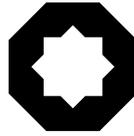

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Offer Document and/or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China National Building Material Company Limited, you should at once hand this Offer Document, together with the accompanying Form of Acceptance and form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or the transfer was effected for onward transmission to the purchaser(s) or transferee(s).

This Offer Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Offer Document and the accompanying Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offer Document and the accompanying Form of Acceptance.



CNBM

China National Building Material Company Limited^{*}

中國建材股份有限公司

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

(Stock Code: 3323)

(1) CONDITIONAL CASH OFFER BY MORGAN STANLEY ASIA LIMITED ON BEHALF OF

**CHINA NATIONAL BUILDING MATERIAL COMPANY LIMITED
TO BUY-BACK UP TO 841,749,304 H SHARES AT HK\$4.03 PER H SHARE**

(2) APPLICATION FOR WHITEWASH WAIVER

(3) PROPOSED APPOINTMENT OF EXECUTIVE DIRECTOR

(4) NOTICE OF EGM

(5) NOTICE OF H SHAREHOLDERS' CLASS MEETING

AND

(6) NOTICE OF DOMESTIC SHAREHOLDERS' CLASS MEETING

Financial Adviser to the Company

Morgan Stanley

Independent Financial Adviser to the Independent Board Committee



Gram Capital Limited

嘉林資本有限公司

Capitalised terms used in this cover have the same meanings as defined in the section headed "DEFINITIONS" in this Offer Document.

A letter from the Board is set out on pages 7 to 22 of this Offer Document. A letter from Morgan Stanley containing, among other things, details of the terms of the Offer is set out on pages 23 to 33 of this Offer Document. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 34 to 35 of this Offer Document. A letter from Gram Capital containing its opinion and advice to the Independent Board Committee is set out on pages 36 to 59 of this Offer Document.

The EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting of China National Building Material Company Limited are to be held at Tower 2, Guohai Plaza, No. 17 Fuxing Road, Haidian District, Beijing, the PRC on Wednesday, 19 February 2025 at 9:00 a.m., 9:15 a.m. (or immediately after the conclusion of the EGM) and 9:30 a.m. (or immediately after the conclusion of the H Shareholders' Class Meeting), respectively. Notices convening the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting are set out on pages EGM-1 to DSCM-3 of this Offer Document. Shareholders are advised to read the notices and to complete and return the enclosed forms of proxy for use at the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting in accordance with the instructions printed thereon.

Whether or not you are able to attend the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting, please complete and return the enclosed forms of proxy for use at the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time appointed for the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting or any adjournment thereof (as the case may be).

Completion and return of the forms of proxy will not preclude you from attending and voting in person at the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting or any adjourned meeting if you so wish and in such event, the forms of proxy shall be deemed to be revoked.

This Offer Document together with the forms of proxy are also published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.cnbmld.com).

References to time and dates in this Offer Document are to Hong Kong time and dates.

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EXPECTED TIMETABLE

The timetable set out below is indicative only and is subject to change. Any changes to the expected timetable will be announced by the Company.

Event	Time & Date
Despatch of this Offer Document, notices of EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting, their respective forms of proxy and Form of Acceptance	Monday, 27 January 2025
Latest time for lodging transfer of Shares to qualify for attendance at the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting	4:30 p.m. on Thursday, 13 February 2025
Register of Members closes	Friday, 14 February to Wednesday, 19 February 2025 (both dates inclusive)
Latest time for lodging forms of proxy for the EGM	9:00 a.m. on Tuesday, 18 February 2025
Latest time for lodging forms of proxy for the H Shareholders' Class Meeting	9:15 a.m. on Tuesday, 18 February 2025
Latest time for lodging forms of proxy for the Domestic Shareholders' Class Meeting	9:30 a.m. on Tuesday, 18 February 2025
First Closing Date (<i>Note 3</i>)	Wednesday, 19 February 2025
EGM (<i>Note 2</i>)	9:00 a.m. on Wednesday, 19 February 2025
H Shareholders' Class Meeting (<i>Note 2</i>)	9:15 a.m., or immediately following the conclusion of the EGM or any adjournment thereof on Wednesday, 19 February 2025
Domestic Shareholders' Class Meeting (<i>Note 2</i>)	9:30 a.m., or immediately following the conclusion of the H Shareholders' Class Meeting or any adjournment thereof on Wednesday, 19 February 2025

EXPECTED TIMETABLE

Announcement of results of the Offer and the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting as at the First Closing Date no later than 7:00 p.m. on Wednesday, 19 February 2025

Latest time and date for acceptance of the Offer by lodging Forms of Acceptance and latest time for determining Shareholders' entitlement to participate in the Offer based on the records of the Register of Members (assuming that the Offer becomes or is declared unconditional as to acceptances on the First Closing Date) (i.e. the Final Closing Date) (*Note 3*) 4:00 p.m. on Wednesday, 5 March 2025

Record Date (*Note 3*) Wednesday, 5 March 2025

Announcement of the results of the Offer as at the Final Closing Date on the website of the Stock Exchange no later than 7:00 p.m. on Wednesday, 5 March 2025

Latest date for (i) despatch of cheques to the Accepting Shareholders and (ii) if applicable, return of the Share certificates for those H Shares tendered but not bought-back under the Offer (assuming that the Offer becomes or is declared unconditional as to acceptances on the First Closing Date) (*Note 4*) Friday, 14 March 2025

Latest time and date by which the Offer can become or be declared unconditional as to acceptances (*Note 3*) 7:00 p.m. on Friday, 28 March 2025

Notes:

1. The above timetable assumes that the Offer is approved by the Independent Shareholders at the EGM and the Conditions are fulfilled or waived (where applicable) resulting in the Offer becoming unconditional on Wednesday, 19 February 2025.
2. If a tropical cyclone warning signal No. 8 or above is or is expected to be hoisted or a black rainstorm warning signal or "extreme conditions" as announced by the Government of Hong Kong is or is expected to be in force at any time after 7:00 a.m. on the date of the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting, such meetings may be adjourned. The Company may post an announcement on the respective websites of the Stock Exchange and the Company to notify the Shareholders of the date, time and venue of the reconvened meeting.
3. The Executive has indicated that it is minded, subject to the approval of the Independent Shareholders for the Offer and the Whitewash Waiver at the EGM by way of poll, to waive any obligation of CNBM Parent to make a general offer which might result from completion of the Offer. Assuming that the resolutions relating to the Offer and the Whitewash Waiver will be approved by the Independent Shareholders and the Offer has become unconditional on Wednesday, 19

EXPECTED TIMETABLE

February 2025, being the date of the EGM, the Offer will remain open for acceptance for a period of 14 days thereafter and will not be extended. Accordingly, if the Offer is declared unconditional in all respects on the First Closing Date, the Final Closing Date will be Wednesday, 5 March 2025. In accordance with the Takeovers Code, except with the consent of the Executive, the Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the despatch date of this Offer Document.

4. Remittance for the total amounts due to the Accepting Shareholders under the Offer (subject to deduction of seller's *ad valorem* stamp duty payable on the H Shares bought-back from such Accepting Shareholders) will be made by the Company no later than 7 Business Days after the close of the Offer.
5. All references to dates and time contained in this Offer Document refer to Hong Kong dates and time.

EFFECT OF BAD WEATHER ON THE LATEST ACCEPTANCE TIME

If there is/are (i) a tropical cyclone warning signal number 8 or above; (ii) a “black” rainstorm warning signal; or (iii) “extreme conditions” announced by the Government of Hong Kong (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the closing day of the Offer, the latest time and date for acceptance of the Offer will remain at 4:00 p.m. on the same Business Day; or (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the closing day of the Offer, the latest time and date for acceptance of the Offer will be rescheduled to 4:00 p.m. on the following Business Day which does not have any of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. or such other time and date as the Executive may approve.

DEFINITIONS

In this Offer Document, unless otherwise defined or the context otherwise requires, the following expressions shall have the following meanings. Where terms are defined and used in only one section in this Offer Document, those defined terms are not included in the table below:

“Accepting Shareholder(s)”	Qualifying Shareholder(s) accepting the Offer;
“acting in concert”	has the meaning ascribed to it under the Codes;
“Announcement”	the announcement of the Company dated 6 December 2024 in relation to, among other things, the Offer and the Whitewash Waiver;
“Board”	the board of Directors;
“Business Day(s)”	has the meaning ascribed to it under the Codes;
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;
“CNBM Parent”	China National Building Material Group Co., Ltd.* (中國建材集團有限公司), a state-owned enterprise wholly owned by the SASAC, the parent company of the Company;
“CNBM Parent Concert Group”	CNBM Parent and the parties acting in concert with it;
“Codes”	the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs;
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“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 (Stock Code: 3323);
“Conditions”	the conditions to which the Offer is subject, as set out under the section headed “CONDITIONS TO THE OFFER” in the “Letter from Morgan Stanley”;
“Director(s)”	the director(s) of the Company;
“Domestic Shares”	the ordinary shares with a nominal value of RMB1.00 each in the registered capital of the Company, which are subscribed for in RMB;

DEFINITIONS

“Domestic Shareholders”	the holders of Domestic Shares;
“Domestic Shareholders’ Class Meeting”	the Company’s class meeting to be convened for Domestic Shareholders and held at Tower 2, Guohai Plaza, No. 17 Fuxing Road, Haidian District, Beijing, the PRC on Wednesday, 19 February 2025 at 9:30 a.m. (or immediately after the conclusion of the H Shareholders’ Class Meeting), or any adjournment thereof, to consider and, if thought fit, approve matters relating to the Offer, the reduction of the registered capital of the Company and relevant arrangements;
“EGM”	the extraordinary general meeting of the Company to be convened and held at Tower 2, Guohai Plaza, No. 17 Fuxing Road, Haidian District, Beijing, the PRC on Wednesday, 19 February 2025 at 9:00 a.m. to consider and, if thought fit, approve the Offer, the reduction of the registered capital of the Company and relevant arrangements and the Whitewash Waiver;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“Final Closing Date”	the date which is the 14th day after the date on which the Offer is declared unconditional in all respects, provided that the Offer will be open for acceptance for at least 21 days following the date of despatch of this Offer Document;
“First Closing Date”	19 February 2025, or such later date as may be extended by the Company in accordance with the Takeovers Code
“Form of Acceptance”	the form of acceptance issued with this Offer Document for use by the Qualifying Shareholders in connection with the Offer;
“Group”	the Company and its subsidiaries from time to time;
“HKSCC Nominees”	HKSCC Nominees Limited;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“H Shares”	the overseas listed foreign shares with a nominal value of RMB1.00 each in the registered capital of the Company, which are listed on the Stock Exchange and subscribed for and traded in HKD;
“H Shareholders”	the holders of H Shares;

DEFINITIONS

“H Shareholders’ Class Meeting”	the Company’s class meeting to be convened for H Shareholders and held at Tower 2, Guohai Plaza, No. 17 Fuxing Road, Haidian District, Beijing, the PRC on Wednesday, 19 February 2025 at 9:15 a.m. (or immediately after the conclusion of the EGM), or any adjournment thereof, to consider and, if thought fit, approve matters relating to the Offer, the reduction of the registered capital of the Company and relevant arrangements;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	an independent committee of the Board, comprising all the non-executive Directors (except Mr. Wang Yumeng who is a deputy general manager of the CNBM Parent), namely Mr. Shen Yungang and Mr. Chen Shaolong, and all the independent non-executive Directors, namely Mr. Sun Yanjun, Mr. Liu Jianwen, Mr. Zhou Fangsheng, Mr. Li Jun and Ms. Xia Xue, who have no direct or indirect interest in the Offer and the Whitewash Waiver, which has been formed to advise the Independent Shareholders in respect of the Offer and the Whitewash Waiver;
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee in relation to the Offer and the Whitewash Waiver;
“Independent Shareholders”	Shareholders other than (i) the CNBM Parent Concert Group; (ii) Shareholders involved in or interested in the Whitewash Waiver and/or the Offer (other than as a Shareholder); and (iii) any person who may be required to abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the EGM in accordance with the Codes;
“Last Trading Day”	6 December 2024, being the last trading day of the H Shares on the Stock Exchange prior to the issue of the Announcement;
“Latest Acceptance Time”	the latest time of receipt by the Registrar of the Forms of Acceptance submitted by the Qualifying Shareholders, being 4:00 p.m. on Wednesday, 5 March 2025, or such later date as the Company may announce in accordance with the requirements of the Codes;
“Latest Practicable Date”	24 January 2025, being the latest practicable date prior to the printing of this Offer Document for the purpose of ascertaining information contained in this Offer Document;

DEFINITIONS

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“Maximum Number”	the maximum number of H Shares to be bought-back pursuant to the Offer, being an aggregate of 841,749,304 H Shares, representing approximately 9.98% of the issued Shares and approximately 18.47% of the issued H Shares as at the date of this Offer Document;
“Morgan Stanley”	Morgan Stanley Asia Limited, the financial adviser to the Company in connection with the Offer, a company incorporated in Hong Kong with limited liability and licensed under the SFO to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities;
“Morgan Stanley Concert Group”	Morgan Stanley and persons controlling, controlled by or under the same control (with the meanings ascribed to such terms in the Codes) as Morgan Stanley (except exempt principal traders and exempt fund managers, in each case recognised by the Executive as such for the purposes of the Codes);
“Offer”	a conditional cash offer made by Morgan Stanley on behalf of the Company to buy-back H Shares at the Offer Price from all Qualifying Shareholders, subject to the Maximum Number;
“Offer Document”	this document (accompanied by the notices of the EGM, the H Shareholders’ Class Meeting and the Domestic Shareholders’ Class Meeting, the forms of proxy for the EGM, the H Shareholders’ Class Meeting and the Domestic Shareholders’ Class Meeting and the Form of Acceptance);
“Offer Period”	has the meaning ascribed to it under the Codes and commencing from the date of the Announcement (being 6 December 2024);
“Offer Price”	HK\$4.03 per H Share;
“Overseas H Shareholder(s)”	H Shareholder(s), whose address(es), as shown in the Register of Members, is/are outside Hong Kong;
“PRC”	the People’s Republic of China;
“PRC GAAP”	the relevant accounting principles and financial regulations as promulgated in the PRC;

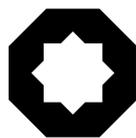
DEFINITIONS

“Pre-Conditions”	the pre-conditions to the making of the Offer, as set out under the section headed “PRE-CONDITIONS TO THE OFFER” in the Announcement, all of which have been satisfied prior to the issue of this Offer Document;
“Proposed Appointment”	the proposed appointment of Ms. Miao Xiaoling as an executive Director of the Company;
“Qualifying Shareholder(s)”	H Shareholder(s) whose name(s) appear(s) on the Register of Members on the Record Date;
“Record Date”	the record date for the Offer which will be the same day as the Final Closing Date;
“Register of Members”	the H Share register of members of the Company;
“Registrar”	Tricor Investor Services Limited, the H share registrar of the Company;
“Relevant Period”	the period from 6 June 2024, being the date falling six months prior to 6 December 2024 (the commencement date of the Offer Period), up to and including the Latest Practicable Date;
“RMB”	Renminbi yuan, the lawful currency of the PRC;
“SAFE”	the State Administration of Foreign Exchange of the PRC;
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising Domestic Shares and H Shares;
“Share Buy-backs Code”	the Hong Kong Code on Share Buy-backs;
“Shareholder(s)”	the holder(s) of the Share(s);

DEFINITIONS

“Sinoma Science & Technology”	Sinoma Science & Technology Co., Ltd.* (中材科技股份有限公司), a subsidiary of the Company and the A shares of which are listed and traded on the Shenzhen Stock Exchange (stock code: 002080)
“SST Announcement”	The Company’s announcement on the results forecast of Sinoma Science & Technology for the twelve months ended 31 December 2024 published pursuant to regulations of The Shenzhen Stock Exchange dated 15 January 2025;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Taishan Finance”	Taian Taishan Finance Investment Group Co., Ltd.* (泰安市泰山財金投資集團有限公司);
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Tianshan Materials”	Tianshan Material Co., Ltd.* (天山材料股份有限公司), a subsidiary of the Company and the A shares of which are listed and traded on the Shenzhen Stock Exchange (stock code: 000877)
“Tianshan Material Announcement”	The Company’s announcement on the results forecast of Tianshan Material for the twelve months ended 31 December 2024 published pursuant to regulations of The Shenzhen Stock Exchange dated 16 January 2025;
“Title Documents”	the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title with respect to ownership of the H Share(s) (and/or any satisfactory indemnity or indemnities required in respect thereof);
“United States” or “U.S.”	the United States of America, its territories and possessions, any State of the United States and the District of Columbia;
“Whitewash Waiver”	a waiver to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of CNBM Parent to make a mandatory general offer for all the Shares not already owned by CNBM Parent and parties acting in concert with it under Rule 26.1 of the Takeovers Code, which may otherwise arise as a result of completion of the Offer; and
“%”	per cent.

LETTER FROM THE BOARD



CNBM

China National Building Material Company Limited*

中國建 材 股 份 有 限 公 司

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

(Stock Code: 3323)

Executive Directors:

Mr. Zhou Yuxian (*Chairman*)
Mr. Wei Rushan
Mr. Wang Bing

*Registered office and principal place of
business in the PRC:*

Tower 2 (Building B), Guohai Plaza
17 Fuxing Road, Haidian District
Beijing, the PRC

Non-executive Directors:

Mr. Wang Yumeng
Mr. Shen Yungang
Mr. Chen Shaolong

Place of Representative Office in Hong Kong:

Room 1915, 19/F, Lee Garden One
33 Hysan Avenue, Causeway Bay
Hong Kong, the PRC

Independent non-executive Directors:

Mr. Sun Yanjun
Mr. Liu Jianwen
Mr. Zhou Fangsheng
Mr. Liu Jun
Ms. Xia Xue

27 January 2025

To the Shareholders,

Dear Sir/Madam,

- (1) CONDITIONAL CASH OFFER BY MORGAN STANLEY ASIA LIMITED
ON BEHALF OF
CHINA NATIONAL BUILDING MATERIAL COMPANY LIMITED
TO BUY-BACK UP TO 841,749,304 H SHARES AT HK\$4.03 PER H SHARE**
- (2) APPLICATION FOR WHITEWASH WAIVER**
- (3) PROPOSED APPOINTMENT OF EXECUTIVE DIRECTOR**
- (4) NOTICE OF EGM**
- (5) NOTICE OF H SHAREHOLDERS' CLASS MEETING
AND**
- (6) NOTICE OF DOMESTIC SHAREHOLDERS' CLASS MEETING**

LETTER FROM THE BOARD

INTRODUCTION

On 6 December 2024, the Board announced that Morgan Stanley, on behalf of the Company, firmly intends, subject to the satisfaction of the Pre-Conditions, to make a cash offer to buy-back for cancellation, up to the Maximum Number, being 841,749,304 H Shares, representing approximately 9.98% of the issued Shares and approximately 18.47% of the issued H Shares as at the Latest Practicable Date, at the Offer Price of HK\$4.03 per H Share.

