore, the income approach is not applicable to this valuation. The carrying amount of the net assets of Sinoma Jiangxi Insulator and Electricity Co., Ltd. is RMB643.12 million, whilst the valuation stands at RMB992.39 million, representing a premium of RMB349.27 million. The primary reason for this premium is that the carrying amount of long-term equity investments is accounted for using the cost method. The valuation, however, reflects the returns generated by historical operational performance as well as the impact of future profitability.

Sinoma (Jiangsu) Silicon Materials Technology Co., Ltd. is currently undergoing a period of transformation. As it is difficult to quantify the expected returns, predict the duration over which these returns will be realised, and assess the risks associated with the expected returns – which are closely linked to discounting – the income approach is not applicable to this valuation. The carrying value of the net assets of Sinoma (Jiangsu) Silicon Materials Technology Co., Ltd. is RMB62.09 million, whilst the valuation stands at RMB160.36 million, representing a surplus of RMB98.27 million. The primary reason for this surplus is that the property was acquired some time ago and depreciation has been provided for in the accounts, resulting in a relatively low carrying value. Although the property market has shown a downward trend in recent years, the rate of decline has been slower than the rate of depreciation, leading to the valuation surplus. The land use rights were acquired some time ago, and the increase in the market price of industrial land in Lianyungang City has contributed to this.

- ⑥ The specific calculation process for the main accounts covered by item no. 2, 3, 4 and 6 above, using the asset-based approach, is as follows:

The asset-based approach is based on the company's balance sheet. It involves assessing all the identifiable assets and liabilities of the company being valued on an item-by-item basis, then adding them up algebraically to arrive at a total value, which is taken to represent the market value of the company as a whole.

- I Inventory comprises raw materials, finished goods, work-in-progress and etc. For raw materials used in normal operations, given their rapid turnover and short holding period, the carrying amount is close to the market price as at the Valuation Reference Date. Therefore, the valuation is recognised at the carrying amount. For products produced and sold in the normal course of business, the valuation is determined on the basis of market sales conditions, calculated as the ex-factory selling price less selling expenses, all taxes and an appropriate amount of post-tax profit.
- II As an asset, a long-term equity investment exists by virtue of holding a certain interest in another enterprise. Consequently, the valuation of a long-term equity investment primarily involves the valuation of the interest represented by that investment. For long-term equity investments where control is held, this valuation is carried out by multiplying the assessed value of the investee's total equity, as determined following a valuation of the investee as a whole, by the proportion of shares held. For non-controlling long-term equity investments, the assessed value is determined, following analysis, by multiplying the investee's net assets as at the Valuation Reference Date by the proportion of shares held.

- III The valuation of real estate is carried out using the replacement cost approach to assess the value of self-built buildings, taking into account factors namely the characteristics of the various types of buildings, the type of valuation, and the availability of data.

For the valuation of main buildings, the full replacement cost is calculated based on construction project data and final accounts, taking into account the volume of work, in accordance with current local standard rates, construction charges and loan interest rates. The degree of wear and tear is then comprehensively determined based on the building's useful life and the findings of the on-site survey, after which the net assessed value of the building is calculated.

For other buildings, the replacement unit price is determined using the comparative approach, based on on-site surveys and taking all valuation factors into account, from which the net assessed value is calculated.

- VI Land use rights are valued using the market approach and the benchmark land price adjustment method. The market approach refers to a method of determining the value of the subject property by selecting, in accordance with the principle of substitution, a number of land transaction cases from the same supply and demand area as the subject property, with similar conditions or comparable utility value, as comparables. Comparing these with the subject property in terms of transaction details, transaction dates, area-specific factors and individual factors. Adjusting the comparables accordingly to establish the value of the subject property. The benchmark land price adjustment method refers to a method, based on the principle of substitution, which utilises urban benchmark land prices and benchmark land price adjustment coefficient tables. It involves comparing the regional and specific conditions of the land subject to valuation with the average conditions of the benchmark land price zone in which it is situated, and applying appropriate adjustment coefficients selected from the benchmark land price adjustment coefficient table to derive the value of the land subject to valuation as at the valuation date.

In summary, the carrying amounts of the aforementioned nine long-term equity investments total RMB1,396.94 million, whilst their assessed values total RMB4,477.80 million. The main reason for the increase in assessed value is that the carrying amounts represent long-term equity investments accounted for by the company using the cost method, whereas their assessed values reflect the returns generated by historical business performance as well as the impact of future profitability.

8. TOTAL EQUITY VALUE OF THE SHAREHOLDERS

Sinoma Advanced valued total equity value of the shareholders by using the income method at RMB5,064.17 million as at the Valuation Reference Date (i.e. 31 August 2025).