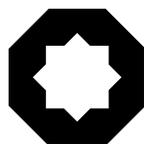


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CNBM

China National Building Material Company Limited*

中國建 材 股 份 有 限 公 司

(a joint stock limited company incorporated in the People's Republic of China with limited liability of its members)

(Stock Code: 3323)

**DISCLOSEABLE TRANSACTION OR MAJOR TRANSACTION
ASSETS RESTRUCTURING**

INDICATIVE ASSETS RESTRUCTURING AGREEMENT

On 11 May 2022, Qilianshan entered into the Indicative Assets Restructuring Agreement with CCCC and China Urban-Rural, in connection with Qilianshan's proposed acquisition of the Swapped-in Target Assets held by CCCC and China Urban-Rural by swapping the Swapped-out Target Assets and by Issuance of the Consideration Shares in respect of the part with the Deficiency Amount as consideration.

SUPPLEMENTAL ASSETS RESTRUCTURING AGREEMENT

On 28 December 2022, Qilianshan entered into the Supplemental Assets Restructuring Agreement with CCCC and China Urban-Rural, to agree on matters such as the consideration for the Assets Restructuring. After completion of the Assets Restructuring, Qilianshan and Qilianshan Cement will cease to be subsidiaries of the Company.

ENTRUSTMENT AGREEMENT

On 28 December 2022, Tianshan Cement entered into the Entrustment Agreement with CCCC, China Urban-Rural and Qilianshan Cement, in connection with the Entrustment of Qilianshan Cement and the enterprises consolidated in its consolidated accounts to Tianshan Cement for operation and management by Tianshan Cement after CCCC and China Urban-Rural's acquisition of the Swapped-out Target Assets, and Qilianshan Cement will pay the Entrustment Fee as consideration.

IMPLICATIONS UNDER THE LISTING RULES

Agreements for Assets Restructuring

Disposal of Qilianshan Cement

According to the Indicative Assets Restructuring Agreement and the Supplemental Assets Restructuring Agreement, the Assets Swap with CCCC and China Urban-Rural constitutes a Disposal of the Swapped-out Target Assets (being 100% equity interests in Qilianshan Cement).

As the highest of the relevant percentage ratios under Rule 14.07 of the Listing Rules for the aforementioned Disposal is more than 5% but less than 25%, the aforementioned Disposal constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Acquisition of the indirect equity interests in the Swapped-in Target Assets

According to the Indicative Assets Restructuring Agreement and the Supplemental Assets Restructuring Agreement, the Consideration Shares allotted and issued by Qilianshan to CCCC and China Urban-Rural will result in a reduction of the Company's equity interests percentage in Qilianshan and Qilianshan will cease to be a subsidiary of the Company (regardless of whether the maximum compensation under the Compensation Agreement will be implemented). The Company will hold indirect equity interests in the Swapped-in Target Assets through Qilianshan after the Assets Swap, constituting in substance an acquisition of 10.06% of the indirect equity interests in the Swapped-in Target Assets and a maximum of 26.73% of the indirect equity interests in the Swapped-in Target Assets (taking account of the maximum compensation possibility under the Compensation Agreement). Therefore, an application has been made to, and is being considered by, the Stock Exchange for the adoption of an alternative test in respect of the abovementioned acquisition pursuant to Rule 14.20 of the Listing Rules, and, if approved by the Stock Exchange, the impact of the acquisition of the Swapped-in Target Assets will be considered on the above basis.

If the abovementioned alternative size test is approved by the Stock Exchange, as all of the applicable percentage ratios under Rule 14.07 of the Listing Rules calculated on the above basis are more than 5% but less than 25%, the abovementioned acquisition (taking account of the compensation arrangements under the Compensation Agreement) will constitute a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

If the abovementioned alternative size test is not approved by the Stock Exchange, as the highest of the relevant percentage ratios (being the consideration ratio) under Rule 14.07 of the Listing Rules for the abovementioned acquisition is more than 25% but less than 100%, the abovementioned acquisition (taking account of the compensation arrangements under the Compensation Agreement) will constitute a major transaction of the Company under the Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Entrustment Agreement

As all of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Entrustment provided by Tianshan Cement, a subsidiary of the Company, to Qilianshan Cement (which will become a subsidiary of CCCC after completion) and the Entrustment Fee received by Tianshan Cement under the Entrustment Agreement is less than 5%, it does not constitute a discloseable transaction and is announced on a voluntary basis.

GENERAL

If the Assets Restructuring constitutes a major transaction, an EGM will be convened for the Company's shareholders to consider, and if thought fit, approve, among other things, the Assets Restructuring. A circular containing, among other things, details of the Assets Restructuring, financial information of the Group and the notice convening the EGM, is expected to be despatched to the Company's shareholders on or around 24 February 2023 as more time is needed to finalise the content of the circular.

Completion of the Asset Restructuring is conditional upon the fulfillment of all Conditions to Effectiveness. Accordingly, the Assets Restructuring may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

INTRODUCTION

References are made to three announcements issued by the Company dated 25 April 2022 and 11 May 2022 in relation to the Assets Restructuring.

On 11 May 2022, Qilianshan entered into the Indicative Assets Restructuring Agreement with CCCC and China Urban-Rural, in connection with Qilianshan's proposed acquisition of the Swapped-in Target Assets held by CCCC and China Urban-Rural by swapping the Swapped-out Target Assets and by Issuance of the Consideration Shares in respect of the part with the Deficiency Amount as consideration.

On 28 December 2022, Qilianshan entered into the Supplemental Assets Restructuring Agreement with CCCC and China Urban-Rural, to agree on matters such as the consideration of the Assets Restructuring. After completion of the Assets Restructuring, Qilianshan and Qilianshan Cement will cease to be subsidiaries of the Company.

On 28 December 2022, Tianshan Cement entered into the Entrustment Agreement with CCCC, China Urban-Rural and Qilianshan Cement, in connection with the Entrustment of Qilianshan Cement and the enterprises consolidated in its consolidated accounts to Tianshan Cement for operation and management by Tianshan Cement after CCCC and China Urban-Rural's acquisition of the Swapped-out Target Assets, and Qilianshan Cement will pay the Entrustment Fee as consideration.

PRINCIPAL TERMS OF THE INDICATIVE ASSETS RESTRUCTURING AGREEMENT AND THE SUPPLEMENTAL ASSETS RESTRUCTURING AGREEMENT

Date

- (1) Indicative Assets Restructuring Agreement: 11 May 2022
- (2) Supplemental Assets Restructuring Agreement: 28 December 2022

Parties

	Indicative Assets Restructuring Agreement	Supplemental Assets Restructuring Agreement
Owner of the Swapped-out Target Assets:	Qilianshan	
Owner I of the Swapped-in Target Assets:	CCCC	
Owner II of the Swapped-in Target Assets:	China Urban-Rural	

Transaction structure

The Assets Restructuring is to be conducted as follows:

- (1) Qilianshan to swap its Swapped-out Target Assets (through swapping the equity interests in Qilianshan Cement) for the proportion of the Swapped-in Target Assets that represents an equivalent value held by CCCC and China Urban-Rural;
- (2) Qilianshan to acquire the proportion of the Swapped-in Target Assets that represents the difference in value between the Swapped-in Target Assets and the Swapped-out Target Assets by way of issuance of shares to CCCC and China Urban-Rural.

The abovementioned two parts of the transaction structure are conditional upon each other and will take effect at the same time. If any necessary approval (including, without limitation, the approvals by the internal decision-making bodies of each party and the relevant government authorities) is not obtained for either part, the other part will not be implemented.

Assets of the Assets Restructuring and the consideration

Swapped-in Target Assets

The consideration for the Swapped-in Target Assets as agreed by the parties under the Supplemental Assets Restructuring Agreement is as follows:

Swapped-in Target Assets	Transaction price (RMB million)
100% equity interests in CCCC Highway Institute	7,200.2998
100% equity interests in CCCC First Highway Institute	6,183.2670
100% equity interests in CCCC Second Highway Institute	6,779.8459
100% equity interests in Southwest Institute	2,278.5240
100% equity interests in Northeast Institute	941.0601
100% equity interests in Energy Institute	120.1361
Total	23,503.1329

Basis of the consideration for the Swapped-in Target Assets

The amount of consideration for the Swapped-in Target Assets was determined based on the Appraised Value (which was determined with reference to the valuation reports issued by the Valuer (being an asset valuer) and filed with SASAC) and such valuation adopted the income approach as the valuation method.