On 24 January 2025, the Company announced that the Pre-Conditions had been satisfied.

The purpose of this Offer Document is to provide you with, among other things, (i) detailed information relating to the Offer and the Whitewash Waiver; (ii) a letter from the Independent Board Committee containing its recommendation and advice to the Independent Shareholders as to whether the Offer and the Whitewash Waiver are fair and reasonable and as to acceptance and voting; (iii) a letter of advice from Gram Capital containing its advice to the Independent Board Committee as to whether the Offer and the Whitewash Waiver are fair and reasonable and as to acceptance and voting; and (iv) notices of EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting.

The Form of Acceptance accompanying this Offer Document is for use only by the Qualifying Shareholders who wish to accept the Offer.

THE OFFER

The H Shares to be bought-back by the Company will not exceed the Maximum Number. Upon acceptance of the Offer and upon the basis of the section headed "SALIENT TERMS OF THE OFFER" set out in the "Letter from Morgan Stanley" in this Offer Document, the Company will pay the Accepting Shareholders HK\$4.03 per H Share in cash.

As at the Latest Practicable Date, there were 8,434,770,662 Shares in issue. There are no outstanding options, warrants, derivatives or convertibles which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

The Offer is made in full compliance with the Codes, and is conditional upon fulfillment of all of the following Conditions which are set out in the section headed "CONDITIONS TO THE OFFER" in the "Letter from Morgan Stanley" in this Offer Document:

- (a) the passing of special resolutions by a majority of not less than two-thirds (2/3) of the votes cast by way of poll by the H Shareholders present and voting in person or by proxy at the H Shareholders' Class Meeting in respect of matters relating to the Offer, the reduction of the registered capital of the Company and relevant arrangements;
- (b) the passing of special resolutions by a majority of not less than two-thirds (2/3) of the votes cast by way of poll by the Domestic Shareholders present and voting in person or by proxy at the Domestic Shareholders' Class Meeting in respect of matters relating to the Offer, the reduction of the registered capital of the Company and relevant arrangements;

LETTER FROM THE BOARD

- (c) the approval at the EGM by:
 - (i) a majority of not less than two-thirds (2/3) of the votes cast by way of poll by the Shareholders present and voting in person or by proxy in respect of matters relating to the Offer, the reduction of the registered capital of the Company and relevant arrangements;
 - (ii) a majority of not less than 50% of the votes cast by way of poll by the Independent Shareholders present and voting in person or by proxy in respect of the Offer; and
 - (iii) at least 75% of the votes cast by way of poll by the Independent Shareholders present and voting in person or by proxy in respect of the Whitewash Waiver;
- (d) valid acceptances of the Offer being received (and not, where permitted, withdrawn) in respect of the Maximum Number by 4:00 p.m. on the closing day of the Offer (or such later time and date as the Company may, subject to the Takeovers Code, decide);
- (e) the Executive granting the Whitewash Waiver and the satisfaction of any condition attached to the Whitewash Waiver and the Whitewash Waiver not having been revoked or withdrawn; and
- (f) all necessary consents in connection with the Offer which may be required under any existing contractual or other obligations of the Group, joint ventures and controlled corporations of the Company having been obtained and remaining in effect.

Save for Conditions (d) and (f) which may be waived by the Company, none of the above Conditions can be waived.

The Offer is subject to all of the Conditions being fulfilled or waived (where applicable). If the Whitewash Waiver is not granted by the Executive, or if the resolutions to approve the Offer or the Whitewash Waiver are not passed by the Independent Shareholders, the Offer will not proceed and will immediately lapse.

It should be noted that dealings in the Shares will continue notwithstanding that any of the Conditions may remain unfulfilled, and that persons dealing in the Shares will bear the risk that the Offer may lapse.

Shareholders are advised to consider the detailed terms of the Offer and the Whitewash Waiver and read, among other things, the letter from the Independent Board Committee and the letter of advice from the Independent Financial Adviser to the Independent Board Committee to be contained in this Offer Document before deciding whether to vote for or against the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at (as applicable) the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting. Shareholders should also note that their voting decision on the resolutions in respect of the Offer, the reduction of the registered capital of the Company and relevant arrangements and the Whitewash Waiver to be proposed at (as applicable) the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting will not

LETTER FROM THE BOARD

affect their ability to accept or not accept the Offer. If Shareholders are in any doubt as to any aspect of the Offer and the Whitewash Waiver or as to the action to be taken, they should seek independent professional advice.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and should consult their professional advisers when in doubt.

Pursuant to Rule 5.1 of the Share Buy-backs Code and Rule 15.3 of the Takeovers Code, if the Offer is declared unconditional, Qualifying Shareholders who have not tendered their H Shares for acceptance will be able to tender their H Shares for acceptance under the Offer for a period of 14 days thereafter.

THE OFFER PRICE

The Offer Price of HK\$4.03 per Share valued the entire issued share capital of the Company as at the Latest Practicable Date at approximately HK\$33,992 million.

The Offer Price represents:

- (a) a premium of approximately 12.3% over the closing price of the H Shares of HK\$3.59 per H Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 15.1% over the closing price of the H Shares of HK\$3.50 per H Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 16.7% over the average closing price of approximately HK\$3.45 per H Share as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day;
- (d) a premium of approximately 19.8% over the average closing price of approximately HK\$3.36 per H Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 19.5% over the average closing price of approximately HK\$3.37 per H Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day;
- (f) a premium of approximately 29.1% over the average closing price of approximately HK\$3.12 per H Share as quoted on the Stock Exchange for the last 60 trading days up to and including the Last Trading Day;
- (g) a discount of approximately 70.2% to the Group's audited net asset value attributable to the Shareholders of approximately RMB12.49 (equivalent to approximately HK\$13.52 based on the exchange rate of HK\$1:RMB0.9235) per Share pursuant to the latest audited consolidated financial statements of the Company as at 31 December 2023 (prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board), calculated based on the audited

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consolidated net asset value attributable to the Shareholders of RMB105,325,482 (amount in thousands) as at 31 December 2023 and 8,434,770,662 Shares in issue as at the Latest Practicable Date;

- (h) a discount of approximately 68.3% to the Group's unaudited net asset value attributable to the Shareholders of approximately RMB11.72 (equivalent to approximately HK\$12.70 based on the exchange rate of HK\$1:RMB0.9235) per Share pursuant to the unaudited consolidated financial statements of the Company as at 30 June 2024 (prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board), calculated based on the unaudited consolidated net asset value attributable to the Shareholders of RMB98,888,406 (amount in thousands) as at 30 June 2024 and 8,434,770,662 Shares in issue as at the Latest Practicable Date; and
- (i) a discount of approximately 68.6% to the Group's unaudited net asset value attributable to the Shareholders of approximately RMB11.86 (equivalent to approximately HK\$12.84 based on the exchange rate of HK\$1:RMB0.9235) per Share pursuant to the unaudited consolidated financial statements of the Company as at 30 September 2024 (prepared in accordance with PRC GAAP), calculated based on the unaudited consolidated net asset value attributable to the Shareholders of RMB100,023,628,409 as at 30 September 2024 and 8,434,770,662 Shares in issue as at the Latest Practicable Date.

The Offer Price was determined after taking into account, among other things, the historical prices of the H Shares traded on the Stock Exchange, historical financial information of the Company, and the prevailing market conditions and sentiments, and with reference to share buy-back transactions in Hong Kong in recent years.

If, after the Latest Practicable Date, any dividend, distribution or other return of capital is declared, paid, made or agreed to be paid or made in respect of the Shares, the Company reserves the right to reduce the Offer Price by an amount equal to the amount of such dividend or other distribution per Share, after consultation with the Executive.

CONFIRMATION OF FINANCIAL RESOURCES

The consideration for the Offer, being a total of HK\$3,392,249,695 if the Offer is accepted in full, will be paid to the Accepting Shareholders in cash and will be funded by internal cash resources of the Group.

Morgan Stanley is satisfied that sufficient financial resources are available to the Company to enable it to satisfy acceptances of the Offer in full.

WHITEWASH WAIVER

As at the Latest Practicable Date, the CNBM Parent Concert Group held 3,797,269,981 Shares (including 183,964,000 H Shares and 3,613,305,981 Domestic Shares), representing approximately 45.02% of the total number of issued Shares as at the Latest Practicable Date. Pursuant to Rule 32 of the Takeovers Code and

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Rule 6 of the Share Buy-backs Code, if as a result of a share buy-back, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code.

Depending on the level of acceptances received from the Accepting Shareholders pursuant to the Offer, taking into account all the Conditions are fulfilled or waived (where applicable), the aggregate interests of the CNBM Parent Concert Group may increase to a maximum level of approximately 50.01% of the issued share capital of the Company upon completion of the Offer, thereby triggering an obligation under Rule 26 of the Takeovers Code for CNBM Parent to make a mandatory general offer for all the Shares not already owned by it and parties acting in concert with it. Accordingly, an application has been made to the Executive by CNBM Parent for the Whitewash Waiver. The Executive has indicated that it is minded, subject to the approval of the Independent Shareholders for the Offer and the Whitewash Waiver at the EGM by way of poll, to waive any obligation of CNBM Parent to make a general offer which might result from completion of the Offer.

The Offer is conditional upon the approval of the relevant resolutions at the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting, the Offer and the Whitewash Waiver being approved by the Independent Shareholders at the EGM and the Whitewash Waiver being granted by the Executive.

If the Offer or the Whitewash Waiver is not approved by the Independent Shareholders, or if the Whitewash Waiver is not granted by the Executive, the Offer will not proceed and will immediately lapse.

Depending on the level of acceptances received from the Accepting Shareholders pursuant to the Offer and in the event that the aggregate interests of the CNBM Parent Concert Group exceed 50% of the issued Shares upon completion of the Offer, the CNBM Parent Concert Group may increase its aggregate shareholding in the Company subsequent to completion of the Offer without triggering any obligation under Rule 26 of the Takeovers Code to make a mandatory general offer.

As at the Latest Practicable Date, the Company did not believe that the transactions under the Offer and the Whitewash Waiver would give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules) in Hong Kong. The Company notes that the Executive may not grant the Whitewash Waiver if the transactions under the Offer and the Whitewash Waiver do not comply with other applicable rules and regulations.

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CHANGES IN SHAREHOLDING STRUCTURES

The table below shows the Company's shareholding structure as at the Latest Practicable Date and immediately after completion of the Offer, assuming that (i) all the H Shares (other than the H Shares held by CNBM Parent Concert Group) will be tendered under the Offer; and (ii) there will be no other change in the issued share capital of the Company from the Latest Practicable Date up to and including the date of completion of the Offer:

Name of Shareholder	As at the Latest Practicable Date			Immediately after completion of the Offer		
	Class of Shares	Number of Shares	Approx. % of total share capital	Class of Shares	Number of Shares	Approx. % of total share capital
H Shareholders						
CNBM Parent Concert Group						
CNBM Parent	H Shares	8,536,000	0.10	H Shares	8,536,000	0.11
CNBM United Investment Co., Ltd. ("CNBM United Investment")	H Shares	168,628,000	2.00	H Shares	168,628,000	2.22
Sinoma Investment (Hong Kong) Co., Ltd. ("Sinoma Investment") (Note 2)	H Shares	6,800,000	0.08	H Shares	6,800,000	0.09
Sub-total	H Shares	183,964,000	2.18	H Shares	183,964,000	2.42
Morgan Stanley Concert Group (Note 1)	-	-	-	-	-	-
Independent H Shareholders	H Shares	4,374,182,500	51.86	H Shares	3,532,433,196	46.52
Sub-total of H Shareholders	H Shares	4,558,146,500	54.04	H Shares	3,716,397,196	48.94
Domestic Shareholders						
CNBM Parent Concert Group (Note 3)						
CNBM Parent	Domestic Shares	628,592,008	7.45	Domestic Shares	628,592,008	8.28
Beijing New Building Material (Group) Co., Ltd. ("BNBMG")	Domestic Shares	1,485,566,956	17.61	Domestic Shares	1,485,566,956	19.56
China National Materials Group Corporation Ltd. ("Sinoma Parent")	Domestic Shares	1,270,254,437	15.06	Domestic Shares	1,270,254,437	16.73
CNBM United Investment	Domestic Shares	227,719,530	2.70	Domestic Shares	227,719,530	3.00
China Building Materials Academy Co., Ltd. ("Building Materials Academy")	Domestic Shares	1,173,050	0.01	Domestic Shares	1,173,050	0.02
Sub-total	Domestic Shares	3,613,305,981	42.84	Domestic Shares	3,613,305,981	47.59
Independent Domestic Shareholders						
Corporation controlled by Taishan Finance	Domestic Shares	263,318,181	3.12	Domestic Shares	263,318,181	3.47
Sub-total of Domestic Shareholders	Domestic Shares	3,876,624,162	45.96	Domestic Shares	3,876,624,162	51.06
Sub-total of CNBM Parent Concert Group	H Shares and Domestic Shares	3,797,269,981	45.02	H Shares and Domestic Shares	3,797,269,981	50.01
Total		8,434,770,662	100.00		7,593,021,358	100.00

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Notes:

1. Morgan Stanley is the financial adviser to the Company in connection with the Offer. Accordingly, the relevant members of the Morgan Stanley Concert Group which hold Shares on an own account basis or manage Shares on a discretionary basis are presumed to be acting in concert with the Company in accordance with class (5) of the definition of “acting in concert” under the Takeovers Code.

As at the Latest Practicable Date, Morgan Stanley and the relevant members of the Morgan Stanley Concert Group did not own, control, or have direction over any Shares of the Company.

Notwithstanding that connected exempt principal traders within the Morgan Stanley group are not acting in concert with the Company:

- (a) Shares held by any such connected exempt principal traders will not be voted at the EGM and the H Shareholders’ Class Meeting on the resolutions in respect of the Offer and the Whitewash Waiver (as applicable) in accordance with the requirement of Rule 35.4 of the Takeovers Code, and the Shares held by any member of the Morgan Stanley group in the capacity of an exempt principal trader for and on behalf of non-discretionary investment clients will not be voted at the EGM and the H Shareholders’ Class Meeting on the resolutions in respect of the Offer and the Whitewash Waiver (as applicable) unless otherwise confirmed with the Executive.
 - (b) Shares held by such exempt principal traders may, subject to consent of the Executive, be allowed to be voted at the EGM and the H Shareholders’ Class Meeting on the resolutions in respect of the Offer and the Whitewash Waiver (as applicable) if: (a) the relevant connected exempt principal trader holds the relevant Shares as a simple custodian for and on behalf of non-discretionary clients; (b) there are contractual arrangements in place between the relevant connected exempt principal trader and its client that strictly prohibit such member of the Morgan Stanley group from exercising any discretion over the relevant Shares; (c) all instructions should originate from such non-discretionary client only (if no instructions are given, then no action should be taken on the relevant Shares held by the relevant connected exempt principal trader); and (d) such non-discretionary client is not a party acting in concert with the Company and is an Independent Shareholder.
2. Sinoma Investment is wholly-owned by China Testing & Certification International Group Co., Ltd., which in turn is a subsidiary of Building Materials Academy.
 3. Of the 3,613,305,981 Domestic Shares held by CNBM Parent Concert Group, 628,592,008 Domestic Shares are directly held by CNBM Parent, the remaining 2,984,713,973 Domestic Shares are deemed corporate interests indirectly held through BNBMG, Sinoma Parent, CNBM United Investment and Building Materials Academy. Sinoma Parent, CNBM United Investment and Building Materials Academy are wholly-owned subsidiaries of CNBM Parent. BNBMG is a subsidiary of CNBM Parent which directly and indirectly holds 100% of its equity interests, of which 70.04% is directly held, 15.34% is indirectly held through CNBM United Investment and 14.62% is indirectly held through China National Building Material Import and Export Co., Ltd. Under the SFO, CNBM Parent is deemed to own the Shares directly held by BNBMG (1,485,566,956 Domestic Shares), Sinoma Parent (1,270,254,437 Domestic Shares), CNBM United Investment (227,719,530 Domestic Shares) and Building Materials Academy (1,173,050 Domestic Shares).
 4. Percentages may not add up to 100% due to rounding.

Assuming that (i) all the H Shares (other than the H Shares held by CNBM Parent Concert Group) will be tendered under the Offer; and (ii) there will be no other change in the issued share capital of the Company from the Latest Practicable Date up to and including the date of completion of the Offer, over 25% of the issued Shares will be held by public Shareholders and accordingly the Company will comply with the public float requirement under Rule 8.08 of the Listing Rules after completion of the Offer.

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As at the Latest Practicable Date, save as disclosed above, neither the CNBM Parent Concert Group, nor the Company nor parties acting in concert with the Company held, owned, controlled or had direction over any Shares, outstanding options, derivatives, warrants or securities which were convertible or exchangeable into Shares, or had entered into any outstanding derivatives in respect of securities in the Company.

The members of the CNBM Parent Concert Group do not intend to tender their H Shares for acceptance under the Offer.

DEALINGS IN SHARES

The Company will not conduct any on-market share buy-back from the Latest Practicable Date up to and including the date on which the Offer closes, lapses or is withdrawn, as the case may be. CNBM Parent has confirmed (for itself and on behalf of parties acting in concert with it) that there has been no dealings in the securities in the Company by CNBM Parent Concert Group during the Relevant Period.

OTHER ARRANGEMENTS

As at the Latest Practicable Date, there was no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the Shares and relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which might be material to the Offer or the Whitewash Waiver.

There is no agreement or arrangement, to which the Company or CNBM Parent is a party, which relates to circumstances in which it may or may not invoke or seek to invoke a Condition to the Offer or the Whitewash Waiver (save as those set out in the section headed “CONDITIONS TO THE OFFER” in the “Letter from Morgan Stanley” in this Offer Document).

Neither the Company nor its concert parties, nor the CNBM Parent Concert Group, has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company as at the Latest Practicable Date.

As at the Latest Practicable Date, there was no understanding, arrangement, agreement or special deal between (i) any Shareholder of the Company and (ii) either (a) the Company, its subsidiaries or its associated companies; or (b) CNBM Parent Concert Group.

As at the Latest Practicable Date and save for the Offer Price payable under the Offer, there was no consideration, compensation or benefit in whatever form paid or to be paid by the Company, its concert parties or the CNBM Parent Concert Group to any Shareholder in connection with the Offer or the Whitewash Waiver.

INFORMATION ON THE COMPANY

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

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FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the consolidated financial results of the Group for (i) the two years ended 31 December 2022 and 2023 and the six months ended 30 June 2024 as extracted from the annual reports of the Company for the two years ended 31 December 2022 and 2023 and the interim report of the Company for the six months ended 30 June 2024, respectively (prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board) and (ii) the nine months ended 30 September 2024 as extracted from the announcement of the Company dated 25 October 2024 (prepared in accordance with PRC GAAP) which was published in accordance with the relevant PRC regulations during the term of certain super short-term commercial paper and medium-term debenture issued by the Company:

- (i) For the two years ended 31 December 2022 and 2023 and the six months ended 30 June 2024 (prepared in accordance with IFRS Accounting Standards):

	For the year ended 31 December		Six months ended
	2022	2023	30 June
	RMB'000	RMB'000	2024
	(Audited)	(Audited)	(Unaudited)
Revenue	233,879,825	210,216,434	83,470,594
Profit/(Loss) before tax	18,009,599	12,519,922	327,196
Profit/(Loss) after tax	15,403,268	10,400,650	(292,353)

- (ii) For the nine months ended 30 September 2024 (prepared in accordance with PRC GAAP):

	Nine months ended
	30 September
	2024
	RMB'000
	(Unaudited)
Operating revenue	134,233,570
Total profit/(Loss) before income tax	2,994,985
Net profit/(Loss) after income tax	1,912,104

The consolidated net assets of the Company (i) as at 31 December 2023 and 30 June 2024 were approximately RMB193,514 million (audited) and RMB189,762 million (unaudited), respectively (prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board) and (ii) as at 30 September 2024 were approximately RMB190,788 million (unaudited) (prepared in accordance with PRC GAAP).

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PROFIT FORECASTS

References are made to the SST Announcement dated 15 January 2025 and Tianshan Materials Announcement dated 16 January 2025. It is noted that the Sinoma Science & Technology Results Forecast contained in the SST Announcement and the Tianshan Materials Results Forecast contained in the Tianshan Materials Announcement constitute profit forecasts under Rule 10 of the Takeovers Code and shall be reported on by the Independent Financial Adviser and the auditor of the Company in accordance with the requirements under Rule 10 of the Takeovers Code. The Sinoma Science & Technology Results Forecast and the Tianshan Materials Results Forecast have been reported on by Moore CPA Limited, the auditor of the Company, and Gram Capital, the Independent Financial Adviser, which reports have been included in this Offer Document.

Reference is also made to the statement under the section headed “IV. MATERIAL CHANGE” of Appendix II to this circular that the Group’s net profit for the year ended 31 December 2024 was substantially lower than that for the year ended 31 December 2023. (the “**Estimated Profit Statement**”), which statement has been made based on the Group’s unaudited consolidated management accounts for the year ended 31 December 2024 and the Group’s audited annual consolidated financial statements for the year ended 31 December 2023. The Estimated Profit Statement constitutes a profit forecast under Rule 10 of the Takeovers Code, and is required to be reported on by the Independent Financial Adviser and the auditor of the Company in accordance with the requirements under Rule 10 of the Takeovers Code.

Please refer to Appendix V headed “PROFIT FORECASTS AND REPORTS THEREON” to this Offer Document for the above-mentioned profit forecasts and relevant reports thereon.

FINANCIAL EFFECTS OF THE OFFER

The unaudited pro forma financial information of the Group upon completion of the Offer, illustrating the financial impact of the Offer on the earnings per Share, net assets per Share, total liabilities and working capital (expressed as net current assets/(liabilities)) of the Group, is set out in Appendix III to this Offer Document.

Earnings per Share

Based on the unaudited pro forma financial information of the Group set out in Appendix III to this Offer Document and assuming that full acceptance of the Offer was completed on 1 January 2023 and the Maximum Number had been bought-back under the Offer, the basic earnings per Share for the year ended 31 December 2023 would, as a result, have increased by approximately 11.14% from RMB0.458 per Share to RMB0.509 per Share.

Net assets per Share

Based on the unaudited pro forma financial information of the Group set out in Appendix III to this Offer Document and assuming that full acceptance of the Offer was completed on 31 December 2023 and the Maximum Number had been bought-back under the Offer, the net assets per Share as at 31 December 2023 would, as a result, have increased by approximately 9.29% from RMB22.94 per Share to RMB25.07 per Share.

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Total liabilities

The Offer will be paid in cash and funded by internal cash resources of the Group. The total liabilities of the Group as at 31 December 2023 would remain unchanged at approximately RMB295,384 million following completion of the Offer.

Working capital

Based on the unaudited pro forma financial information of the Group set out in Appendix III to this Offer Document and assuming that full acceptance of the Offer was completed on 31 December 2023 and the Maximum Number had been bought-back under the Offer, the working capital (expressed as net current liabilities) of the Group as at 31 December 2023 would, as a result, have increased by approximately 11.16% from net current liabilities of approximately RMB28,291.41 million to net current liabilities of approximately RMB31,447.85 million.

After taking into consideration, among others, the working capital requirement of the Group, net cash position of the Group following completion of the Offer, and the uncommitted banking facilities available to the Group, the Directors confirm that the Group will have sufficient working capital to meet its normal operating requirements after completion of the Offer assuming full acceptance of the Offer.

Based on the above and having considered the manner of funding of the consideration for the Offer, the Company considers that completion of the Offer will have no material adverse effect on the Group's earnings per Share, net assets per Share, liabilities or working capital.

FUTURE INTENTIONS OF THE GROUP AND THE CNBM PARENT

It is the intention of the Group and CNBM Parent that the Group will continue to carry on its business, and the Company's listing on the Stock Exchange will be maintained upon completion of the Offer. As at the Latest Practicable Date, the Group and CNBM Parent do not have specific plans: (a) to introduce any major changes to the existing principal business of the Group (including, without limitation, those set out under the section headed "INFORMATION ON THE COMPANY"); (b) to re-deploy the material fixed assets of the Group; (c) to discontinue the employment of the employees of the Group other than in the ordinary course of business of the Group or due to personal performance or conduct issues; or (d) in relation to any intention, understanding, negotiation or arrangement (concluded or otherwise) to downsize, cease or dispose of any of the existing business sectors of the Group following the close of the Offer.

The Company has no intention to exercise any right which may be available to it to acquire compulsorily any H Shares not tendered for acceptance under the Offer.

REASONS FOR THE OFFER

The Offer represents a premium of approximately 15.1% over the closing price of HK\$3.50 of the H Shares as quoted on the Stock Exchange on the Last Trading Day and a premium of approximately 19.5% over approximately HK\$3.37 which is the average closing price per H Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day.

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The Company believes that the Offer provides an opportunity for the Shareholders either to tender H Shares to realise part of their investments in the Company at a premium to recent market prices, or to increase their proportionate equity interests in the Company by retaining their shareholdings and participating in the future prospects of the Group. Therefore, the Offer provides the Shareholders a mechanism which allows them to decide upon their preferred level of investment in the Company and allows the Shareholders who do not wish to exit from their investments in the Company to enjoy the benefits of enhanced Shareholder value.

The Company is a leading building materials company in the PRC with significant operations in basic building materials, new materials, and engineering technical services businesses. The price of the H Shares has historically been traded at a significant discount to the Group's net asset value per H Share.

The Offer demonstrates the Company's confidence in long-term prospects and intrinsic value, thereby sending positive signals to the market as well as the Company's stakeholders including employees and customers. The Offer will also improve the trading dynamics and refresh the Company's shareholders' structure.

For the Shareholders who may decide to retain their shareholdings in the Company, the Company will continue to strengthen innovation-driven development, accelerate the construction of a modern industrial system, and build up a listed platform which is a global leader in the materials sector. The Offer will also enhance the earnings per Share as well as net asset value per Share upon completion of the Offer.

DIVIDEND

Up to the Latest Practicable Date, the Board had not recommended the payment of dividends for (a) the six months ended 30 June 2024 or (b) the year ended 31 December 2024. For any possible final dividend for the year ended 31 December 2024 as may be declared by the end of March 2025 (the "**Possible 2024 Final Dividend**"), the Accepting Shareholders will not be entitled to such final dividend in respect of the Shares bought-back. Therefore, the Possible 2024 Final Dividend will not be deducted from the Offer Price. Other than the Possible 2024 Final Dividend, the Company does not intend to announce, declare or pay any dividend, distribution or other return of capital before the close of the Offer.

PROPOSED APPOINTMENT OF EXECUTIVE DIRECTOR

Reference is made to the announcement of the Company dated 17 January 2025 in relation to the proposed change of executive Director. Mr. Liu Yan tendered his resignation as executive Director due to work adjustment. The Parent has notified the Company of its proposal to nominate Ms. Miao Xiaoling to replace Mr. Liu Yan as an executive Director. The proposed appointment of Ms. Miao Xiaoling is subject to the approval of the Shareholders by way of ordinary resolution at the EGM.

The biographical details of Ms. Miao Xiaoling as required under Rule 13.51(2) of the Listing Rules are set out below:

Ms. Miao Xiaoling ("**Ms. Miao**"), born in August 1978, is a party committee member, director of the organisation department of the party committee and general manager of the human resources department of CNBM Parent, and a deputy secretary of the party committee of the Company. Ms. Miao has accumulated extensive experience in corporate party building and human resources management. Ms. Miao has been a

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deputy secretary of the party committee of the Company since January 2025 to present, the head of the organisation department of the party committee and the general manager of the human resources department of the CNBM Parent from May 2020 to present, a member of the party committee of the CNBM Parent from December 2018 to present, the director of the party and people work department of the CNBM Parent from September 2018 to May 2020 and from November 2022 to September 2024, and the vice-chairman of the labor union of CNBM Parent from January 2017 to December 2022, and the director of the labor union office of the CNBM Parent from June 2016 to September 2018. Ms. Miao obtained a doctorate degree in national economics from the School of Economics of Renmin University of China in July 2006 and is a researcher. Ms. Miao is also a vice chairman of the human resources branch of China Construction Materials Enterprise Management Association. She was awarded the Outstanding Party Worker of Central State-owned Enterprises for the year 2023, and the Advanced Individual of Central State-owned Enterprises in the Research of Party Building, Ideological and Political Work for the year 2015.

It is proposed that Ms. Miao, if appointed, will not receive any Director's remuneration from the Company during his term of office. Save as disclosed above, as at the date of this circular, Ms. Miao has confirmed that she (i) did not assume other offices in any member of the Group; (ii) was not related to any directors, supervisors, senior management, substantial shareholders or controlling shareholders of the Company or other members of the Group; (iii) did not have any interests in shares of the Company within the meaning of Part XV of the SFO; and (iv) did not hold any other directorships or other major appointments and qualifications in any listed companies in the past three years. Save as disclosed above, as at the Latest Practicable Date, there is no information which is discloseable, nor is the Company aware that Ms. Miao is/was involved in any of the matters required to be disclosed, pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting

The EGM will be convened and held for the purposes of considering and, if thought fit, approving the Offer, the reduction of the registered capital of the Company and relevant arrangements, the Whitewash Waiver and the Proposed Appointment. The H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting will be convened and held for the purposes of considering and, if thought fit, approving matters relating to the Offer, the reduction of the registered capital of the Company and relevant arrangements. Notices convening the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting are set out on pages EGM-1 to DSCM-3 of this Offer Document. Shareholders are advised to read the notices and to complete and return the enclosed forms of proxy for use at the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting in accordance with the instructions printed thereon.

Forms of proxy are enclosed with this Offer Document for use at the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting. Whether or not you are able to attend the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting, please complete and return the enclosed forms of proxy for use at the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time appointed for the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting or any adjournment thereof (as the case may be).

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Completion and return of the forms of proxy will not preclude you from attending and voting in person at the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting or any adjourned meeting if you so wish and in such event, the forms of proxy shall be deemed to be revoked.

Pursuant to Rule 2.9 of the Takeovers Code, any matter required by the Codes to be approved by shareholders in general meeting must be conducted by way of a poll. Under Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll (except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands). Accordingly, the resolutions to be proposed at the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting as set out in the respective notices shall be voted by poll.

The Independent Board Committee, comprising all the non-executive Directors (except Mr. Wang Yumeng who is a deputy general manager of CNBM Parent), namely Mr. Shen Yungang and Mr. Chen Shaolong, and all the independent non-executive Directors, namely Mr. Sun Yanjun, Mr. Liu Jianwen, Mr. Zhou Fangsheng, Mr. Li Jun and Ms. Xia Xue, who have no direct or indirect interest in the Offer or the Whitewash Waiver, has been formed to advise the Independent Shareholders in respect of the Offer and the Whitewash Waiver.

At the approval by the Independent Board Committee, Gram Capital has been appointed to advise the Independent Board Committee as to whether the Offer and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned, whether the Offer and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole, and as to acceptance and voting for or against the Offer and the Whitewash Waiver. The Independent Shareholders should note that even if he/she/it votes in favour of or against the resolutions to be proposed at the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting, he/she/it is free nonetheless to accept or not to accept the Offer.

GENERAL

As Mr. Zhou Yuxian is the chairman of the board of CNBM Parent, Mr. Wei Rushan is a deputy general manager of CNBM Parent and Mr. Wang Yumeng is a deputy general manager of CNBM Parent, each of Mr. Zhou Yuxian, Mr. Wei Rushan and Mr. Wang Yumeng has abstained from voting on the board resolutions of the Company in respect of the Offer.

The CNBM Parent Concert Group will abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the EGM. Save as provided in Note 1 to the section headed "CHANGES IN SHAREHOLDING STRUCTURES" above, no Shareholder, other than the members of the CNBM Parent Concert Group, is required to abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the EGM. Save as provided in Note 1 to the section headed "CHANGES IN SHAREHOLDING STRUCTURES" above, no Shareholder is required to abstain from voting on the resolutions in respect of the Offer to be proposed at the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting. To the extent that the Company is aware having made all reasonable enquires, no Shareholder is required to abstain from voting on the ordinary resolution for approving the Proposed Appointment at the EGM.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to the “Letter from the Independent Board Committee” as set out on pages 34 to 35 of this Offer Document. Your attention is also drawn to the letter of advice from Gram Capital which contains, among other things, its advice to the Independent Board Committee as to whether the Offer and the Whitewash Waiver are fair and reasonable and as to acceptance and voting, and the principal factors and reasons considered by it in arriving at such advice. The text of the “Letter from Gram Capital” is set out on pages 36 to 59 of this Offer Document.

Taking into account the “Letter from the Independent Board Committee” and all other factors as stated under the section headed “REASONS FOR THE OFFER” above as a whole, the Board is of the opinion that the terms of the Offer and the Whitewash Waiver are on balance fair and reasonable and in the interest of the Company and the Shareholders as a whole. The Board therefore recommends the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM approving the Offer and the Whitewash Waiver.

The Directors consider that the Proposed Appointment is in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend Shareholders to vote in favour of the relevant resolution in respect of the Proposed Appointment set out in the notice of the EGM.

Your attention is also drawn to the principal terms of the Offer as set out in Appendix I to this Offer Document, and the general information as set out in Appendix IV to this Offer Document.

Shareholders and potential investors should note that the Offer is subject to all of the Conditions being fulfilled in full and, therefore, may or may not become unconditional and the Offer may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares. The Company will publish an announcement on or about 19 February 2025 to inform the Shareholders as to whether or not the Offer has become unconditional.

Yours faithfully,
By Order of the Board
China National Building Material Company Limited*
Pei Hongyan
Secretary of the Board

* *For identification purposes only*

LETTER FROM MORGAN STANLEY

Morgan Stanley

27 January 2025

To the Independent Shareholders,

Dear Sir or Madam,

**CONDITIONAL CASH OFFER BY MORGAN STANLEY ASIA LIMITED
ON BEHALF OF
CHINA NATIONAL BUILDING MATERIAL COMPANY LIMITED TO BUY-
BACK UP TO 841,749,304 H SHARES AT HK\$4.03 PER H SHARE
AND
APPLICATION FOR WHITEWASH WAIVER**

INTRODUCTION

On 6 December 2024, the Board announced that Morgan Stanley, on behalf of the Company, firmly intends, subject to the satisfaction of the Pre-Conditions, to make a conditional cash offer to buy-back for cancellation, up to the Maximum Number, being 841,749,304 H Shares, representing approximately 9.98% of the issued Shares and approximately 18.47% of the issued H Shares as at the Latest Practicable Date, at the Offer Price of HK\$4.03 per H Share.

On 24 January 2025, the Company announced that the Pre-Conditions had been satisfied.

The H Shares to be bought-back by the Company will not exceed the Maximum Number. If the Offer is fully accepted, it will result in the Company paying HK\$3,392,249,695 in aggregate to the Accepting Shareholders, which will be paid in cash and will be funded by internal cash resources of the Group.

This letter sets out details of the terms of the Offer. Further details of the terms and conditions of the Offer are set out in Appendix I to this Offer Document and the accompanying Form of Acceptance.

Your attention is drawn to the “Letter from the Board” as set out on pages 7 to 22 of this Offer Document. You are also strongly advised to read the “Letter from the Independent Board Committee” as set out on pages 34 to 35 of this Offer Document which contains its recommendation to the Independent Shareholders in respect of the Offer and the Whitewash Waiver, and the “Letter from Gram Capital” as set out on pages 36 to 59 of this Offer Document containing its advice to the Independent Board Committee in respect of the Offer and the Whitewash Waiver.

SALIENT TERMS OF THE OFFER

The Offer is being made by Morgan Stanley on behalf of the Company subject to fulfilment of the Conditions to buy-back the H Shares at the Offer Price, for up to the Maximum Number, being 841,749,304 H Shares.

LETTER FROM MORGAN STANLEY

For every H Share HK\$4.03 in cash

All Qualifying Shareholders are entitled to accept the Offer by submitting the Forms of Acceptance for the sale of any number of their H Shares to the Company.