In contrast with the asset based approach, the valuation based on the income approach can better reflect the core competitiveness of the Swapped-in Target Assets such as the brand, orders on hand, operating qualifications, performance experiences, R&D capabilities and core teams to accurately reflect the profitability and risks associated with them as a whole. The valuation based on the income approach can better reflect the market value of the Swapped-in Target Assets. Therefore the valuation based on the income approach is taken as the final valuation conclusion.

Swapped-out Target Assets

The Swapped-out Target Assets are 100% equity interests in Qilianshan Cement held by Qilianshan. Qilianshan Cement is the consolidating entity holding Qilianshan's assets for its cement business. The transaction price for the Swapped-out Target Assets as agreed by the parties under the Supplemental Assets Restructuring Agreement is RMB10,430.4298 million. After completion of the Assets Swap, CCCC and China Urban-Rural will hold 85% and 15% equity interests in Qilianshan Cement respectively.

Basis of the consideration for the Swapped-out Target Assets

The amount of consideration for the Swapped-out Target Assets was determined based on the Appraised Value (which was determined with reference to the valuation reports issued by the Valuer and filed with SASAC) and such valuation adopted the assets based approach as the valuation method.

Qilianshan Cement is a consolidating and management entity whose sole incomes are the trademark royalties from its subsidiaries. The valuation based on the income approach cannot adequately reflect the market value of its parent company's properties, land, trademarks and other assets valued using the market comparison method or the income approach. Therefore the valuation using the asset based approach is taken as the final valuation conclusion.

Issuance of the Consideration Shares

As the difference in the amount of the consideration between the Swapped-in Target Assets and the Swapped-out Target Assets is RMB13,072.7031 million, Qilianshan agrees to issue the Consideration Shares to make up for the Deficiency Amount. The parties agree that the Issue Price for the Consideration Shares shall be RMB10.17 per share, and the total Issue Amount shall be 1,285,418,199 shares.

Details of the Issuance of the Consideration Shares are set out below:

(1) Nature and par value of the Consideration Shares:	Common shares in Qilianshan denominated in RMB and listed on the Shanghai Stock Exchange, with a par value of RMB1.00 each.
(2) Issue Price of the Consideration Shares	RMB10.17 per share, as determined by the parties after negotiation in accordance with the principle that the Issue Price will not be lower than 90% of the average trading price of Qilianshan's shares in the 20, 60 or 120 trading days prior to the Pricing Reference Date and the most recent audited net assets per share attributable to the shareholders of Qilianshan as at 31 December 2021, and after adjusting the original issue price of RMB10.62 taking account of the 2021 annual profits distribution plan implemented by Qilianshan, in accordance with the Issue Price adjustment mechanism.
(3) Issue Amount of the Consideration Shares:	<p>1,285,418,199 shares in total, which shall be distributed in accordance with the following:</p> <p>(a) CCCC to hold 1,110,869,947 shares;</p> <p>(b) China Urban-Rural to hold 174,548,252 shares.</p> <p>The final Issue Amount is the amount as approved by the CSRC.</p>

<p>(4) Adjustment mechanism of the Issue Price and the Issue Amount:</p>	<p>If there is any ex-right or ex-dividend event, such as distribution of dividend, bonus issue, rights issue and transfer to share capital from capital reserve by Qilianshan during the period commencing on the Pricing Reference Date and ending on the date of Issuance of the Consideration Shares, the Issue Price shall be adjusted in accordance with the relevant regulations of the CSRC and the Shanghai Stock Exchange and the Indicative Assets Restructuring Agreement, and the Issue Amount shall be adjusted accordingly.</p>
<p>(5) Lock-up period of the Consideration Shares:</p>	<p>CCCC and China Urban-Rural will be prohibited from transferring the relevant Consideration Shares within 36 months of the completion of the Issuance of the Consideration Shares (and the shares issued due to bonus issue and transfer to share capital from capital reserve etc., the entitlement of which is enjoyed based on the holding of the Consideration Shares), and will be subject to the relevant provisions thereafter.</p> <p>Where (i) the closing price of Qilianshan's shares is lower than the Issue Price for 20 trading days consecutively during the 6 months after completion of the Assets Restructuring; or (ii) the closing price of Qilianshan's shares at the end of the 6 months after completion of the Assets Restructuring is lower than the Issue Price, the above lock-up period will be automatically extended by 6 months.</p> <p>Transfers pursuant to applicable laws and regulations will not be subject to the above restrictions.</p>
<p>(6) Arrangement of accumulated undistributed profits</p>	<p>After the completion of the Assets Restructuring, undistributed profits (if any) as shown on Qilianshan's financial accounts will be shared by the new and existing shareholders of Qilianshan.</p>

Profit or loss during the transitional period

Swapped-in Target Assets

The parties have agreed, in accordance with the relevant regulations, that any increase in the net asset value of the Swapped-in Target Assets due to realised profits or reasons other than profits during the Swapped-in Target Assets Transitional Period shall be enjoyed by Qilianshan. If there is any decrease in the net asset value of the Swapped-in Target Assets due to losses or reasons other than losses during the Swapped-in Target Assets Transitional Period, such decrease shall be borne by CCCC and China Urban-Rural and compensated by them to Qilianshan.

The parties agree that within 3 months of the audit reference date for completion of the Swapped-in Target Assets, an audit institution will conduct audit on the Swapped-in Target Assets and produce a special audit report. Within 30 business days after the issuance of the special audit report, CCCC and China Urban-Rural shall pay Qilianshan in cash for the aforementioned compensation.

Between CCCC and China Urban-Rural, the party holding the target equity interests whose net asset value has not been reduced shall not assume the obligation of compensation, and the other party with such reduction will be the compensation obligor. Each compensation obligor shall compensate according to the ratio of the decrease in the net asset value of the target equity interests it held. The detailed calculation method is as follows:

The amount of compensation to be paid by each compensation obligor with respect to its target equity interests whose net asset value decreases = (the amount of decrease in the net asset value of those target equity interests ÷ the sum of the amounts of decrease in the net asset value of the respective target equity interests) x total compensation payable by CCCC and China Urban-Rural.

Swapped-out Target Assets

The parties agree that the profits and losses of the Swapped-out Target Assets during the Swapped-out Target Assets Transitional Period shall be enjoyed and borne by Qilianshan, and agree that within 3 months of the audit reference date for completion, an audit institute will conduct audit on the profits and losses of the Swapped-in Target Assets during the Swapped-out Target Assets Transitional Period (being the net distributable profits attributable to the parent company realised by Qilianshan Cement on a consolidated basis after deducting the statutory surplus reserve during the period commencing on the Valuation Reference Date for the Assets Swap and ending on the date of completion) and produce a special audit report. The arrangement will be conducted as follows:

- (1) The profits of the Swapped-out Target Assets after deducting the statutory surplus reserve during the Swapped-out Target Assets Transitional Period are enjoyed by Qilianshan in the form of dividends distributed by Qilianshan Cement to Qilianshan, and the payment of the dividends shall be made within 6 months after the publication of the special audit report. If the

distributable profits on the financial statements of the parent company of Qilianshan Cement are insufficient, this issue shall be solved through the level-by-level profit distribution from the subsidiaries of the parent company of Qilianshan Cement to it; and

- (2) Any losses sustained by the Swapped-out Target Assets during the Swapped-out Target Assets Transitional Period will be compensated by Qilianshan to Qilianshan Cement in cash, and the payment for the compensation shall be made within 30 business days after the publication of the special audit report.

Staff Resettlement

The labor relationship between Qilianshan itself and relevant staffs involved in the Swapped-out Target Assets is undertaken by Qilianshan Cement which is responsible for the resettlement. After the Assets Restructuring, CCCC and China Urban-Rural are obliged to protect and secure the legitimate rights and interests of staffs in accordance with Qilianshan's existing salary and welfare policy and system.

The original labor contractual relationship between the respective staffs of Qilianshan's subsidiaries involved in the Swapped-out Target Assets and the Swapped-in Target Assets will continue to be valid, and such staffs will continue to be employed by the original relevant companies. After the Assets Restructuring, CCCC and China Urban-Rural are obliged to protect and secure the legitimate rights and interests of staffs in accordance with Qilianshan's subsidiaries' existing salary and welfare policy and system.