The salient terms of the Offer are as follows:

- (a) Morgan Stanley will make the Offer to the Qualifying Shareholders on behalf of the Company to buy-back the H Shares, up to the Maximum Number, at the Offer Price;
- (b) Qualifying Shareholders may accept the Offer in respect of any number of their H Shares at the Offer Price up to their entire shareholding (subject to the procedures for scaling down and the treatment of fractions described under the section headed “OTHER TERMS OF THE OFFER” below);
- (c) The Offer is conditional upon the Conditions set out under the section headed “CONDITIONS OF THE OFFER” below, including but not limited to the Maximum Number being tendered for buy-back (unless otherwise waived);
- (d) All H Shares validly tendered will be bought-back to the extent that the aggregate number of H Shares bought-back pursuant to the Offer will not thereby exceed the Maximum Number. If the number of H Shares validly tendered exceeds the Maximum Number, the number of H Shares to be bought-back from each Accepting Shareholder will be reduced proportionally so that the number of H Shares bought-back by the Company in aggregate is equal to the Maximum Number. Further details of the procedures for scaling down are described under the section headed “OTHER TERMS OF THE OFFER” below;
- (e) A Form of Acceptance duly received by or on behalf of the Company will become irrevocable and cannot be withdrawn after the Offer has been declared unconditional unless in accordance with Rule 19.2 of the Takeovers Code;
- (f) H Shares will be bought-back in cash, free of commission, levies and dealing charges, save that the amount of seller’s *ad valorem* stamp duty due on the H Shares bought-back attributable to the Accepting Shareholders, calculated at a rate of 0.1% of the market value of the H Shares to be bought-back under the Offer, or the consideration payable by the Company in respect of relevant acceptances of the Offer, whichever is the higher, will be deducted from the amount payable to the Accepting Shareholders and the Company will arrange for payment of the seller’s *ad valorem* stamp duty on behalf of the Accepting Shareholders in respect of the Offer;
- (g) H Shares bought-back will be treated as cancelled and will not be entitled to any dividend declared for any record date set subsequent to the date of their cancellation and the registered capital of the Company will be reduced accordingly. As at the Latest Practicable Date, the Company does not intend to announce, declare or pay any special dividend, distribution or other return of capital other than the Possible 2024 Final Dividend; and

LETTER FROM MORGAN STANLEY

- (h) H Shares will be bought-back free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature. Accordingly, the submission of a Form of Acceptance by an Accepting Shareholder will be deemed to constitute a warranty by that Accepting Shareholder to Morgan Stanley and the Company that the H Shares are being sold free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and other distributions declared, made or paid, if any, on or after the date of their cancellation. As at the Latest Practicable Date, there are no dividends or other distributions declared by the Company that have not been paid.

In compliance with Rule 3 of the Share Buy-backs Code, the Offer will be subject to the approval by the Independent Shareholders in a general meeting by a majority of votes by way of poll and will also be subject to the other Conditions as referred to in the section headed “CONDITIONS OF THE OFFER” below.

Pursuant to Rule 5.1 of the Share Buy-backs Code and Rule 15.3 of the Takeovers Code, if the Offer is declared unconditional, Qualifying Shareholders who have not tendered their H Shares for acceptance will be able to tender their H Shares for acceptance under the Offer for a period of 14 days thereafter.

THE OFFER PRICE

The Offer Price of HK\$4.03 per H Share values the entire issued share capital of the Company as at the Latest Practicable Date at approximately HK\$33,992 million. The Offer Price represents:

- (a) a premium of approximately 12.3% over the closing price of the H Shares of HK\$3.59 per H Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 15.1% over the closing price of the H Shares of HK\$3.50 per H Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 16.7% over the average closing price of approximately HK\$3.45 per H Share as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day;
- (d) a premium of approximately 19.8% over the average closing price of approximately HK\$3.36 per H Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 19.5% over the average closing price of approximately HK\$3.37 per H Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day;
- (f) a premium of approximately 29.1% over the average closing price of approximately HK\$3.12 per H Share as quoted on the Stock Exchange for the last 60 trading days up to and including the Last Trading Day;

LETTER FROM MORGAN STANLEY

- (g) a discount of approximately 70.2% to the Group's audited net asset value attributable to the Shareholders of approximately RMB12.49 (equivalent to approximately HK\$13.52 based on the exchange rate of HK\$1:RMB0.9235) per Share pursuant to the latest audited consolidated financial statements of the Company as at 31 December 2023 (prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board), calculated based on the audited consolidated net asset value attributable to the Shareholders of RMB105,325,482 (amount in thousands) as at 31 December 2023 and 8,434,770,662 Shares in issue as at the Latest Practicable Date;
- (h) a discount of approximately 68.3% to the Group's unaudited net asset value attributable to the Shareholders of approximately RMB11.72 (equivalent to approximately HK\$12.70 based on the exchange rate of HK\$1:RMB0.9235) per Share pursuant to the unaudited consolidated financial statements of the Company as at 30 June 2024 (prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board), calculated based on the unaudited consolidated net asset value attributable to the Shareholders of RMB98,888,406 (amount in thousands) as at 30 June 2024 and 8,434,770,662 Shares in issue as at the Latest Practicable Date; and
- (i) a discount of approximately 68.6% to the Group's unaudited net asset value attributable to the Shareholders of approximately RMB11.86 (equivalent to approximately HK\$12.84 based on the exchange rate of HK\$1:RMB0.9235) per Share pursuant to the unaudited consolidated financial statements of the Company as at 30 September 2024 (prepared in accordance with PRC GAAP), calculated based on the unaudited consolidated net asset value attributable to the Shareholders of RMB100,023,628,409 as at 30 September 2024 and 8,434,770,662 Shares in issue as at the Latest Practicable Date.

As disclosed in the "Letter from the Board" in this Offer Document, the Offer Price was determined after taking into account, among other things, the historical prices of the H Shares traded on the Stock Exchange, historical financial information of the Company, the prevailing market conditions and sentiments, and with reference to share buy-back transactions in Hong Kong in recent years.

CONFIRMATION OF FINANCIAL RESOURCES

At the Offer Price, the Offer, if accepted in full, will result in the Company paying HK\$3,392,249,695 in aggregate to the Accepting Shareholders in cash which will be funded by internal cash resources of the Group. Morgan Stanley is satisfied that sufficient financial resources are available to the Company to enable it to satisfy acceptances of the Offer in full.

CONDITIONS OF THE OFFER

The Offer is conditional upon fulfilment or waiver (where applicable) of all of the following Conditions:

- (a) the passing of special resolutions by a majority of not less than two-thirds (2/3) of the votes cast by way of poll by the H Shareholders present and voting in person or by proxy at the H Shareholders' Class Meeting in respect of matters relating to the Offer, the reduction of the registered capital of the Company and relevant arrangements;

LETTER FROM MORGAN STANLEY

- (b) the passing of special resolutions by a majority of not less than two-thirds (2/3) of the votes cast by way of poll by the Domestic Shareholders present and voting in person or by proxy at the Domestic Shareholders' Class Meeting in respect of matters relating to the Offer, the reduction of the registered capital of the Company and relevant arrangements;
- (c) the approval at the EGM by:
 - (i) a majority of not less than two-thirds (2/3) of the votes cast by way of poll by the Shareholders present and voting in person or by proxy in respect of matters relating to the Offer, the reduction of the registered capital of the Company and relevant arrangements;
 - (ii) a majority of not less than 50% of the votes cast by way of poll by the Independent Shareholders present and voting in person or by proxy in respect of the Offer; and
 - (iii) at least 75% of the votes cast by way of poll by the Independent Shareholders present and voting in person or by proxy in respect of the Whitewash Waiver;
- (d) valid acceptances of the Offer being received (and not, where permitted, withdrawn) in respect of the Maximum Number by 4:00 p.m. on the closing day of the Offer (or such later time and date as the Company may, subject to the Takeovers Code, decide);
- (e) the Executive granting the Whitewash Waiver and the satisfaction of any condition attached to the Whitewash Waiver and the Whitewash Waiver not having been revoked or withdrawn; and
- (f) all necessary consents in connection with the Offer which may be required under any existing contractual or other obligations of the Group, joint ventures and controlled corporations of the Company having been obtained and remaining in effect.

Save for Conditions (d) and (f) which may be waived by the Company, none of the above Conditions can be waived.

The CNBM Parent Concert Group and those who are involved in or interested in the Whitewash Waiver and/or the Offer (other than as a Shareholder) will abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the EGM.

The Offer is subject to all of the Conditions being fulfilled or waived (where applicable). If the Whitewash Waiver is not granted by the Executive, or if the resolutions to approve the Offer or the Whitewash Waiver are not passed by the Independent Shareholders, the Offer will not proceed and will immediately lapse. Shareholders are advised to consider the detailed terms of the Offer and the Whitewash Waiver and read, among other things, the letter from the Independent Board Committee and the letter of advice from the Independent Financial Adviser to the Independent Board Committee to be contained in this Offer Document before deciding whether to vote for or against the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at (as applicable) the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting. Shareholders should also note that their voting decision on the resolutions in respect of the Offer, the reduction of the registered capital of the Company and relevant arrangements and the Whitewash Waiver to be proposed at (as

LETTER FROM MORGAN STANLEY

applicable) the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting will not affect their ability to accept or not accept the Offer. If Shareholders are in any doubt as to any aspect of the Offer and the Whitewash Waiver or as to the action to be taken, they should seek independent professional advice.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and should consult their professional advisers when in doubt.

OTHER TERMS OF THE OFFER

Qualifying Shareholders may accept the Offer in respect of some or all of their shareholding. If valid acceptances are received for the Maximum Number, all H Shares validly accepted will be bought-back. If valid acceptances received exceed the Maximum Number, the total number of H Shares to be bought-back by the Company from each Accepting Shareholder will be determined in accordance with the following formula:

$$\frac{A}{B} \quad X \quad C$$

A = 841,749,304, being the Maximum Number

B = Total number of H Shares tendered by all Accepting Shareholders under the Offer

C = Total number of H Shares tendered by the relevant individual Accepting Shareholder under the Offer

As a result, it is possible that not all of such H Shares tendered by an Accepting Shareholder will ultimately be bought-back. The total number of H Shares which will be bought-back by the Company will not exceed the Maximum Number.

Fractions of H Shares will not be bought-back under the Offer and, accordingly, the number of H Shares that the Company will buy-back from each Accepting Shareholder in accordance with the above formula will be rounded up or down to the nearest whole number at the discretion of the Company, provided that the total number of H Shares which will be bought-back by the Company will not exceed the Maximum Number.

The decision of the Company as to any scaling down of acceptances in accordance with the above formula and as to the treatment of fractions will be conclusive and binding on all Shareholders.

WHITEWASH WAIVER

As at the Latest Practicable Date, the CNBM Parent Concert Group held 3,797,269,981 Shares (including 183,964,000 H Shares and 3,613,305,981 Domestic Shares), representing approximately 45.02% of the total number of issued Shares as at the Latest Practicable Date. Pursuant to Rule 32 of the Takeovers Code and Rule 6 of the Share Buy-backs Code, if as a result of a share buy-back, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code.

LETTER FROM MORGAN STANLEY

Depending on the level of acceptances received from the Accepting Shareholders pursuant to the Offer, taking into account all the Conditions are fulfilled or waived (where applicable), the aggregate interests of the CNBM Parent Concert Group may increase to a maximum level of approximately 50.01% of the issued share capital of the Company upon completion of the Offer, thereby triggering an obligation under Rule 26 of the Takeovers Code for CNBM Parent to make a mandatory general offer for all the Shares not already owned by it and parties acting in concert with it. Accordingly, an application has been made to the Executive by CNBM Parent for the Whitewash Waiver.

The Offer is conditional upon the approval of the relevant resolutions at the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting, the Offer and the Whitewash Waiver being approved by the Independent Shareholders at the EGM and the Whitewash Waiver being granted by the Executive.

If the Offer or the Whitewash Waiver is not approved by the Independent Shareholders, or if the Whitewash Waiver is not granted by the Executive, the Offer will not proceed and will immediately lapse.

Depending on the level of acceptances received from the Accepting Shareholders pursuant to the Offer and in the event that the aggregate interests of the CNBM Parent Concert Group exceed 50% of the issued Shares upon completion of the Offer, the CNBM Parent Concert Group may increase its aggregate shareholding in the Company subsequent to completion of the Offer without triggering any obligation under Rule 26 of the Takeovers Code to make a mandatory general offer.

As at the Latest Practicable Date, the Company did not believe that the transactions under the Offer and the Whitewash Waiver would give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules) in Hong Kong. The Company notes that the Executive may not grant the Whitewash Waiver if the transactions under the Offer and the Whitewash Waiver do not comply with other applicable rules and regulations.

PROCEDURES FOR ACCEPTANCE

The Offer is open for acceptance from the date of this Offer Document, but payment of the Offer will only be made after the close of the Offer. The consideration under the Offer will not be despatched until after the Form of Acceptance is completed in all respects and the Title Documents have been received by the Registrar. Assuming the Offer has become unconditional, H Shares tendered under the Offer shall be paid for by the Company as soon as possible but in any event no later than 7 Business Days after the close of the Offer.

In order to accept the Offer, Qualifying Shareholders should complete and return the accompanying Form of Acceptance in compliance with Note 1 to Rule 30.2 of the Takeovers Code and in accordance with the instructions set out in this Offer Document and the instructions printed on the Form of Acceptance. The instructions in this Offer Document should be read together with the instructions on the Form of Acceptance (which instructions form part of the terms of the Offer).

LETTER FROM MORGAN STANLEY

In order to be valid, the duly completed Form of Acceptance should be forwarded, together with the Title Documents for not less than the number of H Shares in respect of which the relevant Qualifying Shareholder wishes to accept the Offer, by post or by hand to the Registrar, Tricor Investor Services Limited at 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong, in an envelope marked “**China National Building Material Company Limited – Buy-back Offer**” as soon as possible after receipt of the Form of Acceptance but in any event so as to reach the Registrar by no later than 4:00 p.m. (Hong Kong time) on Wednesday, 5 March 2025, or such later time and/or date as the Company may, subject to the Codes, decide and announce.

No Form of Acceptance received after the Latest Acceptance Time will be accepted.

If the Form of Acceptance is executed by a person other than the registered holder, appropriate evidence of authority (for instance, a grant of probate or certified copy of a power of attorney) must be delivered to the Registrar with the completed Form of Acceptance.

No acknowledgement of receipt of any Form of Acceptance or Title Documents will be given.

Only one Form of Acceptance may be submitted by each Qualifying Shareholder to the Registrar.

Acceptances duly received will become irrevocable and cannot be withdrawn after the Offer has been declared unconditional unless in accordance with Rule 19.2 of the Takeovers Code.

OVERSEAS H SHAREHOLDERS

The making of the Offer to Overseas H Shareholders may be subject to the laws of the relevant jurisdictions. The laws of the relevant jurisdictions may prohibit the making of the Offer to Overseas H Shareholders or require compliance with certain filing, registration or other requirements in respect of the Offer.

The availability of the Offer to any Overseas H Shareholders may be affected by the applicable laws, regulations and rules of their relevant jurisdictions of residence. The Overseas H Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers in the relevant jurisdictions.

It is the responsibility of each Overseas H Shareholder who wishes to accept the Offer to satisfy himself or herself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consents which may be required or compliance with other necessary formalities or legal requirements. Any acceptance of the Offer by any Shareholder shall be deemed to constitute a representation and warranty from such Shareholder to the Company and Morgan Stanley that all applicable local laws and requirements have been observed and complied with. Shareholders should consult their professional advisers if in doubt.

According to the Register of Members, as at the Latest Practicable Date, the Company had 6 Overseas H Shareholder with registered address located in Australia, Canada, the mainland of the PRC, the United Kingdom and Macau. As at the Latest Practicable Date, the Company has made enquiries and is not aware of applicable restrictions with respect to extending the Offer to such Overseas H Shareholders, and accordingly, the Offer is so extended.

LETTER FROM MORGAN STANLEY

The Company shall give notice of any matter in relation to the Offer to the Shareholders by issuing announcements or advertisements in accordance with its articles of association, the Codes and the Listing Rules and, if so given, shall be deemed to have been sufficient for all effective purposes, despite any failure by any Overseas H Shareholder to receive the same.

ODD LOTS

The H Shares are currently traded in board lot of 2,000 H Shares each. There is no intention to change the board lot size as a result of the Offer. Qualifying Shareholders should note that acceptance of the Offer may result in their holding of odd lots of H Shares.

GF Securities (Hong Kong) Brokerage Limited, whose address is at 27/F, GF Tower, 81 Lockhart Road, Wan Chai, Hong Kong (contact person: Mr. Chen Chi Kit, Robinson (陳志傑); telephone number: +852 3719-1201) has been appointed by the Company as the designated broker to, on a best effort basis, match sales and purchases of odd lot holdings of H Shares in the market for a period of six weeks from the completion of the Offer to enable Accepting Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots. Such Accepting Shareholders should note that the matching of odd lots is not guaranteed. Further details of the related arrangements will be announced after the Offer has become unconditional, as and if appropriate.

NOMINEE REGISTRATION OF SHARES

To ensure equality of treatment of all Qualifying Shareholders, those registered Shareholders who hold H Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of the H Shares, whose investments are registered in nominee names (including those whose interests in H Shares are held through CCASS), to accept the Offer, it is essential that they provide instructions to their nominee agents of their intentions with regard to the Offer as soon as possible. Qualifying Shareholders with their H Shares held by a nominee company may consider whether they would like to arrange for registration of the relevant H Shares in the name of the beneficial owner(s).

RESPONSIBILITY FOR DOCUMENTS

All communications, notices, Forms of Acceptance, Title Documents and remittances to be delivered or sent by, to or from any Qualifying Shareholder will be delivered or sent by, to or from him/her/it, or his/her/its designated agents, at his/her/its risk and none of the Company, Morgan Stanley, the Registrar or any of their respective directors or any other person involved in the Offer accepts any liability for any loss or any other liabilities whatsoever which may rise as a result.

SETTLEMENT

Subject to the Offer becoming unconditional and provided that a duly completed Form of Acceptance, accompanied by the Title Documents, are received by the Registrar by not later than the Latest Acceptance Time (or such later time and/or date as the Company may, with the prior consent of the Executive, decide and announce in accordance with the Codes), the Registrar will inform the relevant Accepting Shareholder by ordinary post of the buy-back of his/her/its H Shares. At the same time, the Registrar will send, by

LETTER FROM MORGAN STANLEY

ordinary post at that Accepting Shareholder's risk, a remittance for such total amount as is due to that Accepting Shareholder under the Offer (subject to deduction of seller's *ad valorem* stamp duty due on the buy-back of the H Shares from the amount payable in cash) no later than 7 Business Days after the close of the Offer.