Conditions to Effectiveness of the Indicative Assets Restructuring Agreement and the Supplemental Assets Restructuring Agreement

The Indicative Assets Restructuring Agreement and the Supplemental Assets Restructuring Agreement will take effect upon the date of fulfilment of all of the following conditions (being the Effective Date):

- (1) approval of the Assets Restructuring at Qilianshan's board and shareholders' meetings;
- (2) approval of the staff resettlement matters involved in the Assets Restructuring at Qilianshan's staff representatives' general meeting;
- (3) waiver in respect of CCCC's and China Urban-Rural's obligation to make an offer to acquire shares as a result of the Assets Restructuring being approved at Qilianshan's shareholders' meeting;
- (4) approval of the Assets Restructuring at CCCC's board and shareholders' meetings;
- (5) approval of the Assets Restructuring at China Urban-Rural's competent decision-making bodies;

- (6) approval of the Assets Restructuring by SASAC;
- (7) approval of the Assets Restructuring by the CSRC;
- (8) approval of the spin-off of CCCC by the Stock Exchange (if needed);
- (9) approval in connection with the undertaking concentration assessment conducted by the Anti-Monopoly Bureau of the State Administration for Market Regulation with respect to the Assets Restructuring.

Completion

Each party must, with best effort, sign the relevant documents for the completion of the Swapped-in Target Assets and the Swapped-out Target Assets within 60 business days from the Effective Date, and complete the registration of the changes regarding the Swapped-in Target Assets and Qilianshan Cement as soon as possible within a reasonable period agreed by all transaction parties.

From the date of completion of the registration of the Swapped-in Target Assets under the name of Qilianshan with the Relevant Department, the rights and obligations of the Swapped-in Target Assets' shareholders will be borne by Qilianshan. From the date of completion of the registration of the Swapped-out Target Assets under the names of CCCC and China Urban-Rural with the Relevant Department, the rights and obligations of Qilianshan Cement's shareholders will be borne by CCCC and China Urban-Rural, unless otherwise agreed by the parties to the transaction.

All parties are obliged to complete the relevant procedures for the Issuance of the Consideration Shares within 60 business days after the Swapped-in Target Assets are registered under the name of Qilianshan.

Performance Compensation

Since the basis for the pricing of the Swapped-in Target Assets is the income approach (which is an valuation based on the future income expectations), the parties agree to provide the Performance Undertakings in accordance with the relevant regulations on the performance of the Swapped-in Target Assets after the completion of the Assets Restructuring under the Supplemental Assets Restructuring Agreement, and to sign a Compensation Agreement separately. The details are set out below:

Principal Terms of the Compensation Agreement

Date

28 December 2022

Parties to the Compensation Agreement

Compensation obligee: Qilianshan

Compensation obligor: CCCC, China Urban-Rural

Performance Undertaking Assets

CCCC and China Urban-Rural will give the Performance Undertakings in relation to the assets assessed or valued using the future income expectations method as a pricing basis.

Each of the parties confirms the scope and pricing of the Performance Undertaking Assets are as follows:

Performance Undertaking Assets	The scope of the Performance Undertaking Assets	Transaction Price (RMB million)
CCCC Highway Institute Performance Undertaking Assets	All the assets and liabilities excluding Beijing CCCC Highway and Bridge Engineering Supervision Co., Ltd* (北京中交公路橋樑工程監理有限公司), CCCC (Zouping) Investment Development Co., Ltd* (中交(鄒平)投資發展有限公司), CCCC (Jinan) Ecological Greening Investment Co., Ltd* (中交(濟南)生態綠化投資有限公司) (on a consolidated basis)	6,936.6018
CCCC First Highway Institute Performance Undertaking Assets	All the assets and liabilities excluding Xi'an Zhonghe Highway Reconstruction and Maintenance Engineering Technology Co., Ltd* (西安眾合公路改建養護工程技術有限公司), CCCC First Court (Shenzhen) Environmental Technology Engineering Co., Ltd* (中交一公院(深圳)環境技術工程有限公司) (on a consolidated basis)	6,160.7100
CCCC Second Highway Institute Performance Undertaking Assets	All assets and liabilities of CCCC Second Highway Institute (on a consolidated basis)	6,779.8459
Southwest Institute Performance Undertaking Assets	All assets and liabilities excluding Sichuan CCCC Engineering General Contracting Co., Ltd* (四川中交工程總承包有限公司) (on a consolidated basis)	2,262.0815

Performance Undertaking Assets	The scope of the Performance Undertaking Assets	Transaction Price (RMB million)
Northeast Institute Performance Undertaking Assets	All assets and liabilities excluding Jianli Ze Water Treatment Co., Ltd* (監利澤潤水處理有限公司) (on a consolidated basis)	876.4895
Energy Institute Performance Undertaking Assets	All assets and liabilities of Energy Institute (on a consolidated basis)	120.1361

Performance Undertaking and Performance Undertaking Period

CCCC and China Urban-Rural will give the Performance Undertakings in relation to the Performance Undertaking Assets assessed or valued using the future income expectations method. The Performance Undertaking Period in the Assets Restructuring is the three consecutive accounting years after the Completion Date of the Swapped-in Target Assets (including the accounting year of the Completion Date of the Swapped in Target Assets).

CCCC and China Urban-Rural confirm that, if completion for the Swapped-in Target Assets in the Asset Restructuring occurs in 2023, the Performance Undertaking Period for the Swapped-in Target Assets will be 2023, 2024 and 2025; if completion for the Swapped-in Target Assets occurs in 2024, the Performance Undertaking Period for the Swapped-in Target Assets will be 2024, 2025 and 2026; if completion for the Swapped-in Target Assets is postponed, the Performance Undertaking Period under the Compensation Agreement will be postponed accordingly, with the total period being three accounting years.

Performance Undertaking Indicators

According to the projected net profits of the Performance Undertaking Assets in the valuation report prepared by the Valuer, CCCC and China Urban-Rural undertake that the Performance Undertaking Assets will realise the following Performance Undertaking Indicators in the aforementioned Performance Undertaking Period, the annual accumulated net profits realised by each Performance Undertaking Assets during the Performance Undertaking Period (being the audited net profits attributable to the parent company after deduction of non-recurring losses) shall not be lower than the year-end projected accumulated net profits of that Performance Undertaking Assets, with the specific amounts as follows:

Accumulated net profits undertaken					
	Performance Undertaking Assets	2023 (RMB million)	2024 (RMB million)	2025 (RMB million)	2026 (RMB million)
The net profits undertaken for completion in 2023	CCCC Highway Institute Performance Undertaking Assets	464.0995	961.9724	1,486.0797	–
	CCCC First Highway Institute Performance Undertaking Assets	430.2248	857.8387	1,297.0960	–
	CCCC Second Highway Institute Performance Undertaking Assets	434.8974	890.0590	1,365.1094	–
	Southwest Institute Performance Undertaking Assets	127.2693	264.4982	411.7670	–
	Northeast Institute Performance Undertaking Assets	56.6356	121.7665	197.5138	–
	Energy Institute Performance Undertaking Assets	7.7298	17.7771	28.0779	–

Accumulated net profits undertaken					
	Performance Undertaking Assets	2023 (RMB million)	2024 (RMB million)	2025 (RMB million)	2026 (RMB million)
The net profits undertaken for completion in 2024	CCCC Highway Institute Performance Undertaking Assets	–	497.8729	1,021.9802	1,566.7938
	CCCC First Highway Institute Performance Undertaking Assets	–	427.6139	866.8711	1,306.6951
	CCCC Second Highway Institute Performance Undertaking Assets	–	455.1616	930.2120	1,423.0239
	Southwest Institute Performance Undertaking Assets	–	137.2290	284.4978	431.9848
	Northeast Institute Performance Undertaking Assets	–	65.1309	140.8782	221.1703
	Energy Institute Performance Undertaking Assets	–	10.0473	20.3481	30.8665

Discrepancies between the actual and undertaken performances and the compensation undertaking

At the end of each accounting year during the Performance Undertaking Period, Qilianshan shall engage an audit institution to audit the actual net profits of each Performance Undertaking Assets, and calculate the actual net profits of each Performance Undertaking Assets realised during the Performance Undertaking Period.