If the number of H Shares tendered under the Offer by an Accepting Shareholder is smaller than the number of H Shares as shown in the Title Documents submitted by such Accepting Shareholder together with the Form of Acceptance and/or the H Shares tendered under the Offer have not been bought-back by the Company in full, the Title Documents in respect of the balance of such H Shares or a replaced certificate therefor will be returned or sent to him/her/it by ordinary post at his/her/its risk no later than 7 Business Days after the close of the Offer.

If the Offer does not become unconditional, the Title Documents will be returned and/or sent to each Accepting Shareholder (by ordinary post, at that Accepting Shareholder's own risk) no later than 7 Business Days after the lapse of the Offer. Where such Accepting Shareholder has sent one or more transfer receipt(s) and in the meantime one or more H Share certificate(s) has/have been collected on that Accepting Shareholder's behalf in respect thereof, that Accepting Shareholder will be sent (by ordinary post, at that Shareholder's own risk) such H Share certificate(s) in lieu of the transfer receipt(s).

TAX IMPLICATIONS

Qualifying Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offer. It is emphasised that none of the Company, its ultimate beneficial owners and parties acting in concert with any of them, Morgan Stanley, Gram Capital, the Registrar or any of their respective directors or any persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of acceptance of the Offer.

EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting

The EGM will be convened and held for the purposes of considering and, if thought fit, approving the Offer, the reduction of the registered capital of the Company and relevant arrangements and the Whitewash Waiver. The H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting will be convened and held for the purposes of considering and, if thought fit, approving matters relating to the Offer, the reduction of the registered capital of the Company and relevant arrangements. Notices convening the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting are set out on pages EGM-1 to DSCM-3 of this Offer Document. Shareholders are advised to read the notices and to complete and return the enclosed forms of proxy for use at the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting in accordance with the instructions printed thereon.

Further details on the terms and conditions of the Offer including, among other things, procedures for acceptance and settlement, acceptance period and taxation matters, are set out in Appendix I to this Offer Document and in the Form of Acceptance.

LETTER FROM MORGAN STANLEY

You are strongly advised to consider carefully the information as contained in the “Letter from the Board”, the recommendation as contained in the “Letter from the Independent Board Committee” and the advice of Gram Capital as contained in the “Letter from Gram Capital” in this Offer Document, and to consult their professional advisers as they see fit.

Your attention is also drawn to the information as set out in the appendices to this Offer Document which form part of this Offer Document.

It should be noted that dealings in the Shares will continue notwithstanding that any of the Conditions may remain unfulfilled, and that persons dealing in the Shares will bear the risk that the Offer may lapse.

Yours faithfully,
For and on behalf of
Morgan Stanley Asia Limited
Richard J. Wong
Managing Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offer and the Whitewash Waiver.



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)

27 January 2025

To the Independent Shareholders,

Dear Sir or Madam,

**CONDITIONAL CASH OFFER BY MORGAN STANLEY ASIA LIMITED
ON BEHALF OF
CHINA NATIONAL BUILDING MATERIAL COMPANY LIMITED
TO BUY-BACK UP TO 841,749,304 SHARES AT HK\$4.03 PER SHARE
AND
APPLICATION FOR WHITEWASH WAIVER**

We have been appointed as members of the Independent Board Committee to advise you in respect of the Offer and the Whitewash Waiver, details of which are set out in the “Letter from the Board” in the document of the Company dated 27 January 2025 (the “**Offer Document**”), of which this letter forms part. Gram Capital has been appointed with our approval as the independent financial adviser to advise us in relation to the Offer and the Whitewash Waiver. Capitalised terms used in this letter shall have the same meanings as defined in the Offer Document unless the context requires otherwise.

Your attention is drawn to the “Letter from Morgan Stanley” as set out on pages 23 to 33 of the Offer Document and Appendix I to the Offer Document containing the principal terms of the Offer, and the “Letter from Gram Capital” as set out on pages 36 to 59 of the Offer Document, which contains its advice and recommendation to us in respect of the Offer and the Whitewash Waiver, as well as the principal factors and reasons for its advice and recommendation.

Having considered the factors and reasons considered by, and the opinion of, Gram Capital as stated in the aforementioned letter of advice, we are of the opinion that the terms of the Offer and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned and that the Offer and the

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

granting of the Whitewash Waiver, which is one of the Conditions, are in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolutions to approve the Offer and the Whitewash Waiver at the EGM.

We also concur with the advice of Gram Capital and recommend the Qualifying Shareholders to accept the Offer. Notwithstanding our recommendations, the Qualifying Shareholders are advised to monitor the market price of the H Shares carefully during the Offer Period. If any Qualifying Shareholder is able to identify any opportunity to sell his/her/its H Shares in the open market where the net proceeds from such sale will exceed the net proceeds by accepting the Offer, such Qualifying Shareholder should consider not to accept the Offer and should seek to sell his/her/its H Shares if he/she/it wishes to and is able to do so.

Yours faithfully,

For and on behalf of

Independent Board Committee

Mr. Shen Yungang

Non-executive Director

Mr. Chen Shaolong

Non-executive Director

Mr. Sun Yanjun

Independent non-executive Director

Mr. Liu Jianwen

Independent non-executive Director

Mr. Zhou Fangsheng

Independent non-executive Director

Mr. Li Jun

Independent non-executive Director

Ms. Xia Xue

Independent non-executive Director

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee in respect of the Offer and the Whitewash Waiver for the purpose of inclusion in the Offer Document.



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

27 January 2025

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

Dear Sir/Madam,

**(1) CONDITIONAL CASH OFFER BY MORGAN STANLEY ASIA LIMITED
ON BEHALF OF
CHINA NATIONAL BUILDING MATERIAL COMPANY LIMITED
TO BUY-BACK UP TO 841,749,304 H SHARES
AT HK\$4.03 PER H SHARE;
AND
(2) APPLICATION FOR WHITEWASH WAIVER**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser (with the approval of the Independent Board Committee) to advise the Independent Board Committee in respect of the Offer and the Whitewash Waiver, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the Offer Document dated 27 January 2025 issued by the Company to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Offer Document unless the context requires otherwise.

On 6 December 2024 (the “**Announcement Date**”), the Board announced that Morgan Stanley, on behalf of the Company, firmly intends, subject to the satisfaction of the Pre-Conditions, to make a cash offer to buy-back for cancellation, up to the Maximum Number, being 841,749,304 H Shares, representing approximately 9.98% of the issued Shares and approximately 18.47% of the issued H Shares as at the Latest Practicable Date, at the Offer Price of HK\$4.03 per H Share. The H Shares to be bought-back by the Company will not exceed the Maximum Number. The consideration for the Offer, being a total of HK\$3,392,249,695 if the Offer is accepted in full, will be paid to the Accepting Shareholders in cash and will be funded by internal cash resources of the Group. On 24 January 2025, the Company announced that the Pre-Conditions had been satisfied.

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As at the Latest Practicable Date, the CNBM Parent Concert Group held 3,797,269,981 Shares (including 183,964,000 H Shares and 3,613,305,981 Domestic Shares), representing approximately 45.02% of the total number of issued Shares as at the Latest Practicable Date. Pursuant to Rule 32 of the Takeovers Code and Rule 6 of the Share Buy-backs Code, if as a result of a share buy-back, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code.

Depending on the level of acceptances received from the Accepting Shareholders pursuant to the Offer, taking into account all the Conditions are fulfilled or waived (where applicable), the aggregate interests of the CNBM Parent Concert Group may increase to a maximum level of approximately 50.01% of the issued share capital of the Company upon completion of the Offer, thereby triggering an obligation under Rule 26 of the Takeovers Code for CNBM Parent to make a mandatory general offer for all the Shares not already owned by it and parties acting in concert with it. Accordingly, an application has been made to the Executive by CNBM Parent for the Whitewash Waiver. The Executive has indicated that it is minded, subject to the approval of the Independent Shareholders for the Offer and the Whitewash Waiver at the EGM by way of poll, to waive any obligation of CNBM Parent to make a general offer which might result from completion of the Offer.

The Offer is conditional upon the approval of the relevant resolutions at the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting, the Offer and the Whitewash Waiver being approved by the Independent Shareholders at the EGM and the Whitewash Waiver being granted by the Executive.

If the Offer or the Whitewash Waiver is not approved by the Independent Shareholders, or if the Whitewash Waiver is not granted by the Executive, the Offer will not proceed and will immediately lapse.

The Independent Board Committee, comprising all the non-executive Directors (except Mr. Wang Yumeng who is a deputy general manager of CNBM Parent), namely Mr. Shen Yungang and Mr. Chen Shaolong, and all the independent non-executive Directors, namely Mr. Sun Yanjun, Mr. Liu Jianwen, Mr. Zhou Fangsheng, Mr. Li Jun and Ms. Xia Xue, who have no direct or indirect interest in the Offer and the Whitewash Waiver, has been formed to advise the Independent Shareholders in respect of the Offer and the Whitewash Waiver. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser (with the approval of the Independent Board Committee) to advise the Independent Board Committee in this respect, and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offer and the Whitewash Waiver pursuant to Rule 2.1 of the Takeovers Code.

INDEPENDENCE

We were not aware of any relationships or interests between Gram Capital and the Company, or any of the parties as prescribed under Rule 2.6 of the Takeovers Code during the past two years immediately preceding the commencement of the Offer Period up to and including the Latest Practicable Date that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser.

LETTER FROM GRAM CAPITAL

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained or referred to in the Offer Document and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Offer Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Offer Document, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Offer and the Whitewash Waiver. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules and Rule 2 of the Takeovers Code.

Your attention is drawn to the responsibility statements as set out in the section headed "1. Responsibility Statement" of Appendix IV to the Offer Document. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Offer Document, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, CNBM Parent or their respective subsidiaries or associates (if applicable), nor have we considered the taxation implication on the Group or the Shareholders as a result of the Offer and the Whitewash Waiver.

Our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

LETTER FROM GRAM CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Offer and the Whitewash Waiver, we have taken into consideration the following principal factors and reasons:

1. Background and terms of the Offer

On 6 December 2024, the Board announced that, Morgan Stanley, on behalf of the Company, firmly intends, subject to the satisfaction of the Pre-Conditions, to make a cash offer to buy-back for cancellation, up to the Maximum Number, being 841,749,304 H Shares, representing approximately 9.98% of the issued Shares and approximately 18.47% of the issued H Shares as at the Latest Practicable Date, at the Offer Price of HK\$4.03 per H Share. The H Shares to be bought-back by the Company will not exceed the Maximum Number.

The consideration for the Offer, being a total of HK\$3,392,249,695 if the Offer is accepted in full, will be paid to the Accepting Shareholders in cash and will be funded by internal cash resources of the Group.

On 24 January 2025, the Company announced that the Pre-Conditions had been satisfied.

Further details of the Offer are set out in Appendix I to the Offer Document.

2. Background of the Group

2.1 *Financial information of the Group*

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

Set out below are the consolidated financial information of the Group (which were prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board) for the two years ended 31 December 2023 and the six months ended 30 June 2024 (together with comparative figures) as extracted from the Company's

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annual report for the year ended 31 December 2023 (the “**2023 Annual Report**”) and the Company’s interim report for the six months ended 30 June 2024 (the “**2024 Interim Report**”):

	For the six months ended 30 June 2024 (“1H2024”) (unaudited) RMB’000	For the six months ended 30 June 2023 (unaudited) RMB’000	Year-on-year change %	For the year ended 31 December 2023 (“FY2023”) (audited) RMB’000	For the year ended 31 December 2022 (“FY2022”) (audited) (restated) RMB’000	Year-on-year change %
Revenue	83,470,594	102,373,896	(18.46)	210,216,434	233,879,825	(10.12)
– Cement	29,486,704	44,727,194	(34.07)	89,643,220	110,468,111	(18.85)
– Concrete	10,954,853	13,734,114	(20.24)	28,805,785	36,130,482	(20.27)
– New materials	23,374,031	23,307,691	0.28	46,572,100	45,611,635	2.11
– Engineering technology services	16,125,785	15,853,581	1.72	35,910,321	33,931,315	5.83
– Others	3,529,221	4,751,316	(25.72)	9,285,008	7,738,282	19.99
Gross profit	13,253,495	17,605,228	(24.72)	37,446,197	39,843,367	(6.02)
<i>Profit/(loss) for the period/year attributable to owners of the Company</i>	(2,017,616)	1,404,107	N/A	3,863,048	8,129,550	(52.48)
				As at 31 December 2023	Change from 31 December 2022 to 31 December 2023	As at 31 December 2022
	As at 30 June 2024 (unaudited) RMB’000	Change from 31 December 2023 to 30 June 2024 %		As at 31 December 2023 (audited) RMB’000	Change from 31 December 2022 to 31 December 2023 %	As at 31 December 2022 (audited) (restated) RMB’000
Total assets	499,674,438	2.20		488,897,924	(0.09)	489,343,500
Total liabilities	309,912,912	4.92		295,383,837	0.69	293,355,578
Equity attributable to owners of the Company	98,888,406	(6.11)		105,325,482	(1.87)	107,328,667
Cash and cash equivalents	24,808,887	(9.56)		27,430,500	1.63	26,990,449

FY2023

According to the table above, the Group recorded revenue of approximately RMB210.22 billion for FY2023, representing a decrease of approximately 10.12% as compared with that for FY2022. With reference to the 2023 Annual Report, such decrease was primarily due to a decrease in the revenue of the Group’s basic building materials segment (mainly includes

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cement segment and concrete segment, the “**Basic Building Materials Segment**”), which was partially offset by increases in the revenue of the engineering technical services segment and the new materials segment.

The decrease in revenue of Basic Building Materials Segment for FY2023 was mainly attributable to the decrease in the average selling price of cement products, commercial concrete and aggregate and the decrease in sales volume of cement products, commercial concrete, which was partially offset by the increase in sales volume of aggregate.

The increase in revenue of the new materials segment was mainly attributable to the increase in the sales volume of gypsum board, glass fiber yarn, wind power blade and lithium battery separator, which was partially offset by the decrease in the average selling price of gypsum board, glass fiber yarn, wind power blade and lithium battery separator.

The increase in revenue of the engineering technology services was mainly attributable to the increase in the numbers of engineering services completed for FY2023.

For FY2023, the Group also recorded decreases in gross profit and profit for the year attributable to owners of the Company of approximately 6.02% and 52.48% respectively, as compared to those for FY2022. With reference to the 2023 Annual Report, the decrease in gross profit for FY2023 was mainly due to (i) the aforesaid decrease in revenue for FY2023; and (ii) the decrease in the gross profit of the Basic Building Materials Segment, which was mainly due to the decrease in average selling price of cement products, commercial concrete, and aggregate, which was partially offset by the decrease in coal price. The decrease in profit for the year attributable to owners of the Company for FY2023 was mainly attributable to the decrease in revenue of the Group, the decline in performance attributed by the associates and the reduction in gains on disposal of assets, although part of which has been offset by the decrease in cost of sales of cement and commercial concrete and the decrease in the Group’s net loss from change in fair value of financial assets at fair value through profit or loss.

According to the table above, the Group recorded (i) equity attributable to owners of the Company of approximately RMB107.33 billion as at 31 December 2022 and approximately RMB105.33 billion as at 31 December 2023; and (ii) cash and cash equivalents of approximately RMB26.99 billion as at 31 December 2022 and approximately RMB27.43 billion as at 31 December 2023. The Group’s total assets and total liabilities remained stable as at 31 December 2023 as compared to those as at 31 December 2022.

1H2024

According to the table above, the Group’s revenue was approximately RMB83.47 billion for 1H2024, representing a decrease of approximately 18.46% as compared to that for the corresponding period in 2023. With reference to the 2024 Interim Report, the decrease in the Group’s revenue for 1H2024 was mainly due to the decrease in the revenue of the Basic Building Materials Segment, which was mainly attributable to the decrease in the sales volumes of cement products and aggregate, as well as the decrease in the average selling price of cement products, commercial concrete and aggregate.

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The Group also recorded a decrease of approximately 24.72% in gross profit for 1H2024 as compared to that for the corresponding period in 2023. With reference to the 2024 Interim Report, such decrease was mainly due to the decrease in the gross profit of the Basic Building Materials Segment (causing by the decrease in the average selling price of cement products, commercial concrete and aggregate, partially offset by the decrease in the coal price).

Moreover, the Group recorded loss for the period attributable to owners of the Company for 1H2024 while the Group recorded profit for the period attributable to owners of the Company for the corresponding period in 2023. With reference to the 2024 Interim Report, such turnaround was mainly attributable to the decrease in revenue of the Group and the decline in performance attributed by the associates, although part of which has been offset by the decrease in cost of sales of cement and commercial concrete.

According to the table above, as at 30 June 2024, the Group recorded equity attributable to owners of the Company of approximately RMB98.89 billion and cash and cash equivalents of approximately RMB24.81 billion, represented decreases of approximately 6.11% and 9.56% respectively as compared to those as at 31 December 2023. There was no substantial change in the Group's total assets and total liabilities as at 30 June 2024 as compared to those as at 31 December 2023.

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3Q2024

Set out below are the consolidated financial information of the Group (which were prepared in accordance with PRC GAAP) for the nine months ended 30 September 2024 (“3Q2024”) (together with comparative figures) as extracted from the Company’s third quarterly report of 2024 as published by the Company on 25 October 2024:

	For the nine months ended 30 September 2024	For the nine months ended 30 September 2023	Year-on-year change
	(unaudited) <i>RMB'000</i>	(unaudited) <i>RMB'000</i>	%
Total operating revenue	134,233,570	159,580,914	(15.88)
Operating profit	3,034,285	7,508,078	(59.59)
Net profit/(loss) attributable to the owners of the Company	(684,380)	2,353,249	N/A
			Change from 31 December 2023 to 30 September 2024
	As at 30 September 2024	As at 31 December 2023	2024
	(unaudited) <i>RMB'000</i>	(unaudited) <i>RMB'000</i>	%
Total assets	501,812,957	488,789,092	2.66
Total liabilities	311,024,502	295,276,026	5.33
Total owners’ equity attributable to the Company	116,577,955	123,186,865	(5.36)
Cash and bank balance	27,443,871	32,268,376	(14.95)

According to the table above, the Group recorded total operating revenue of approximately RMB134.23 billion for 3Q2024, representing a decrease of approximately 15.88% as compared to that for the corresponding period in 2023. As advised by the Directors, such decrease in total operating revenue (i) was mainly due to decrease in revenue from the Basic Building Materials Segment; and (ii) led to substantial decrease in the Group’s operating profit for 3Q2024 as compared to that for the corresponding period in 2023. The Group recorded net loss attributable to the owners of the Company for 3Q2024 as compared to net profit attributable to the owners of the Company for the corresponding period in 2023. As advised by the Directors, the aforesaid turnaround was mainly attributable to the decrease in the total operating revenue of the Group and the decline in performance attributed by the associates, although part of which has been offset by the decrease in cost of sales of cement and commercial concrete and the decrease in the Group’s net loss from change in fair value of financial assets at fair value through profit or loss.