If the annual accumulated net profits realised by any Performance Undertaking Assets during the Performance Undertaking period do not meet the agreed indicator for such Performance Undertaking Assets as stipulated in the above Performance Undertaking Indicators, CCCC or China Urban-Rural, whichever held those Performance Undertaking Assets before the Assets Restructuring, shall compensate Qilianshan in respect of those Performance Undertaking Assets in accordance with the Compensation Agreement.

Compensation method and calculation formulae

During the Performance Undertaking Period, if there are circumstances in which CCCC and China Urban-Rural should assume the compensation liability to Qilianshan, CCCC or China Urban-Rural shall compensate Qilianshan in the following manner:

- (1) CCCC or China Urban-Rural shall first compensate Qilianshan with the Qilianshan shares acquired in the Asset Restructuring, and the part of the compensation that cannot be covered by those shares shall be compensated by CCCC or China Urban-Rural in cash.
- (2) During the Performance Undertaking Period, the calculation formulae for the compensation amount payable by CCCC or China Urban-Rural and the number of Compensation Shares required are as follows:

Compensation amount payable by CCCC or China Urban-Rural in respect of the Performance Undertaking Assets for the current period = (accumulated net profits undertaken in respect of the Performance Undertaking Assets as of the end of the current period – actual accumulated net profits of those Performance Undertaking Assets as of the end of the current period) ÷ sum of the accumulated net profits undertaken in respect of those Performance Undertaking Assets during the Performance Undertaking Period × the transaction consideration received by CCCC or China Urban-Rural in respect of those Performance Undertaking Assets in the Assets Restructuring – the amount of accumulated compensation already paid by CCCC or China Urban-Rural in respect of those Performance Undertaking Assets at the end of the current period.

Number of Compensation Shares required from CCCC or China Urban-Rural in the current period for the Performance Undertaking Assets = amount of compensation from CCCC or China Urban-Rural in the current period for those Performance Undertaking Assets ÷ the Issue Price of the Consideration Share per share in the Assets Restructuring.

If a number of Performance Undertaking Assets held by CCCC or China Urban-Rural fail to meet the Performance Undertaking Indicators, the total compensation amount and the total number of Compensation Shares for the current period from CCCC or China Urban-Rural are respectively, the sum of the compensation amount for the current period calculated according to the aforementioned formulae and the sum of the number of Compensation Shares required for the current period.

If Qilianshan implements ex-dividend and ex-right events such as dividend distribution, bonus issue, transfer to share capital from capital reserve or share allotment within the Performance Undertaking Period, the number of Compensation Shares will be adjusted accordingly. The calculation formula is: the number of Compensation Shares to be compensated in the current period (after adjustment) = the number of Compensation Shares to be compensated during the current period (before adjustment) × (1 + transfer of share capital from capital reserve or bonus issue ratio). If Qilianshan has cash dividends during the Performance Undertaking Period, the

accumulated cash dividend income obtained in respect of the Compensation Shares calculated according to the formulae stipulated in this section during the Performance Undertaking Period shall be returned to Qilianshan along with the corresponding Compensation Shares.

- (3) If the shares subscribed by CCCC or China Urban-Rural in this Assets Restructuring are insufficient for the purpose of the compensation, they should further compensate in cash, and the calculation formula is:

Cash compensation for the current period = compensation amount for the current period – number of Compensation Shares already compensated for the current period × Issue Price of the Consideration Shares per share in the Assets Restructuring.

- (4) The above compensation is calculated on an annual basis. If the actual accumulated net profits of any Performance Undertaking Assets at any year end during the Performance Undertaking Period do not reach the year-end accumulated net profits undertaken during the Performance Undertaking Period, compensation shall be made in the aforementioned manner. In the case of yearly compensation, when the number of Compensation Shares for each year is less than 0, the value shall be taken as 0, that is, the Compensation Shares already compensated will not be offset. If the number of shares to be compensated calculated according to the above formula is not a whole number, 1 more share shall be added.

Impairment test compensation

When the Performance Undertaking Period expires, Qilianshan will conduct an impairment test on each of the Performance Undertaking Assets and issue an impairment test report, and should hire an audit institution to issue a special audit opinion on the impairment test report.

If the end-of-period impairment amount of certain Performance Undertaking Assets during the Performance Undertaking Period is greater than the total number of compensated Compensation Shares by CCCC or China Urban-Rural for such Performance Undertaking Assets × the Issue Price of the Consideration Shares per share in the Assets Restructuring + the cash compensated by CCCC or China Urban-Rural for such Performance Undertaking Assets, CCCC or China Urban-Rural shall additionally compensate Qilianshan for those Performance Undertaking Assets. The specific compensation arrangements are as follows:

The amount to be additionally compensated = The end-of-period impairment of those Performance Undertaking Assets – the accumulated amount compensated by CCCC or China Urban-Rural for those Performance Undertaking Assets during the Performance Undertaking Period.

The end-of-period impairment of those Performance Undertaking Assets is the consideration for those Performance Undertaking Assets obtained by CCCC or China Urban-Rural in the Assets Restructuring minus the comparable evaluation value of those Performance Undertaking Assets at the end of the period, and deducting the impact from capital increase, capital reduction, gift acceptance and profit distribution within the Performance Undertaking Period.

The number of shares to be additionally compensated = The amount to be additionally compensated ÷ Issue Price of the Consideration Shares per share in the Assets Restructuring

If Qilianshan implements ex-dividend and ex-rights events such as dividend distribution, bonus issue, transfer of share capital from capital reserve or share allotment within the Performance Undertaking Period, the number of shares to be additionally compensated will be adjusted accordingly. The calculation formula is: the number of shares to be additionally compensated (after adjustment) = the number of shares to be additionally compensated (before adjustment) × (1 + transfer of share capital from capital reserve or bonus issue ratio). If Qilianshan has cash dividends during the Performance Undertaking Period, the cash dividend income obtained in respect of the Compensation Shares during the Performance Undertaking Period calculated according to the formulae stipulated in this section shall be returned to Qilianshan along with the corresponding Compensation Shares.

CCCC or China Urban-Rural shall give priority to compensation with shares. If the shares subscribed by CCCC or China Urban-Rural in the Assets Restructuring are insufficient for the purpose of the compensation, they shall further compensate with cash.

If CCCC and China Urban-Rural need to pay Qilianshan share compensation and cash compensation for the Performance Undertaking Assets held by them due to the aforementioned failure to achieve the Performance Undertaking Indicators or impairment at the end of the period, they should calculate separately and assume separate liabilities and neither of them shall bear joint liabilities; the total share compensation and cash compensation from CCCC and China Urban-Rural to Qilianshan shall not exceed the respective transaction consideration for the Performance Undertaking Assets held by CCCC and China Urban-Rural in the Asset Restructuring.