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According to the table above, the Group recorded (i) total owners' equity attributable to the Company of approximately RMB123.19 billion as at 31 December 2023 and approximately RMB116.58 billion as at 30 September 2024; and (ii) cash and bank balance of approximately RMB32.27 billion as at 31 December 2023 and approximately RMB 27.44 billion as at 30 September 2024. There was no substantial change in the Group's total assets and total liabilities as at 30 September 2024 as compared to those as at 31 December 2023.

FY2024 (profit estimate)

With reference to the section headed "IV. Material Change" as contained in Appendix II to the Offer Document, the Group's net profit for the year ended 31 December 2024 was substantially lower than that for the year ended 31 December 2023 (the "**Estimated Profit Statement**"). The aforesaid decrease was mainly attributable to the decrease in the Group's total operating revenue (which was mainly due to the decrease in the sales volumes of cement products as well as the decrease in the average selling price of commercial concrete and aggregate, all being the Group's major products), as partially offset by the decrease in the Group's total operating costs (which was mainly due to the decrease in cost of sales of commercial concrete of the Group). The Estimated Profit Statement constitutes a profit forecast under Rule 10 of the Takeovers Code, and is required to be reported on by the Independent Financial Adviser and the auditor of the Company in accordance with the requirements under Rule 10 of the Takeovers Code. Please refer to Appendix V to the Offer Document for relevant reports thereon.

2.2 *Industry overview*

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

Set out below are the total investment in fixed assets in the PRC (together with the investment in real estate development in the PRC) for 2019, 2020, 2021, 2022 and 2023 (in absolute value), as extracted from China Statistical Yearbook (2024) which was compiled by the National Bureau of Statistics of the PRC:

	2019	2020	2021	2022	2023
Total investment in fixed assets (absolute value – RMB' billion)	43,954.10	45,115.50	47,300.30	49,596.60	50,970.80
<i>Year-on-year change (%)</i>	5.10	2.64	4.84	4.85	2.77
– Investment in real estate development (absolute value – RMB' billion)	12,361.00	13,201.40	13,763.30	12,384.80	11,214.20
<i>Year-on-year change (%)</i>	9.64	6.80	4.26	(10.02)	(9.45)

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According to the table above, total investment in fixed assets of the PRC (in absolute value) grew continuously during the last five years from 2019 to 2023, and reached approximately RMB50,970.8 billion in 2023, representing a compound annual growth rate (“CAGR”) of approximately 3.77%. The investment in real estate development of the PRC (in absolute value) increased from approximately RMB12,361.0 billion in 2019 to approximately RMB13,763.3 billion in 2021, and decreased subsequently in 2022 and 2023. The investment in real estate development of the PRC (in absolute value) for 2023 was approximately 9.28% less than that for 2019.

Moreover, we also summarised the year-on-year change in infrastructure investment (excluding power, heat, gas and water production and supply industries) of the PRC for 2019, 2020, 2021, 2022 and 2023, as published by the National Bureau of Statistics of the PRC:

	2019	2020	2021	2022	2023
Year-on-year change in infrastructure investment (excluding power, heat, gas and water production and supply industries) (%)	3.8	0.9	0.4	9.4	5.9

According to the table above, the infrastructure investment (excluding power, heat, gas and water production and supply industries) of the PRC increased continuously for the last five years from 2019 to 2023, representing an average year-on-year increase of approximately 4.1%.

In addition, we also summarised the policies regarding the building material industry which were respectively related to the Group’s Basic Building Materials Segment and the Group’s new materials segment (i.e. fiberglass, composite and light building materials) as issued by the PRC government in recent years as below:

Policies related to the Group’s Basic Building Materials Segment

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

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

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

On 17 October 2024, the Ministry of Industry and Information Technology of the PRC issued “Implementation Measures for Capacity Replacement in the Cement and Glass Industry (2024 Edition)*” (《水泥玻璃行業產能置換實施辦法(2024年本)》), which stated that it is strictly prohibited to add new capacity for cement clinker and flat glass projects that have been filed; if it is deemed necessary to establish new construction or renovation, a capacity replacement plan must be formulated to implement equivalent or reduced capacity replacement.

Policies related to the Group’s new materials segment

In addition to those regime that are related to the Group’s Basic Building Material Segment, the Building Materials Work Plan also stated that the PRC government should support key enterprises in cement, glass, ceramics, glass fibers, gypsum products, etc., to jointly establish research and development institutions and green industrial parks, enhancing the global industrial chain’s supply chain resilience and security level.

On 29 December 2023, the Ministry of Industry and Information Technology of the PRC, the National Development and Reform Commission of the PRC, the Ministry of Ecology and Environment of the PRC, the Ministry of Housing and Urban-Rural Development of the PRC, the Ministry of Agriculture and Rural Affairs of the PRC, the Ministry of Commerce of the PRC, the People’s Bank of China, the State Administration for Market Regulation of the PRC, the National Financial Regulatory Administration of the PRC and the National Radio and Television Administration of the PRC jointly issued the “Implementation Plan for the High-Quality Development of the Green Building Materials Industry*” (《綠色建材產業高質量發展

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實施方案》), which stated that the PRC government should drive production transformation, enhance industrial endogenous forces, support key industries such as cement, flat glass, architectural sanitary ceramics, glass fibers and products to carry out integrated applications of energy conservation, carbon reduction, and pollution control technologies.

On 11 January 2024, an article titled “Opinions of the Central Committee of the Communist Party of China and the State Council on Promoting the Comprehensive Development of Beautiful China*” (《中共中央 國務院關於全面推進美麗中國建設的意見》) was published on the official website of the State Council of the PRC, which stated that the PRC government should coordinate the promotion of green and low-carbon development in key areas, accelerate energy-saving and carbon reduction renovations of existing buildings and municipal infrastructure, and promote the large-scale development of ultra-low energy consumption and low-carbon buildings.

On 29 May 2024, the State Council of the PRC issued “Energy Conservation and Carbon Reduction Action Plan for 2024-2025*” (《2024-2025年節能降碳行動方案》), which stated that the PRC government should increase efforts in the development of non-fossil energy sources, accelerate the construction of large wind and photovoltaic bases focusing on deserts and wastelands, and develop offshore wind power in a rational and orderly manner, expedite the construction of outbound channels for large wind and photovoltaic bases, and enhance inter-provincial and inter-regional power transmission capacity.

Having considered that (i) although the investment in real estate development in the PRC (in absolute value) decreased in 2022 and 2023, the total investment in fixed assets in the PRC (in absolute value) grew continuously for the last five years (from 2019 to 2023), indicating a growing demand for the building materials in the PRC market; (ii) the infrastructure investment (excluding power, heat, gas and water production and supply industries) of the PRC increase continuously for the last five years (from 2019 to 2023); and (iii) the relevant PRC government-issued policies as aforementioned stipulated and promoted low-carbon transformation and production capacity restructuring in the PRC building material industry, we are of the view that although the PRC building material industry may face various challenges in short-term (i.e. the in-depth adjustment of the real estate and funding constraints for infrastructure projects, the cement industry showed the characteristics of “sluggish demand, low price, and industrial losses” as stated in the 2024 Interim Report), the PRC building material industry is currently under continuous reform (the relevant PRC government-issued policies as mentioned in (iii) and relevant government departments is continuously issuing favourable policies to support the recovery of sluggish PRC property market) and the prospects of which are generally positive in long-run.

3. Intention in relation to the CNBM Parent

With reference to the Announcement, the CNBM Parent is a state-owned limited liability company engaged in the business of building materials in the PRC.

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It is the intention of the Group and CNBM Parent that the Group will continue to carry on its business, and the Company's listing on the Stock Exchange will be maintained upon completion of the Offer. As at the Latest Practicable Date, the Group and CNBM Parent do not have specific plans: (a) to introduce any major changes to the existing principal business of the Group (including, without limitation, those set out under the section headed "Information on the Company" of the Board Letter); (b) to re-deploy the material fixed assets of the Group; (c) to discontinue the employment of the employees of the Group other than in the ordinary course of business of the Group or due to personal performance or conduct issues; or (d) in relation to any intention, understanding, negotiation or arrangement (concluded or otherwise) to downsize, cease or dispose of any of the existing businesses of the Group following the close of the Offer.

4. Reasons for and the benefits of the Offer

With reference to the Offer Document, (i) the Offer (which represents premiums over the closing price of the H Shares on the Last Trading Day and the average closing price per H Share for recent trading days) provides the Shareholders a mechanism which allows them to decide upon their preferred level of investment in the Company and allows the Shareholders who do not wish to exit from their investments in the Company to enjoy the benefits of enhanced Shareholder value; (ii) the Offer demonstrates the Company's confidence in long-term prospects and intrinsic value; (iii) the Offer will also improve the trading dynamics and refresh the Company's shareholders' structure; and (iv) the Offer will enhance net asset value per Share upon completion of the Offer. After considering (i) the analysis of the Offer Price as set out under the section headed "5. Offer Price" below; (ii) the unaudited pro forma financial information of the Group as summarised in paragraphs below; and (iii) the market information of the PRC building material industry as set out under the section headed "2.2 Industry overview" above, we concur with the Directors in this regard.

Based on the Group's net asset value attributable to owners of the Company ("NAV") as at 30 September 2023, 31 December 2023, 31 March 2024, 30 June 2024 and 30 September 2024 as disclosed in the Company's relevant consolidated financial statements (which were prepared in accordance with PRC GAAP) and 8,434,770,662 Shares in issue as at the Latest Practicable Date, the closing price of the H Shares has historically been traded at significant discount ranged from approximately 68.11% to approximately 83.82% to the Group's NAV per Share from 1 December 2023 (being approximately one year prior to the Last Trading Day, which is commonly adopted for analysis and the number of trading days during the said period is sufficient for us to perform a thorough analysis on the historical NAV discounts of the H Shares) up to the Latest Practicable Date (the "Shares Review Period"). We consider the duration of the Shares Review Period is adequate, fair and representative. During the period from 1 December 2023 (being approximately one year prior to the Last Trading Day) up to and including the Last Trading Day, the highest closing price per Share as quoted on the Stock Exchange was HK\$4.06 on 7 October 2024 and the lowest closing price per H Share as quoted on the Stock Exchange was HK\$2.06 on 11 September 2024. The closing price of HK\$4.06 per H Share on 7 October 2024 (being the highest closing price per H Share during the Shares Review Period) represents a discount of approximately 68.11% to the NAV per Share as at 30 June 2024 of approximately RMB11.76 (which were prepared in accordance with PRC GAAP and equivalent to approximately HK\$12.73 based on the exchange rate of HK\$1: RMB0.9235). Please refer to the section headed "5. Offer Price" below for our further analysis.

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Based on the unaudited pro forma financial information of the Group as set out in Appendix III to the Offer Document and assuming the Offer had taken place on 31 December 2023 or 1 January 2023 (as the case may be), as a result of the completion of the Offer:

- the net assets per Share attributable to equity shareholders of the Company as at 31 December 2023 would increase by approximately 9.29% from approximately RMB22.94 per Share to approximately RMB25.07 per Share;
- the basic earnings per Share attributable to equity shareholders of the Company for FY2023 would increase by approximately 11.14% from approximately RMB0.458 per Share to approximately RMB0.509 per Share and the diluted earnings per Share attributable to equity shareholders of the Company for FY2023 would increase by approximately 11.11% from approximately RMB0.450 per Share to approximately RMB0.500 per Share;
- the consolidated total liabilities of the Group as at 31 December 2023 would remain unchanged at approximately RMB295.38 billion; and
- the working capital (expressed as net current liabilities) of the Group as at 31 December 2023 will increase by approximately 11.16% from approximately RMB28.29 billion to approximately RMB31.45 billion and the current ratio (computed from current assets divided by current liabilities) of the Group will decrease by approximately 2.13% from approximately 0.84 times to approximately 0.82 times

Details of the calculation and the underlying assumptions are set out in Appendix III to the Offer Document.

In light of the above, we are of the view that the Offer will:

- (i) provide an opportunity for the H Shareholders either to tender H Shares to realise part of their investments in the Company at a premium to recent market prices, or to increase their proportionate equity interests in the Company by retaining their shareholdings and participating in the future prospects of the Group; and
- (ii) enhance net assets per Share attributable to equity shareholders of the Company upon completion of the Offer.

Although the H Shareholders can increase their proportionate equity interests in the Company by retaining their shareholdings and participating in the future prospects of the Group with enhanced Shareholder value (which may be arrived as results of (i) enhancing net assets per Share attributable to equity shareholders of the Company upon completion of the Offer; (ii) that the Company will continue to strengthen innovation-driven development, accelerate the construction of a modern industrial system, and build up a listed platform which is a global leader in the materials sector; and/or (iii) that the prospects of the PRC building material industry are generally positive in long-run), the Offer Price of HK\$4.03 per H Share represents a premium over the closing price of the H Shares on the Last Trading Day and premiums over the average closing price of the H Shares for the 5, 10, 30, 60 consecutive trading days up to and including the Last Trading Day, indicating that the Offer

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provides an excellent opportunity for the Shareholders to realize their investments in the Company. In addition, although the Offer Price of HK\$4.03 per H Share represents discounts to the Group's NAV per Share as at 30 September 2023, 31 December 2023, 31 March 2024, 30 June 2024 and 30 September 2024, we consider such discounts did not affect our analysis on the basis that the closing price of the H Shares has historically been traded at significant discount (ranged from discount of approximately 68.11% to discount of approximately 83.82%) to the then prevailing NAV per Share during the entire Shares Review Period.

5. Offer Price

5.1 Offer Price comparison

The Offer Price of HK\$4.03 per H Share represents:

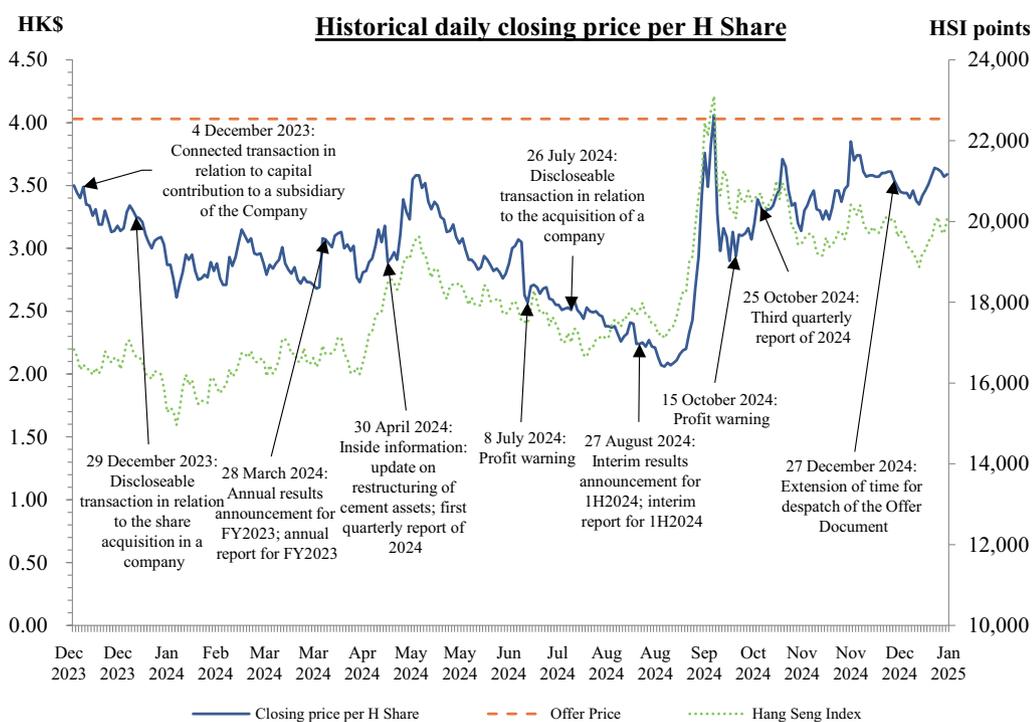
- (a) a premium of approximately 12.3% over the closing price of the H Shares of HK\$3.59 per H Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 15.1% over the closing price of the H Shares of HK\$3.50 per H Share as quoted on the Stock Exchange on the Last Trading Day (the "**LTD Premium**");
- (c) a premium of approximately 16.7% over the average closing price of approximately HK\$3.45 per H Share as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day (the "**5 Days Premium**");
- (d) a premium of approximately 19.8% over the average closing price of approximately HK\$3.36 per H Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day (the "**10 Days Premium**");
- (e) a premium of approximately 19.5% over the average closing price of approximately HK\$3.37 per H Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day (the "**30 Days Premium**");
- (f) a premium of approximately 29.1% over the average closing price of approximately HK\$3.12 per H Share as quoted on the Stock Exchange for the last 60 trading days up to and including the Last Trading Day (the "**60 Days Premium**");
- (g) a discount of approximately 70.2% to the Group's audited net asset value attributable to the Shareholders of approximately RMB12.49 (equivalent to approximately HK\$13.52 based on the exchange rate of HK\$1: RMB0.9235) per Share pursuant to the latest audited consolidated financial statements of the Company as at 31 December 2023 (prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board), calculated based on the audited consolidated net asset value attributable to the Shareholders of RMB105,325,482,000 as at 31 December 2023 and 8,434,770,662 Shares in issue as at the Latest Practicable Date; and

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- (h) a discount of approximately 68.6% to the Group’s unaudited net asset value attributable to the Shareholders of approximately RMB11.86 (equivalent to approximately HK\$12.84 based on the exchange rate of HK\$1: RMB0.9235) per Share pursuant to the unaudited consolidated financial statements of the Company as at 30 September 2024 (prepared in accordance with PRC GAAP), calculated based on the unaudited consolidated net asset value attributable to the Shareholders of RMB100,023,628,409 as at 30 September 2024 and 8,434,770,662 Shares in issue as at the Latest Practicable Date (the “**2024Q3 NAV Discount**”).

5.2 Historical price performance of the H Shares

Set out below is a chart showing the movement of the closing prices of the H Shares during the Shares Review Period, to illustrate the general trend and level of movement of the closing prices of the H Shares.



Source: the Stock Exchange’s website and Wind Financial Terminal

During the Shares Review Period, the lowest and highest closing prices of the H Shares as quoted on the Stock Exchange were HK\$2.06 recorded on 11 September 2024 and HK\$4.06 recorded on 7 October 2024 respectively. The Offer Price of HK\$4.03 represents (i) a significant premium of approximately 95.63% over the lowest closing price of the H Shares; and (ii) a slight discount of approximately 0.74% to the highest closing price of the H Shares, as quoted on the Stock Exchange during the Shares Review Period. In addition, the Offer Price of HK\$4.03 is above the daily closing prices of the H Shares for 281 trading days out of total 282 trading days during the Shares Review Period.

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From the start of the Shares Review Period, the closing price of H Shares followed a downward trend, decreasing from HK\$3.50 as recorded on 1 December 2023 to HK\$2.61 as recorded on 22 January 2024. Subsequently, the closing price of the H Shares followed an upward trend and reached HK\$3.58 on 17 May 2024 and 20 May 2024. Thereafter, the closing price of the H Shares followed a downward trend and hit the lowest of HK\$2.06 on 11 September 2024. Since then, the closing price of the H Shares rebounded and reached the highest of HK\$4.06 on 7 October 2024 before it decreased sharply to HK\$3.28 on 8 October 2024. Subsequently, the closing price of the H Shares fluctuated and recorded HK\$3.50 on the Announcement Date.

Following the publication of the Announcement and up to the Latest Practicable Date, the closing price of H Shares fluctuated between HK\$3.35 and HK\$3.85.

Save as the boost in the PRC stock market at the end of September 2024 and beginning of October 2024 due to favourable policies promulgated by the PRC regulators/government and except for the movement of the closing price of the H Shares is in line with the movement of Hang Seng Index, we did not identify any specific reason which caused the aforesaid fluctuation of the closing price of the H Shares.

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5.3 *Historical trading liquidity of the H Shares*

Set out below is a table showing the average daily number of the H Shares traded per month, and the respective percentages of the H Shares' monthly trading volume as compared to (i) the total number of issued H Shares held by the public; and (ii) the total number of issued H Shares as at the Latest Practicable Date, to illustrate the trading liquidity of H Shares during the Shares Review Period:

Month	Number of trading days in each month	Average daily trading volume (the "Average Volume") <i>Number of Shares</i>	% of the Average Volume to total number of issued H Shares held by Independent Shareholders <i>(Note 1)</i> %	% of the Average Volume to total number of issued H Shares <i>(Note 2)</i> %
2023				
December	19	14,760,000	0.337	0.324
2024				
January	22	18,153,756	0.415	0.398
February	19	17,558,176	0.401	0.385
March	20	27,105,721	0.620	0.595
April	20	31,147,717	0.712	0.683
May	21	44,661,166	1.021	0.980
June	19	29,544,101	0.675	0.648
July	22	25,728,071	0.588	0.564
August	22	23,003,617	0.526	0.505
September	19	55,615,372	1.271	1.220
October	21	76,228,587	1.743	1.672
November	21	28,631,359	0.655	0.628
December	20	34,190,706	0.782	0.750
- 2 December 2024 to the Last Trading Day	5	24,854,054	0.568	0.545
- 9 December 2024 to 31 December 2024	15	37,302,923	0.853	0.818
2025				
January (up to and including the Latest Practicable Date)	17	18,295,871	0.418	0.401

Source: the Stock Exchange website

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Notes:

1. Based on 4,374,182,500 H Shares held by the Independent Shareholders as at the Latest Practicable Date.
2. Based on 4,558,146,500 H Shares in issue as at the Latest Practicable Date.

We noted from the above table that the Average Volume of H Shares was thin during the Shares Review Period. During the Shares Review Period, the Average Volume of H Shares was below 2% of the total number of issued H Shares held by the public and the total number of issued H Shares as at the Latest Practicable Date.

Given the thin Average Volume of the H Shares during the Shares Review Period, it is uncertain as to whether there would be sufficient liquidity in the H Shares for the H Shareholders to dispose of a significant number of H Shares in the open market without causing an adverse impact on the market price level of the H Shares.

5.4 Comparison with other comparable companies

We noted that trading multiples analysis is a commonly adopted method for the purpose of assessing the fairness and reasonableness of the Offer Price. In this regard, we attempted to search for Hong Kong listed companies which are principally engaged in similar line of businesses as the Group (i.e. basic building materials, new materials and engineering services businesses). However, we could not find any Hong Kong listed company based on the aforesaid selection criteria.

Given that the Group's Basic Building Materials Segment was approximately RMB118.8 billion (accounting for more than 50% to its total revenue) for FY2023, we re-set the following criteria: the listed company is principally engaged in manufacturing and sale of basic building materials (mainly cement and concrete) with no less than RMB50 billion of revenue generated from such segment for the latest financial year and accounting for more than 50% to total revenue for the corresponding period. However, we could only find BBMG Corporation (stock code: 2009 & SH601992) and Anhui Conch Cement Company Limited (stock code: 914 & SH600585), which could meet our selection criteria. Given the sample size (i.e. only two comparable companies), we consider that the trading multiples analysis is impracticable in this case.

5.5 Comparison with other share buy-back cases

To further assess the fairness and reasonableness of the Offer Price, we also searched for comparable share buy-back transactions by way of a general offer conducted by other listed companies in Hong Kong which involved application for whitewash waiver, announced on the Stock Exchange from 1 December 2021 (being approximately three years prior to and up to the Last Trading Day) that were not lapsed up to the Latest Practicable Date (the "**Buy-back Cases**"). We consider the review period covering approximately three years prior to the Last Trading Day is appropriate as it would allow us to identify sufficient number of Buy-back Cases to assess the market practice of share buy-back transactions that involves application of

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whitewash waiver. We found six Buy-back Cases which meet the aforesaid criteria for comparison and they are exhaustive. Although the business and operation of the Group are not the same as those of the companies of the Buy-back Cases, the Buy-back Cases can demonstrate the market practices of share buy-back by way of partial offer conducted by other Hong Kong listed companies.

Company name (stock code)	Date of initial announcement	Premium/					Premium/ (discount) of offer price over/to the net asset value per share attributable to owners of the company (Note 1)
		Premium of the offer price over the average closing price of the last full trading day %	Premium of the offer price over the average closing price of 5 consecutive trading days up to and including the last full trading day %	Premium of the offer price over the average closing price of 10 consecutive trading days up to and including the last full trading day %	Premium of the offer price over the average closing price of 30 consecutive trading days up to and including the last full trading day %	Premium/ (discount) of the offer price over/ (to) the average closing price of 60 consecutive trading days up to and including the last full trading day %	
Skyworth Group Limited (751)	23 December 2022	39.3 (Note 2)	33.4 (Note 2)	29.3 (Note 2)	19.8 (Note 2)	12.1 (Note 2)	(35.4) (Note 2)
SciClone Pharmaceuticals (Holdings) Limited (6600)	6 January 2023	13.9	14.2	17.7	25.1	40.0	131.3
Shougang Fushan Resources Group Limited (639)	11 July 2023	17.6	17.4	20.7	9.6	(1.0)	(27.7)
Hong Kong Technology Venture Company Limited (1137)	22 May 2024	20.8	23.0	23.1	33.2	23.7	(10.8)
Zhihu Inc. (2390 & NYSE: ZH)	19 July 2024	7.2 (Note 3)	10.1 (Note 3)	9.7 (Note 3)	14.9 (Note 3)	3.2 (Note 3)	(43.6)
China Boqi Environmental (Holding) Co., Ltd. (2377)	23 October 2024	16.5	37.3	52.7	66.8	70.0	(65.0)
	Maximum:	39.3	37.3	52.7	66.8	70.0	131.3
	Minimum:	7.2	10.1	9.7	9.6	(1.0)	(65.0)
	Average:	19.2	22.6	25.5	28.2	24.6	(8.5)
	Median:	17.1	20.2	21.9	22.4	17.9	(31.6)
The Company	6 December 2024	15.1	16.7	19.8	19.5	29.1	(68.6)

Source: the Stock Exchange's website

Notes:

- Based on the then latest net asset value per share attributable to shareholders of the subject companies as disclosed in the relevant offer documents.

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2. The offer price of the relevant transaction was subsequently revised on 28 March 2023 and thus the last full trading day of 28 March 2023 was adopted in the calculation of the premium/(discount) of the revised offer price.
3. Calculated based on the share price as quoted on the Stock Exchange.

As depicted in the above table, the LTD Premium, 5 Days Premium, 10 Days Premium, 30 Days Premium and 60 Days Premium are within the relevant range of the Buy-back Cases; while the 2024Q3 NAV Discount is below the relevant range of the Buy-back Cases (i.e. the 2024Q3 NAV Discount of approximately 68.6% represents a deeper discount than the discounts represented by the offer price of the Buy-back Cases to the respective then NAV per share attributable to owners of the relevant company).

Taking into account that:

- (i) the Offer Price of HK\$4.03 is above the daily closing prices of the H Shares for 281 trading days out of total 282 trading days during the Shares Review Period;
- (ii) it is uncertain as to whether there would be sufficient liquidity in the H Shares for the H Shareholders to dispose of a significant number of H Shares in the open market without causing an adverse impact on the market price level of the H Shares given the thin Average Volume of H Shares during the Shares Review Period;
- (iii) the LTD Premium, 5 Days Premium, 10 Days Premium, 30 Days Premium and 60 Days Premium are within the relevant range of the Buy-back Cases, but the 2024Q3 NAV Discount is below the relevant range of the Buy-back Cases; and
- (iv) although the 2024Q3 NAV Discount is below relevant range of the Buy-back Cases (i.e. the 2024Q3 NAV Discount of approximately 68.6% represents a deeper discount than the discount represented by the offer price of Buy-back Cases to the respective then net asset value per share attributable to owners of the relevant company), the closing prices of H Shares have been traded at significant discount to the then prevailing NAV per Share during the Shares Review Period,

we consider the Offer Price to be fair and reasonable and we are of the view that the Offer provides an exit alternative for the Independent Shareholders who would like to realise their investments in the H Shares.

6. Whitewash Waiver

As at the Latest Practicable Date, the CNBM Parent Concert Group held 3,797,269,981 Shares (including 183,964,000 H Shares and 3,613,305,981 Domestic Shares), representing approximately 45.02% of the issued Shares as at the Latest Practicable Date. Pursuant to Rule 32 of the Takeovers Code and Rule 6 of the Share Buy-backs Code, if as a result of a share buy-back, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code.

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Depending on the level of acceptances received from the Accepting Shareholders pursuant to the Offer, taking into account all the Conditions are fulfilled or waived (where applicable), the aggregate interests of the CNBM Parent Concert Group may increase to a maximum level of approximately 50.01% upon completion of the Offer, thereby triggering an obligation under Rule 26 of the Takeovers Code for CNBM Parent to make a mandatory general offer for all the Shares not already owned by it and parties acting in concert with it. Accordingly, an application has been made to the Executive by CNBM Parent for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, will be conditional upon, among others, at least 75% of the votes cast by way of poll by the Independent Shareholders present and voting in person or by proxy in respect of the Whitewash Waiver.

The Offer is conditional upon the approval of the relevant resolutions at the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting, the Offer and the Whitewash Waiver being approved by the Independent Shareholders at the EGM and the Whitewash Waiver being granted by the Executive.

Depending on the level of acceptances received from the Accepting Shareholders pursuant to the Offer and in the event that the aggregate interests of the CNBM Parent Concert Group exceed 50% of the issued Shares upon completion of the Offer, the CNBM Parent Concert Group may increase its aggregate shareholding in the Company subsequent to completion of the Offer without triggering any obligation under Rule 26 of the Takeovers Code to make a mandatory general offer.

RECOMMENDATION

In respect of the Offer

Having considered the principal factors and reasons as discussed above, in particular:

- (i) the Offer will return part of the Company's funds to the H Shareholders;
- (ii) the Offer will provide an opportunity for the H Shareholders either to tender H Shares to realise part of their investments in the Company at a premium to recent market prices, or to increase their proportionate equity interests in the Company by retaining their shareholdings and participating in the future prospects of the Group;
- (iii) the Offer has the effect of enhancing net assets per Share attributable to equity shareholders of the Company upon completion of the Offer;
- (iv) although the H Shareholders can increase their proportionate equity interests in the Company by retaining their shareholdings and participating in the future prospects of the Group with enhanced Shareholder value, the Offer Price of HK\$4.03 per H Share represents a premium over the closing price of the H Shares on the Last Trading Day and premiums over the average closing price of the H Shares for the 5, 10, 30, 60 consecutive trading days up to and including the Last Trading Day, indicating that the Offer provides an excellent opportunity for the H Shareholders to realize their investments in the Company;

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- (v) the Offer Price of HK\$4.03 is above the daily closing prices of the H Shares for 281 trading days out of total 282 trading days during the Shares Review Period;
- (vi) it is uncertain as to whether there would be sufficient liquidity in the H Shares for the H Shareholders to dispose of a significant number of H Shares in the open market without causing an adverse impact on the market price level of the H Shares given the thin Average Volume of H Shares during the Shares Review Period;
- (vii) the LTD Premium, 5 Days Premium, 10 Days Premium, 30 Days Premium and 60 Days Premium are within the relevant range of the Buy-back Cases, but the 2024Q3 NAV Discount is below the relevant range of the Buy-back Cases; and
- (viii) although the 2024Q3 NAV Discount is below relevant range of the Buy-back Cases, the closing prices of H Shares have been traded at prices substantially lower than the then prevailing NAV per Share during the Shares Review Period,

we consider that the terms of the Offer (including the Offer Price) are fair and reasonable and in the interest of the Independent Shareholders. Accordingly, we recommend the Independent Board Committee to advise (i) the Independent Shareholders to vote in favour of the resolution with respect to the approval of the Offer; and (ii) the Qualifying Shareholders to accept the Offer.

In respect of the Whitewash Waiver

As aforementioned, if the Whitewash Waiver is not granted by the Executive, or if the resolutions to approve the Offer or the Whitewash Waiver are not passed by the Independent Shareholders, the Offer will not proceed and will immediately lapse.

In view of (i) the aforesaid reasons for and benefits of the Offer; and (ii) that the terms of the Offer are fair and reasonable, we are of the opinion that the approval of the Whitewash Waiver, which is a prerequisite for proceeding with the Offer, is (a) in the interests of the Company and the Shareholders (including the Independent Shareholders); and (b) is fair and reasonable for the purpose of proceeding with the Offer.

Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Whitewash Waiver.

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As different Shareholders would have different investment criteria, objectives and/or circumstances, we would recommend any Shareholders who may require advice in relation to any aspect of the Offer Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

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

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

* *For identification purpose only*

Morgan Stanley will make the Offer to the Qualifying Shareholders on behalf of the Company to buy-back H Shares, on the terms and subject to the Conditions set out in this Offer Document. The principal terms and conditions of the Offer are set out below.

TERMS AND CONDITIONS OF THE OFFER**1. The Offer**

The Company is buying back H Shares up to the Maximum Number at the Offer Price.

2. Conditions

The Offer is conditional upon fulfilment or waiver (where applicable) of all of the following Conditions:

- (a) the passing of special resolutions by a majority of not less than two-thirds (2/3) of the votes cast by way of poll by the H Shareholders present and voting in person or by proxy at the H Shareholders' Class Meeting in respect of matters relating to the Offer, the reduction of the registered capital of the Company and relevant arrangements;
- (b) the passing of special resolutions by a majority of not less than two-thirds (2/3) of the votes cast by way of poll by the Domestic Shareholders present and voting in person or by proxy at the Domestic Shareholders' Class Meeting in respect of matters relating to the Offer, the reduction of the registered capital of the Company and relevant arrangements;
- (c) the approval at the EGM by:
 - (i) a majority of not less than two-thirds (2/3) of the votes cast by way of poll by the Shareholders present and voting in person or by proxy in respect of matters relating to the Offer, the reduction of the registered capital of the Company and relevant arrangements;
 - (ii) a majority of not less than 50% of the votes cast by way of poll by the Independent Shareholders present and voting in person or by proxy in respect of the Offer; and
 - (iii) at least 75% of the votes cast by way of poll by the Independent Shareholders present and voting in person or by proxy in respect of the Whitewash Waiver;
- (d) valid acceptances of the Offer being received (and not, where permitted, withdrawn) in respect of the Maximum Number by 4:00 p.m. on the closing day of the Offer (or such later time and date as the Company may, subject to the Takeovers Code, decide);
- (e) the Executive granting the Whitewash Waiver and the satisfaction of any condition attached to the Whitewash Waiver and the Whitewash Waiver not having been revoked or withdrawn; and

- (f) all necessary consents in connection with the Offer which may be required under any existing contractual or other obligations of the Group, joint ventures and controlled corporations of the Company having been obtained and remaining in effect.

Save for Conditions (d) and (f) which may be waived by the Company, none of the above Conditions can be waived.

The CNBM Parent Concert Group and those who are involved in or interested in the Whitewash Waiver and/or the Offer (other than as a Shareholder) will abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the EGM.

The Offer is subject to all of the Conditions being fulfilled or waived (where applicable). If the Whitewash Waiver is not granted by the Executive, or if the resolutions to approve the Offer or the Whitewash Waiver are not passed by the Independent Shareholders, the Offer will not proceed and will immediately lapse.

3. Maximum Number

The Maximum Number of H Shares which will be bought-back by the Company pursuant to the Offer is 841,749,304 H Shares, representing approximately 9.98% of the issued Shares and approximately 18.47% of the issued H Shares as at the Latest Practicable Date.

4. Qualifying Shareholders

The Offer is available to all Qualifying Shareholders whose names appear on the Register of Members as at the Latest Acceptance Time.

5. Acceptance

- (a) Each Qualifying Shareholder may accept the Offer for the buy-back by the Company in respect of some or all of his/her/its H Shares at the Offer Price up to his/her/its entire shareholding (subject to the procedures for scaling down described in paragraph (b) below) as at the Latest Acceptance Time by submitting to the Registrar a duly completed Form of Acceptance, accompanied by the Title Documents. Each Share may only be accepted for buy-back by the Company once.
- (b) Qualifying Shareholders may accept the Offer in respect of some or all of their shareholding. If valid acceptances are received for the Maximum Number, all H Shares validly accepted will be bought-back. If valid acceptances received exceed the Maximum Number, the total number of H Shares to be bought-back by the Company from each Accepting Shareholder will be determined in accordance with the following formula:

$$\frac{A}{B} \quad X \quad C$$

A = 841,749,304, being the Maximum Number

B = Total number of H Shares tendered by all Accepting Shareholders under the Offer

C = Total number of H Shares tendered by the relevant individual Accepting Shareholder under the Offer

As a result, it is possible that not all of such H Shares tendered by an Accepting Shareholder will ultimately be bought-back. The total number of H Shares which will be bought-back by the Company will not exceed the Maximum Number.