Implementation of Compensatory Measures

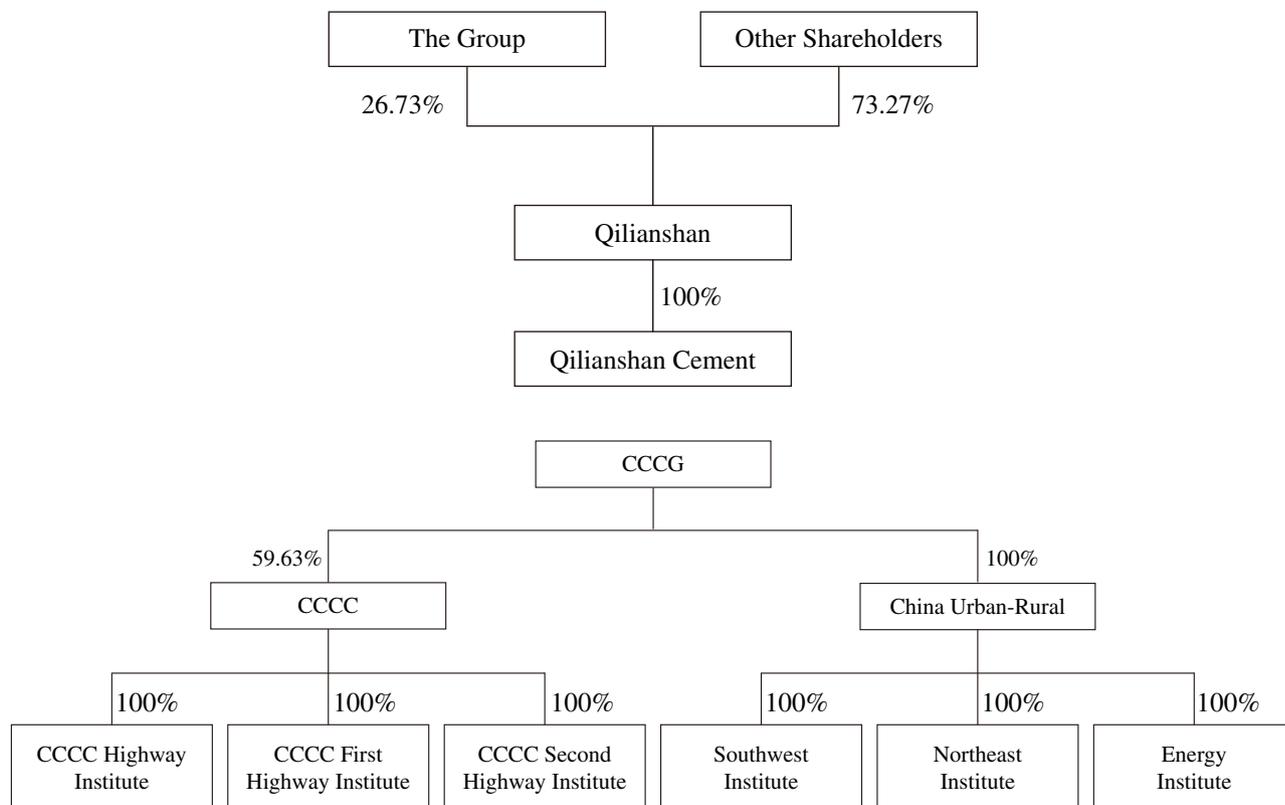
Qilianshan shall calculate the number of Compensation Shares within 60 days from the date when the audit institution issues a special audit opinion on the actual performance of the Performance Undertaking Assets or the corresponding impairment test. After the approval at the shareholders' general meeting, Qilianshan shall directly repurchase the number of shares that should be compensated for that year from CCCC or China Urban-Rural at a total consideration of RMB1.00 and cancel such shares in accordance with the law.

If the repurchase and cancellation of the aforementioned Compensation Shares by Qilianshan is not approved at the shareholders' general meetings or cannot be implemented due to reasons such as failure to obtain the consent of the relevant creditors, CCCC or China Urban-Rural shall, within two months of the occurrence of the aforementioned situations, calculate the number of shares according to the following formula, and gift the corresponding shares to other shareholders of Qilianshan (being those shareholders of Qilianshan registered as at the equity registration date as determined in the implementation of the shares gift announcement of Qilianshan, other than CCCC or China Urban-Rural). The specific calculation formula is as follows: The number of shares to be gifted to other shareholders by CCCC or China Urban-Rural = the number of Compensation Shares – (the total number of shares in Qilianshan held by CCCC or China Urban-Rural – the number of Compensation

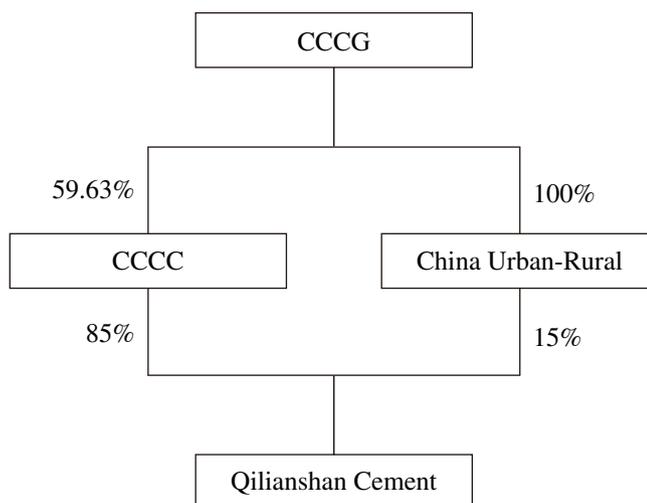
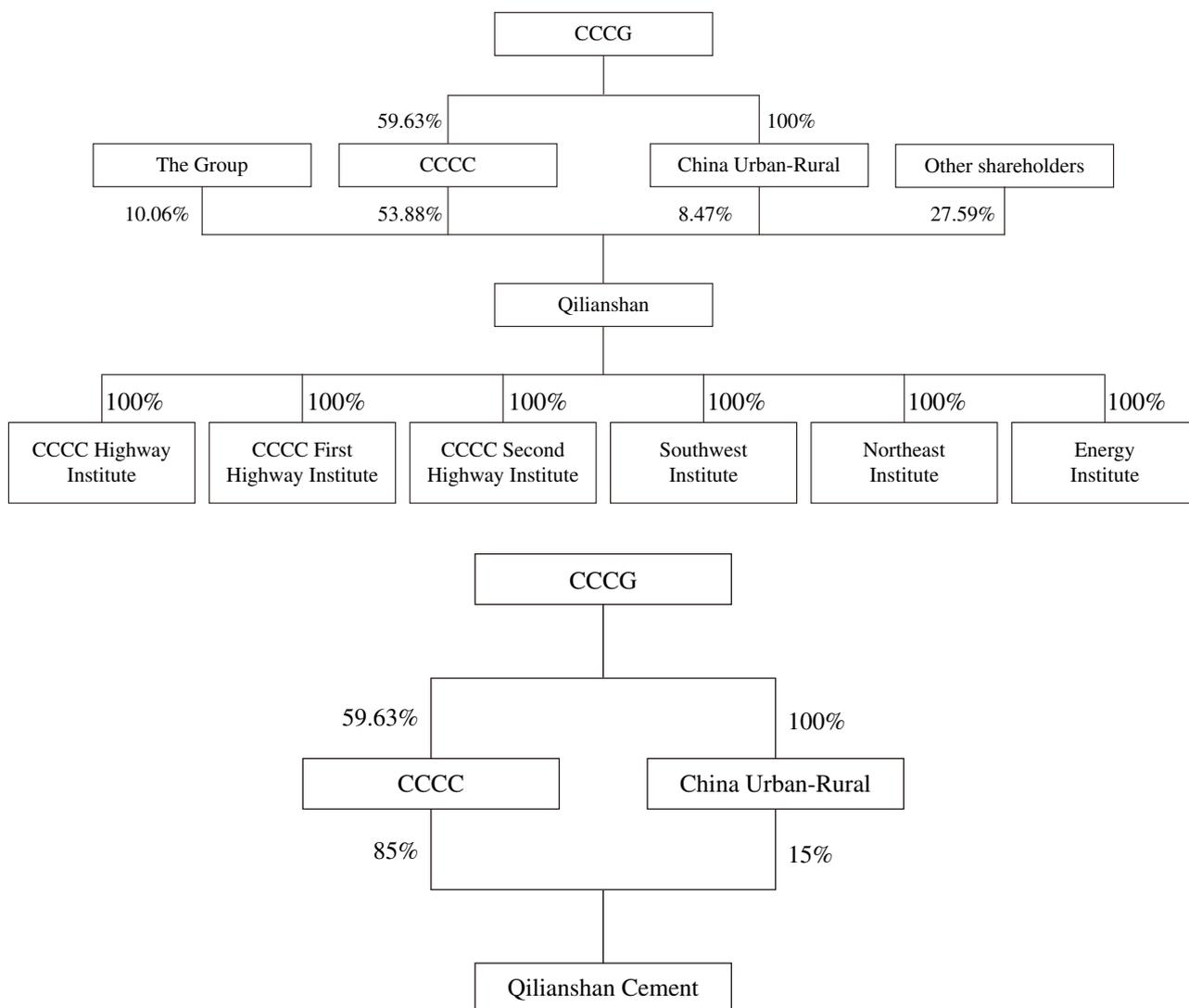
Shares)/(the total number of shares in Qilianshan – the number of Compensation Shares) × the number of Compensation Shares. The number of shares to be gifted to other shareholders by CCCC or China Urban-Rural shall be designated to each of the other shareholders of Qilianshan according to the ration of the shares in Qilianshan held by each of the other shareholders of Qilianshan to the total number of shares held by the other shareholders of Qilianshan.

The shareholding structure charts before and after the Assets Restructuring

(1) Before Assets Restructuring

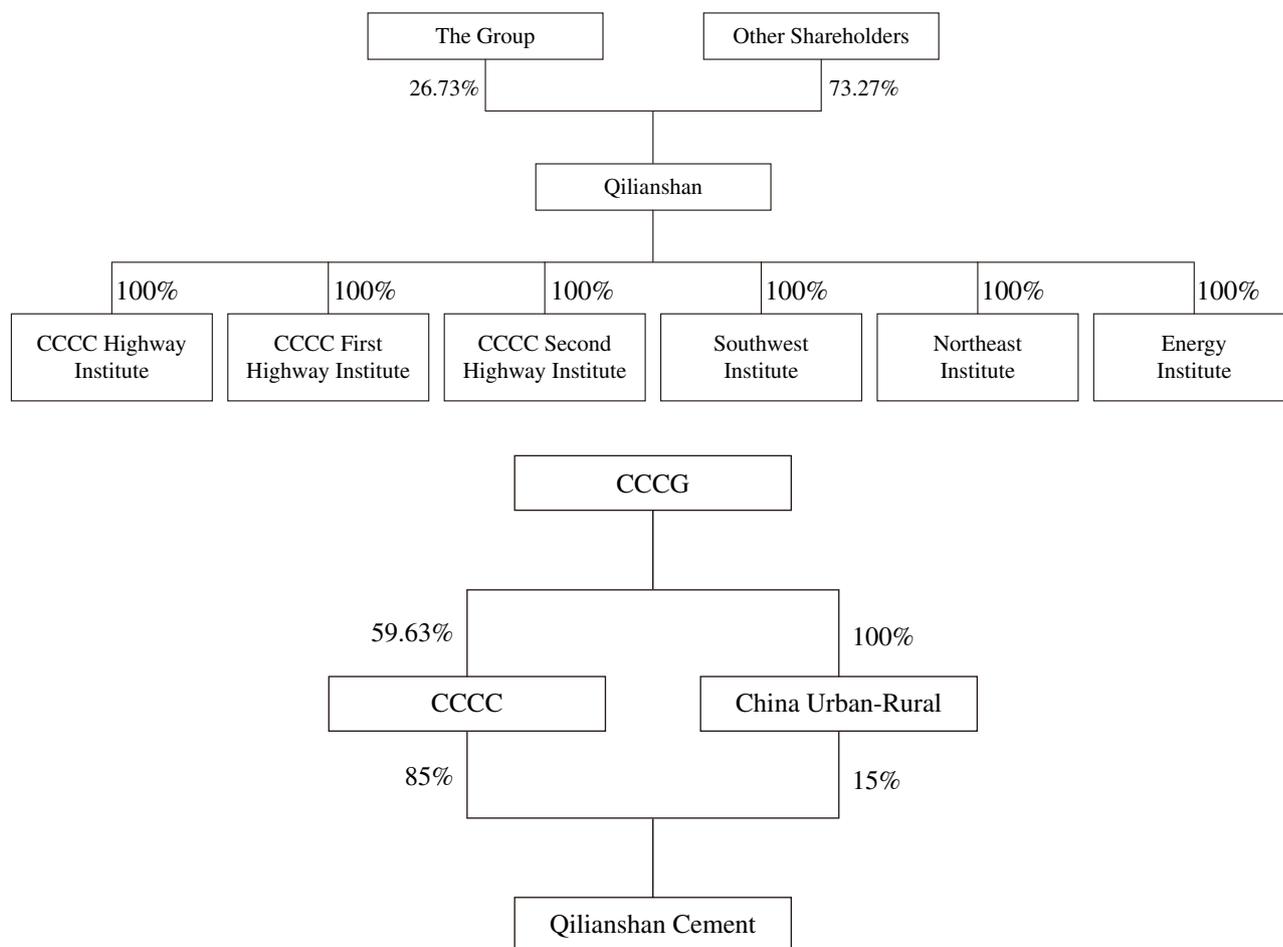


(2) *After Assets Restructuring (without considering the compensation arrangements under the Compensation Agreement)*



(3) *After Assets Restructuring (taking account of the compensation arrangements under the Compensation Agreement, in the most extreme case, CCCC and China Urban-Rural will have to transfer all of the Consideration Shares back to Qilianshan)*

Note: The charts in this section are to facilitate understanding of the implications of the Assets Restructuring under the Listing Rules, and are not predictions of the actual results of the compensation.



PRINCIPAL TERMS OF THE ENTRUSTMENT AGREEMENT

Date

28 December 2022

Parties to the Entrustment Agreement

Trustee: Tianshan Cement

Entrustor 1: CCCC

Entrustor 2: China Urban-Rural

Entrustor 3: Qilianshan Cement (collectively with Entrustor 1 and Entrustor 2, the “**Entrustors**”)

Targets and content of the Entrustment

The Targets of Entrustment under the Entrustment Agreement are the 100% equity interests in Qilianshan Cement and the equity interests in the enterprises consolidated within its consolidated accounts. The Entrustors entrust Tianshan Cement to operate and manage the Targets of Entrustment within the period of entrustment by way of equity interests entrustment.

The Entrustment will not change the ownership of the Targets of Entrustment and the financial accounts of the Targets of Entrustment during the entrustment period will be consolidated into the financial accounts of CCCC. CCCC and China Urban-Rural have the right to dividends distribution of Qilianshan Cement.

Period of Entrustment

The period of Entrustment is 12 months from the Completion Date of the Swapped-out Target Assets. The entrustment period may be extended up to two times, with each extension period of 12 months. If, after two extensions, the parties to the Entrustment Agreement agree that Tianshan Cement to continue the Entrustment with respect to the Targets of Entrustment, the parties will renegotiate the terms of the Entrustment Agreement.

Consideration and payment method and time

The Entrustment Fee is a fixed fee, which is RMB120 million/12 months (without value-add tax) and is to be settled in cash.

For the time of payment, Qilianshan Cement shall pay Tianshan Cement the fixed rate and the corresponding value-added tax of the previous quarter within five business days after the start of each quarter during the entrustment period; if it is less than a quarter, the rate will be calculated on the basis of a 365-day year and charged on the basis of actual days elapsed.

Conditions to effectiveness of the Entrustment Agreement

The Entrustment Agreement will take effect upon the date of fulfilment of all of the following conditions:

- (1) approval of the Entrustment by the authorised decision-making bodies of Tianshan Cement;
- (2) approval of the Entrustment at CCCC’s board and shareholders' general meetings;
- (3) approval of the Entrustment by the authorised decision-making bodies of China Urban-Rural;
and

- (4) the completion of the transfer of the equity interests in Qilianshan Cement to CCCC and China Urban-Rural.

REASONS AND BENEFITS FOR THE ASSETS RESTRUCTURING AND THE ENTRUSTMENT

The Assets Restructuring is to resolve the issue of industry competition with respect to the cement business of the A-share listed companies held by the Company. Tianshan Cement will achieve management integration of Qilianshan's cement business by way of entrustment. After the Assets Restructuring, Qilianshan will no longer engage in the cement business, but will turn to focus on the businesses of highway and municipal design, and the Company will be able to share the good results of Qilianshan by holding its stakes.

The Company's board is of the view that the terms of the Assets Restructuring are fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

THE FINANCIAL IMPACT OF THE ASSETS RESTRUCTURING

Upon completion of the Asset Restructuring, Qilianshan will cease to be a subsidiary of the Company. The potential financial effect of the Asset Restructuring on the Company upon completion of the Asset Restructuring is calculated with reference to (i) the carrying amount of 20.95% equity interests attributable to shareholders of the parent company in the consolidated financial statements of Qilianshan as at the Completion Date of the Swapped-out Target Assets; and (ii) the fair value of the 7.89% shares issued by Qilianshan held by the Company as at the Completion Date of the Swapped-out Target Assets, and is not affected by the profits or losses realised by Qilianshan during the Swapped-out Target Assets Transitional Period which will be enjoyed or borne by the Company in accordance with its shareholding prior to the completion of the Asset Restructuring (the above holding percentages have taken into account the shareholding arrangement through Gansu Qilianshan Building Materials Holdings Company Limited* (甘肅祁連山建材控股有限公司), a 51% non-wholly owned subsidiary of the Company). The Company cannot determine the potential financial effect of the Asset Restructuring on the Company at the date of this announcement as the carrying amount and the fair value as at the Completion Date of the Swapped-out Target Assets cannot be confirmed.

INFORMATION ON THE RELEVANT PARTIES

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 technical services businesses.

Qilianshan

As at the date of this announcement, Qilianshan is a subsidiary of the Company, and is principally engaged in the production and sales of cement, clinker, commercial concrete and aggregate. Its A-shares are listed and traded on the Shanghai Stock Exchange (stock code: 600720). After the Assets Restructuring, Qilianshan will cease to be a subsidiary of the Company.

The unaudited net assets value of Qilianshan as at 31 May 2022 is RMB13,219.0089 million, and its audited net profits (before and after taxation) for the financial years ended 31 December 2020 and 2021 are set out as below:

	For the financial year ended 31 December 2020	For the financial year ended 31 December 2021
Net profit (before tax) <i>(RMB million)</i>	1,826.6194	1,213.7777
Net profit (after tax) <i>(RMB million)</i>	1,548.5845	1,027.9627

Qilianshan Cement

As at the date of this announcement, Qilianshan Cement is a newly-established wholly-owned subsidiary of Qilianshan (also an indirect subsidiary of the Company), which is the consolidating entity of the cement business assets of Qilianshan. After the Assets Restructuring, Qilianshan Cement will cease to be a subsidiary of the Company.

The net asset value (which was determined with reference to the latest audited accounts) of the 100% equity interests in Qilianshan Cement as at 31 May 2022 and the Appraised Value (which was determined with reference to the valuation report issued by the Valuer dated 31 August 2022) are set out as below:

	Net asset value <i>(RMB million)</i>	Appraised Value <i>(RMB million)</i>
Qilianshan Cement	8,827.3163	10,430.4298

The audited net profits (before and after taxation) of Qilianshan Cement on a consolidated basis for the financial years ended 31 December 2020 and 2021 are set out as below:

	For the financial year ended 31 December 2020	For the financial year ended 31 December 2021
Net profit (before tax) <i>(RMB million)</i>	1,818.8574	1,177.0474
Net profit (after tax) <i>(RMB million)</i>	1,537.7810	997.7859

CCCC

CCCC is a subsidiary of a state-owned enterprise CCCG, and is principally engaged in infrastructure construction, infrastructure design and dredging businesses. Its H-shares are listed and traded on the Stock Exchange (stock code: 01800) and its A-shares are listed and traded on the Shanghai Stock Exchange (stock code: 601800). Its ultimate beneficial owner is CCCG.

China Urban-Rural

China Urban-Rural is a subsidiary of CCCG, and is principally engaged in construction of and investment in infrastructure project. Its ultimate beneficial owner is CCCG.

Companies involved in the Swapped-in Target Assets

CCCC Highway Institute is principally engaged in highway, bridge, municipal engineering survey, design, supervision and consultation services.

CCCC First Highway Institute is principally engaged in highway, bridge, municipal engineering survey, design, supervision and consultation services.

CCCC Second Highway Institute is principally engaged in highway, bridge, municipal engineering survey, design, supervision and consultation services.

Southwest Institute is principally engaged in municipal engineering survey, design, supervision and consultation services.

Northeast Institute is principally engaged in municipal engineering survey, design, supervision and consultation services.

Energy Institute is principally engaged in municipal engineering survey, design and consultation services.

The net asset value of the 100% equity interests in each company involved in the Swapped-in Target Assets as at 31 May 2022 (which was determined with reference to the latest audited accounts prepared in accordance with the PRC Accounting Standards) and the Appraised Value as at 31 May 2022 (which was determined with reference to the valuation reports issued by the Valuer dated 10 December 2022) are set out as below:

	Net asset value <i>(RMB million)</i>	Appraised Value <i>(RMB million)</i>
CCCC Highway Institute	2,269.5993	7,200.2998
CCCC First Highway Institute	2,198.8018	6,183.2670
CCCC Second Highway Institute	3,121.7008	6,779.8459
Southwest Institute	637.7866	2,278.5240
Northeast Institute	226.7860	941.0601
Energy Institute	85.9653	120.1361
Total	8,540.6398	23,503.1329

Pursuant to the audited accounts prepared in accordance with the PRC Accounting Standards, the net profits (before and after taxation) of each of the target companies for the financial years ended 31 December 2020 and 2021 are as follows:

	For the financial year ended 31 December 2020		For the financial year ended 31 December 2021	
	Net profit before tax <i>(RMB million)</i>	Net profit after tax <i>(RMB million)</i>	Net profit before tax <i>(RMB million)</i>	Net profit after tax <i>(RMB million)</i>
CCCC Highway Institute	660.0617	553.9797	579.2081	494.1541
CCCC First Highway Institute	589.7281	501.8918	618.6367	519.1291
CCCC Second Highway Institute	307.3898	253.4814	444.0460	374.7269
Southwest Institute	130.9014	110.6564	197.1405	158.4537
Northeast Institute	95.3708	77.4925	43.4579	36.9637
Energy Institute	5.8600	5.1637	8.3679	7.2925

Tianshan Cement

Tianshan Cement is a subsidiary of the Company, and is principally engaged in the development, production and sale and technical services of cement and related products; import and export of building materials; production and sale of commercial concrete; mining, processing and sale of limestone and sandstone. Its A-shares are listed and traded on the Shenzhen Stock Exchange (stock code: 000877).

The Company confirms that, to the best of its directors' knowledge, information and belief having made all reasonable enquiry, CCCC, China Urban-Rural and their ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

IMPLICATIONS UNDER THE LISTING RULES

Agreements for Assets Restructuring

Disposal of Qilianshan Cement

According to the Indicative Assets Restructuring Agreement and the Supplemental Assets Restructuring Agreement, the Assets Swap with CCCC and China Urban-Rural constitutes a Disposal of the Swapped-out Target Assets (meaning the 100% equity interests in Qilianshan Cement).

As the highest of the relevant percentage ratios under Rule 14.07 of the Listing Rules for the aforementioned Disposal is more than 5% but less than 25%, the aforementioned Disposal constitute a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Acquisition of the indirect equity interests in the Swapped-in Target Assets

According to the Indicative Assets Restructuring Agreement and the Supplemental Assets Restructuring Agreement, the Consideration Shares allotted and issued by Qilianshan to CCCC and China Urban-Rural will result in a reduction of the Company's equity interests percentage in Qilianshan and Qilianshan will cease to be a subsidiary of the Company (regardless of whether the maximum compensation under the Compensation Agreement will be implemented). The Company will hold indirect equity interests in the Swapped-in Target Assets through Qilianshan after the Asset Swap, constituting in substance an acquisition of 10.06% of the indirect equity interests in the Swapped-in Target Assets and a maximum of 26.73% of the indirect equity interests in the Swapped-in Target Assets (taking account of the maximum compensation possibility under the Compensation Agreement). Therefore, an application has been made to, and is being considered by, the Stock Exchange for the adoption of an alternative test in respect of the abovementioned acquisition pursuant to Rule 14.20 of the Listing Rules, and, if approved by the Stock Exchange, the impact of the acquisition of the Swapped-in Target Assets will be considered on the above basis.

If the abovementioned alternative size test is approved by the Stock Exchange, as all of the applicable percentage ratios under Rule 14.07 of the Listing Rules calculated on the above basis are more than 5% but less than 25%, the abovementioned acquisition (taking account of the compensation arrangements under the Compensation Agreement) will constitute a discloseable transaction of the Company under the Listing Rules and be subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

If the abovementioned alternative size test is not approved by the Stock Exchange, as the highest of the relevant percentage ratios (being the consideration ratio) under Rule 14.07 of the Listing Rules for the abovementioned acquisition is more than 25% but less than 100%, the abovementioned acquisition (taking account of the compensation arrangements under the Compensation Agreement) will constitute a major transaction of the Company under the Listing Rules and be subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Entrustment Agreement

As all of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Entrustment provided by Tianshan Cement, a subsidiary of the Company, to Qilianshan Cement (which will become a subsidiary of CCCC after completion) and the Entrustment Fee received by Tianshan Cement under the Entrustment Agreement is less than 5%, it does not constitute a discloseable transaction and is announced on a voluntary basis.

GENERAL

If the Assets Restructuring constitutes a major transaction, an EGM will be convened for the Company's shareholders to consider, and if thought fit, approve, among other things, the Assets Restructuring.

The Company confirms that, to the best of its directors' knowledge, information and belief having made all reasonable enquiry, no shareholder of the Company has a material interest in the Assets Restructuring and therefore no shareholder of the Company is required to abstain from voting on the resolution to approve the Assets Restructuring at the EGM.

A circular containing, among other things, details of the Assets Restructuring, financial information of the Group and the notice convening the EGM, is expected to be despatched to the Company's shareholders on or around 24 February 2023 as more time is needed to finalise the content of the circular.

Completion of the Asset Restructuring is conditional upon the fulfillment of all Conditions to Effectiveness. Accordingly, the Assets Restructuring may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

“Appraised Value”	the appraised value of the Swapped-in Target Assets and the Swapped-out Target Assets
“Assets of the Assets Restructuring”	the Swapped-in Target Assets and the Swapped-out Target Assets
“Assets Restructuring”	the Assets Swap and the Issuance of the Consideration Shares
“Assets Swap”	the asset swap of the Swapped-out Target Assets held by Qilianshan for the proportion of the Swapped-in Target Assets that represents an equivalent value held by CCCC and China Urban-Rural
“CCCC”	中國交通建設股份有限公司 (China Communications Construction Company Limited*), a subsidiary of CCCG, the H shares of which are listed on the Stock Exchange (stock code: 01800) and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601800)
“CCCC First Highway Institute”	中交第一公路勘察設計研究院有限公司 (CCCC First Highway Consultants Co., Ltd.*), a subsidiary of CCCC
“CCCC Highway Institute”	中交公路規劃設計院有限公司 (CCCC Highway Consultants Co., Ltd.*), a subsidiary of CCCC
“CCCC Second Highway Institute”	中交第二公路勘察設計研究院有限公司 (CCCC Second Highway Consultants Co., Ltd.*), a subsidiary of CCCC
“CCCG”	中國交通建設集團有限公司 (China Communications Construction Group (Limited)*)
“China Urban-Rural”	中國城鄉控股集團有限公司 (China Urban and Rural Holding Group Co., Ltd.*), a subsidiary of CCCG
“Company”	中國建材股份有限公司 (China National Building Material Company Limited*), a joint stock limited company incorporated under the laws of the PRC, the H shares of which are listed on the Stock Exchange
“Compensation Agreement”	the compensation agreement dated 28 December 2022 entered into among Qilianshan, CCCC and China Urban-Rural

“Compensation Shares”	as defined in the section headed “ <i>Compensation method and calculation formula</i> ” in this announcement
“Completion Date of the Swapped-in Target Assets”	the date of registration of the relevant documents with the Relevant Departments and completion of the related procedures in respect of the transfer of the Swapped-in Target Assets to Qilianshan
“Completion Date of the Swapped-out Target Assets”	the date of registration of the relevant documents with the Relevant Departments and completion of the related procedures in respect of the transfer of the Swapped-out Target Assets to CCCCC and China Urban-Rural
“Conditions to Effectiveness”	the conditions to effectiveness of the Indicative Assets Restructuring Agreement and the Supplemental Assets Restructuring Agreement
“Consideration Shares”	common shares in Qilianshan denominated in RMB and listed on the Shanghai Stock Exchange, with a par value of RMB1.00 each
“CSRC”	the China Securities Regulatory Commission
“Deficiency Amount”	the deficiency amount between the value of the Swapped-out Target Assets and the value of the Swapped-in Target Assets
“Disposal”	the disposal of the Swapped-out Target Assets
“Effective Date”	the date of fulfilment of the Conditions to Effectiveness
“EGM”	the extraordinary general meeting of the Company to be convened to approve, among other things, the Assets Restructuring
“Energy Institute”	中交城市能源研究設計院有限公司 (CCCC Urban Energy Research and Design Institute Co., Ltd.*), a subsidiary of China Urban-Rural
“Entrustment”	the entrustment arrangements under the Entrustment Agreement
“Entrustment Agreement”	the entrustment agreement dated 28 December 2022 entered into among Tianshan Cement, CCCC, China Urban-Rural and Qilianshan Cement
“Entrustment Fee”	as defined in the section titled “ <i>Consideration and payment method and time</i> ” in this announcement

“Entrustors”	as defined in the section headed “ <i>Principal terms of the Entrustment Agreement</i> ” in this announcement
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indicative Assets Restructuring Agreement”	the indicative assets restructuring agreement dated 11 May 2022 entered into among Qilianshan, CCCC and China Urban-Rural
“Issuance of the Consideration Shares”	the issuance of the Consideration Shares by Qilianshan to CCCC and China Urban-Rural to acquire the proportion of the Swapped-in Target Assets held by CCCC and China Urban-Rural that represents the difference in value between the Swapped-in Target Assets and the Swapped-out Target Assets
“Issue Amount”	the number of Consideration Shares to be issued
“Issue Price”	the issue price of the Consideration Shares, being RMB10.17
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Northeast Institute”	中國市政工程東北設計研究總院有限公司 (China Northeast Municipal Engineering Design & Research Institute Co., Ltd.*), a subsidiary of China Urban-Rural
“Performance Undertaking”	the performance undertakings given by CCCC and China Urban-Rural in relation to the Performance Undertaking Assets under the Compensation Agreement
“Performance Undertaking Asset(s)”	as defined under the section headed “ <i>Performance Undertaking Assets</i> ” in this announcement
“Performance Undertaking Indicators”	as defined under the section headed “ <i>Performance Undertaking Indicators</i> ” in this announcement
“Performance Undertaking Period”	as defined under the section headed “ <i>Performance Undertaking and the Performance Undertaking Period</i> ” in this announcement
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan)

“PRC Accounting Standards”	the PRC Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC
“Pricing Reference Date”	11 May 2022
“Qilianshan”	甘肅祁連山水泥集團股份有限公司 (Gansu Qilianshan Cement Group Holdings Company Limited*), the A shares of which are listed and traded on the Shanghai Stock Exchange (stock code: 600720)
“Qilianshan Cement”	甘肅祁連山水泥集團有限公司 (Gansu Qilianshan Cement Group Company Limited*), a newly set-up wholly-owned subsidiary of Qilianshan and the consolidating entity for Qilianshan’s cement business assets
“Relevant Departments”	the relevant administrative departments for market regulation in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council
“Southwest Institute”	中國市政工程西南設計研究總院有限公司 (Southwest Municipal Engineering Design and Research Institute of China*), a subsidiary of China Urban-Rural
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Assets Restructuring Agreement”	the supplemental assets restructuring agreement dated 28 December 2022 entered into among Qilianshan, CCCC and China Urban-Rural
“Swapped-in Target Assets”	100% equity interests in CCCC Highway Institute, CCCC First Highway Institute, CCCC Second Highway Institute, Southwest Institute, Northeast Institute and Energy Institute
“Swapped-in Target Assets Transitional Period”	the period between the Valuation Reference Date and the Completion Date of the Swapped-in Target Assets
“Swapped-out Target Assets”	100% equity interests in Qilianshan Cement
“Swapped-out Target Assets Transitional Period”	the period between the Valuation Reference Date and the Completion Date of the Swapped-out Target Assets

“Targets of Entrustment”	100% equity interests in Qilianshan Cement and the equity interests in the enterprises consolidated within the consolidated accounts of Qilianshan Cement
“Tianshan Cement”	新疆天山水泥股份有限公司 (Xinjiang Tianshan Cement Co., Ltd*), the A-shares of which are listed and traded on the Shenzhen Stock Exchange (stock code: 000877)
“Valuation Reference Date”	31 May 2022, being the reference date for determining the value of the Swapped-in Target Assets and the Swapped-out Target Assets
“Valuer”	北京天健興業資產評估有限公司 (Pan-China Assets Appraisal Co. Limited*)
%	per cent

On behalf of the Board
China National Building Material Company Limited*
Pei Hongyan
Secretary of the Board

Beijing, the PRC
28 December 2022

As at the date of this announcement, the board of directors of the Company comprises Mr. Zhou Yuxian, Mr. Wei Rushan, Mr. Liu Yan, Mr. Xiao Jiayang and Mr. Wang Bing as executive directors, Mr. Li Xinhua, Mr. Chang Zhangli, Mr. Wang Yumeng, Mr. Shen Yungang and Ms. Fan Xiaoyan as non-executive directors and Mr. Sun Yanjun, Mr. Liu Jianwen, Mr. Zhou Fangsheng, Mr. Li Jun and Ms. Xia Xue as independent non-executive directors.

* *For identification purposes only*