Fractions of H Shares will not be bought-back under the Offer and, accordingly, the number of H Shares that the Company will buy-back from each Accepting Shareholder in accordance with the above formula will be rounded up or down to the nearest whole number at the discretion of the Company, provided that the total number of H Shares which will be bought-back by the Company will not exceed the Maximum Number.

The decision of the Company as to any scaling down of acceptances in accordance with the above formula and as to the treatment of fractions will be conclusive and binding on all Shareholders.

- (c) The Offer Price will be paid in cash.
- (d) A Form of Acceptance duly received by or on behalf of the Company will become irrevocable and cannot be withdrawn after the Offer has been declared unconditional unless in accordance with Rule 19.2 of the Takeovers Code.
- (e) The H Shares will be bought-back in cash, free of commission, levies and dealing charges, save that the amount of seller's *ad valorem* stamp duty due on the H Shares bought-back attributable to the Accepting Shareholders, calculated at a rate of 0.1% of the market value of the H Shares to be bought-back under the Offer, or the consideration payable by the Company in respect of relevant acceptances of the Offer, whichever is the higher, will be deducted from the amount payable to the Accepting Shareholders and will be paid by the Company on behalf of the Accepting Shareholders. The Company will arrange for payment of the seller's *ad valorem* stamp duty on behalf of the Accepting Shareholders in respect of the Offer to the Stamp Duty Office in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (f) The H Shares bought-back will be treated as cancelled and will not be entitled to any dividend declared for any record date set subsequent to the date of their cancellation. As at the Latest Practicable Date, other than the Possible 2024 Final Dividend, the Company did not intend to announce, declare or pay any dividend, distribution or other return of capital before the close of the Offer.
- (g) The H Shares will be bought-back free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature. Accordingly, the submission of a Form of Acceptance by an Accepting Shareholder will be deemed to constitute a warranty by that Accepting Shareholder to Morgan Stanley and the Company that the H

Shares are being sold free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and other distributions declared, made or paid, if any, on or after the date of their cancellation. As at the Latest Practicable Date, there were no dividends or other distributions declared by the Company that had not been paid.

6. Odd Lots Arrangements

- (a) The H Shares are currently traded in board lot of 2,000 H Shares each. There is no intention to change the board lot size as a result of the Offer. Qualifying Shareholders should note that acceptance of the Offer may result in their holding of odd lots of H Shares.
- (b) GF Securities (Hong Kong) Brokerage Limited, whose address is at 27/F, GF Tower, 81 Lockhart Road, Wan Chai, Hong Kong (contact person: Mr Chen Chi Kit, Robinson (陳志傑); telephone number: +852 3719-1201) has been appointed by the Company as the designated broker to, on a best effort basis, match sales and purchases of odd lot holdings of H Shares in the market for a period of six weeks from the completion of the Offer to enable Accepting Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots. Such Accepting Shareholders should note that the matching of odd lots is not guaranteed. Further details of the related arrangements will be announced after the Offer has become unconditional, as and if appropriate.

7. Acceptance Period

- (a) The Offer is open for acceptance from the date of this Offer Document. If the Conditions are fulfilled or waived (where applicable), the Offer will be open for acceptance for a period of 14 days after the Offer has become unconditional. In order to be valid, a Form of Acceptance must be duly completed, together with the Title Documents for not less than the number of H Shares in respect of which the relevant Qualifying Shareholder wishes to accept the Offer, delivered to and received by the Registrar at or before the Latest Acceptance Time, which is currently expected to be 4:00 p.m. on Wednesday, 5 March 2025, or such later date as the Company may, with the prior consent of the Executive, decide and announce.
- (b) The date when the last one of the Conditions is expected to be fulfilled or waived (where applicable) is Wednesday, 19 February 2025, being the date of the EGM (or any adjournment thereof, as the case may be). Such date may be postponed by the Company, subject to the prior consent of the Executive.

8. Right of Withdrawal and Irrevocable Acceptances

Forms of Acceptance which have been duly completed and received by the Registrar will constitute irrevocable acceptances of the Offer and cannot be withdrawn except in the circumstances set out in Rule 17 or Rule 19.2 of the Takeovers Code. Rule 17 of the Takeovers Code provides that an acceptor of the Offer shall be entitled to withdraw his/her/its acceptance after 21 days from the First Closing Date if the Offer has not by then become unconditional as to acceptances.

If the Company is unable to comply with the requirements set out in paragraph headed “Announcements” of this Appendix I, under Rule 19.2 of the Takeovers Code, the Executive may require that the Shareholders who tendered acceptances of the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements of Rule 19 of the Takeovers Code are met.

In such case, when the Shareholders withdraw their acceptance(s), the Company shall, as soon as possible but in any event no later than seven (7) Business Days thereafter, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant Shareholders at his/her/its own risk.

9. General

- (a) The H Shares will be bought-back by the Company on the basis that they are fully paid, their legal and beneficial ownership will be transferred to the Company for subsequent cancellation on the Register of Members and that the H Shares are free from all liens, charges, options, claims, equitable interests, adverse interests, rights of pre-emption or third party rights or encumbrances whatsoever and are sold together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and other distributions declared, made or paid, if any, on or after the date the H Shares are cancelled.
- (b) Qualifying Shareholders may accept the Offer by completing the Form of Acceptance in accordance with the instructions set out in this Offer Document and in the Form of Acceptance (which constitute part of the terms of the Offer). A Form of Acceptance may be rejected as invalid if the procedures contained in this Offer Document and in the Form of Acceptance are not complied with.
- (c) The Offer and all acceptances of it, the Forms of Acceptance and all contracts made pursuant to the Offer, and all actions taken or made or deemed to be taken or made pursuant to these terms will be governed by and construed in accordance with Hong Kong laws. Delivery of a Form of Acceptance will constitute submission to the non-exclusive jurisdiction of the Hong Kong courts.
- (d) The failure of any person to receive this Offer Document or a Form of Acceptance will not invalidate any aspect of the Offer. Extra prints of these documents will be available to any Qualifying Shareholder at the office of the Registrar during office hours between the date of despatch of this Offer Document and the Latest Acceptance Time (both dates inclusive), between 9:00 a.m. to 6:00 p.m. (Hong Kong time) from Mondays to Fridays (other than public holidays), and on the Stock Exchange’s website at www.hkexnews.hk and the Company’s website at www.cnbmld.com.
- (e) In the event of any amendment of the terms of the Offer (which will not, for the avoidance of doubt, include an alteration of the Maximum Number), a supplemental document and new Form of Acceptance will be despatched to the Qualifying Shareholders. Any revised offer will be kept open for at least 14 days following the date the revised offer document is posted. If in

the course of the Offer, the Company revises the terms of the Offer, all Qualifying Shareholders, whether they have accepted the Offer or not, will be entitled to the revised terms.

- (f) The right of acceptance of the Offer is personal to each Qualifying Shareholder and is not capable of being assigned or renounced in favour of others or otherwise transferred by the Qualifying Shareholders.
- (g) All questions as to the number of H Shares bought-back or the price to be paid therefor, and the validity, form, eligibility (including the time of receipt) or acceptance for payment of any acceptance will be determined by the Company in its sole discretion, which determination will be final and binding on all of the parties (except as otherwise required under the applicable law or the Codes). The Company reserves the absolute right to reject any or all acceptances it determines not to be in proper form or the acceptance or payment for which may, in the opinion of the Company, be unlawful. The Company also reserves the absolute right (provided that this is exercised consistently with the requirements of the Codes or otherwise with the Executive's consent) to waive any of the terms of the Offer, except the Conditions, either generally or in a particular case and any defect or irregularity in the acceptance of any particular Share or any particular holder thereof. An acceptance may be rejected as invalid unless all defects or irregularities have been cured or waived. In the event of a waiver, the consideration under the Offer will not be despatched until after the Form of Acceptance is completed in all respects and the Title Documents satisfactory to the Company have been received. None of the Company, Morgan Stanley, the Registrar or any of their respective directors or any other person involved in the Offer is or will be obliged to give notice of any defects or irregularities in acceptances, and none of them will incur any liability for failure to give any such notice.
- (h) Due execution of the Form of Acceptance will constitute an irrevocable authority to any director or officer of the Company or Morgan Stanley or their respective agents to complete and execute any document on behalf of the Accepting Shareholders and to do any other act that may be necessary or expedient for the purposes of vesting in the Company, or such persons as the Company shall direct, the H Shares which are the subject of such acceptance.
- (i) All communications, notices, Forms of Acceptance, Title Documents and remittances to be delivered or sent by, to or from any Qualifying Shareholder will be delivered or sent by, to or from them, or their designated agents, at their risk and none of the Company, Morgan Stanley, the Registrar or any of their respective directors or any other person involved in the Offer accepts any liability for any loss or any other liabilities whatsoever which may rise as a result.
- (j) Should any Qualifying Shareholder require any assistance in completing the Form of Acceptance or have any enquiries regarding the procedures for tendering and settlement or any other similar aspect of the Offer, the Qualifying Shareholders may contact the Registrar at its hotline at (+852) 2980 1333 during the period from Monday, 27 January 2025 to the closing day of the Offer (both dates inclusive) between 9:00 a.m. and 6:00 p.m. (Hong Kong time)

from Mondays to Fridays (other than public holidays). For the avoidance of doubt, no advice on whether or not to (i) vote for the Offer; or (ii) accept the Offer will be given by the Registrar.

PROCEDURES FOR ACCEPTANCE AND SETTLEMENT

1. General Procedures for Acceptance

- (a) In order to accept the Offer, Qualifying Shareholders should complete and return the accompanying Form of Acceptance in accordance with the instructions set out in this Offer Document and the instructions printed on the Form of Acceptance. The instructions in this Offer Document should be read together with the instructions on the Form of Acceptance (which instructions form part of the terms of the Offer).
- (b) In order to be valid, the completed Form of Acceptance in compliance with Note 1 to Rule 30.2 of the Takeovers Code should be forwarded, together with the Title Documents for not less than the number of H Shares in respect of which the relevant Qualifying Shareholder wishes to accept the Offer, by post or by hand to the Registrar, Tricor Investor Services Limited at 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong in an envelope marked “**China National Building Material Company Limited – Buy-back Offer**” as soon as possible after receipt of the Form of Acceptance but in any event so as to reach the Registrar by no later than 4:00 p.m. (Hong Kong time) on Wednesday, 5 March 2025, or such later time and/or date as the Company may, subject to the Codes, decide and announce.
- (c) If no number is inserted or a number inserted is greater than the H Shares tendered by the relevant Qualifying Shareholder, as supported by the Title Documents or a mark other than a legible number (including “✓”, “X”, “○”), a word or an illegible number or character is inserted, the Form of Acceptance will be considered as incomplete and the Form of Acceptance will be returned to the relevant Qualifying Shareholder for correction and re-submission. Any corrected Form of Acceptance must be re-submitted and received by the Registrar by not later than 4:00 p.m. (Hong Kong time) on Wednesday, 5 March 2025 or such later time(s) and/or date(s) as may be announced by the Company in compliance with the Codes and approved by the Executive.
- (d) Subject to the procedures for scaling down described under the section headed “TERMS AND CONDITIONS OF THE OFFER” in this Appendix I, a Qualifying Shareholder may accept the Offer in respect of all of his/her/its H Shares, or accept the Offer in respect of only part of his/her/its H Shares and retain part of the H Shares. The Accepting Shareholder who wishes to accept the Offer in respect of only part of his/her/its H Shares and prefer not to wait until the Title Documents in respect of the balance of such H Shares or a replaced certificate therefor are returned per the arrangement set out in paragraph (c) under the section headed “6. Settlement” on page I-10 of this Offer Document, should arrange for the Title Documents in respect of his/her/its H Shares to be split through the Registrar before submitting the Form of Acceptance such that the number of H Shares inserted in the Form of Acceptance shall be the same as the number of H Shares represented by the Title Documents submitted with such Form of Acceptance. The Form of Acceptance should be submitted and received by the Registrar by

not later than 4:00 p.m. (Hong Kong time) on Wednesday, 5 March 2025 or such later time(s) and/or date(s) as may be announced by the Company in compliance with the Codes and approved by the Executive.

- (e) No Form of Acceptance received after the Latest Acceptance Time will be accepted.
- (f) If the Form of Acceptance is executed by a person other than the registered holder, appropriate evidence of authority (for instance, a grant of probate or certified copy of a power of attorney) must be delivered to the Registrar with the completed Form of Acceptance.
- (g) No acknowledgement of receipt of any Form of Acceptance or Title Documents will be given.
- (h) The Company reserves the right, at its sole discretion, to investigate, in relation to any acceptance, whether the representations and warranties set out in this Appendix I could have been properly given by the relevant Qualifying Shareholder and, if such investigation is made and as a result the Company determines (for any reason) that any such representation and/or warranty could not have been properly given, such acceptance may be rejected as invalid.
- (i) In relation to any acceptance of the Offer in respect of H Shares held in CCASS in the name of HKSCC Nominees, HKSCC Nominees shall specify in the Form of Acceptance the total number of H Shares tendered for acceptance of the Offer by CCASS participants.
- (j) Only one Form of Acceptance may be submitted by each Qualifying Shareholder to the Registrar.

2. Nominee Holdings

- (a) If the Title Documents in respect of a Qualifying Shareholder's H Shares are in the name of a nominee company (including those H Shares held in CCASS) or some name other than his/her/its own, and such Qualifying Shareholder wishes to accept the Offer (either in full or in respect of part of his/her/its holding(s) of H Shares), he/she/it must either:
 - (i) instruct the nominee company, or other nominee to accept the Offer on his/her/its behalf and requesting it to deliver the Form of Acceptance duly completed together with the Title Documents to the Registrar, within such deadline (which may be earlier than the deadline specified under the Offer) as may be stipulated by the nominee; or
 - (ii) arrange for the H Shares to be registered in his/her/its name by the Company through the Registrar, and send the Form of Acceptance duly completed together with the Title Documents to the Registrar; or
 - (iii) where his/her/its H Shares have been maintained with his/her/its licensed securities dealer/custodian bank through CCASS, instruct his/her/its licensed securities dealer/custodian bank to authorise HKSCC Nominees to accept the Offer on his/her/its behalf on or before the deadline set by HKSCC Nominees. In order to meet the deadline set by

HKSCC Nominees, that Qualifying Shareholder should check with his/her/its broker/custodian bank for the timing on processing of his/her/its instruction, and submit such instruction to his/her/its broker/custodian bank as required; or

- (iv) if that Qualifying Shareholder's H Shares have been lodged with his/her/its Investor Participant Account with CCASS, authorise his/her/its instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees.
- (b) Qualifying Shareholders with such a nominee holding of H Shares should ensure that they undertake the above applicable course of action promptly so as to allow their nominee(s) sufficient time to complete the acceptance procedure on their behalf by the Latest Acceptance Time.

3. Recent Transfers

If a Qualifying Shareholder has lodged transfer(s) of H Shares for registration in his/her/its name and has not yet received the H Share certificate(s) and wishes to accept the Offer, he/she/it should nevertheless complete the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by him/her/it at or before the Latest Acceptance Time. Such action will be deemed to be an irrevocable authority to the Company and/or Morgan Stanley and/or their respective agent(s) to collect from the Company or the Registrar on his/her/its behalf the relevant H Share certificate(s) when issued and to deliver such H Share certificate(s), subject to the terms of the Offer, as if it/they was/were delivered to the Registrar with the Form of Acceptance.

4. Lost or Unavailable Share Certificates

- (a) If the Title Document(s) is/are not readily available and/or is/are lost and a Qualifying Shareholder wishes to accept the Offer, the Form of Acceptance should nevertheless be completed and delivered to the Registrar so as to reach the Registrar not later than the Latest Acceptance Time and the Title Documents should be forwarded to the Registrar as soon as possible thereafter and in any event before the Latest Acceptance Time.
- (b) If a Qualifying Shareholder has lost his/her/its Title Documents, he/she/it should write to the Registrar and request a letter of indemnity in respect of the lost Title Documents (as the case may be) which, when completed by him/her/it in accordance with the instructions given, should be returned, together with the Form of Acceptance and any Title Documents which are available, to the Registrar either by post or by hand not later than the Latest Acceptance Time. In such cases, the Qualifying Shareholder will be informed of the fees payable to the Registrar for which he/she/it will be responsible.
- (c) Acceptances of the Offer may, at the discretion of the Company, be treated as valid even if not accompanied by the Title Documents but, in such cases, the cash consideration due will not be despatched until the relevant Title Documents have been received by the Registrar or in the case of lost Title Documents, such Title Documents have been cancelled and the Register of Members has been updated.

5. Additional Form of Acceptance

If a Qualifying Shareholder has lost the accompanying Form of Acceptance or such original has become unusable, and requires a replacement of such form, he/she/it should write to the Registrar or visit the Registrar at its office and request additional Form of Acceptance for completion by such Qualifying Shareholder. Alternatively, he/she/it could download it from the website of the Stock Exchange at www.hkexnews.hk or the Company's website at www.cnbmtd.com.

6. Settlement

- (a) Subject to the Offer becoming unconditional and provided that a duly completed Form of Acceptance, accompanied by the Title Documents, are received by the Registrar by not later than the Latest Acceptance Time (or such later time and/or date as the Company may, with the prior consent of the Executive, decide and announce in accordance with the Codes) and are or are deemed to be in order, the Registrar will inform the relevant Accepting Shareholder by ordinary post of the number of H Shares to be bought-back from his/her/its tender for the Offer. At the same time, the Registrar will send, by ordinary post at that Accepting Shareholder's risk, a remittance for such total amount as is due to that Accepting Shareholder under the Offer, subject to deduction of the seller's *ad valorem* stamp duty pursuant to paragraph 5(e) in the section headed "TERMS AND CONDITIONS OF THE OFFER" above, no later than 7 Business Days after the close of the Offer.
- (b) If the Offer does not become unconditional, the Title Documents will be returned and/or sent to each Accepting Shareholder (by ordinary post, at that Accepting Shareholder's own risk) no later than 7 Business Days after the lapse of the Offer. Where such Accepting Shareholder has sent one or more transfer receipt(s) and in the meantime one or more H Share certificate(s) has/have been collected on that Accepting Shareholder's behalf in respect thereof, that Accepting Shareholder will be sent (by ordinary post, at that Accepting Shareholder's own risk) such H Share certificate(s) in lieu of the transfer receipt(s).
- (c) If the number of H Shares tendered under the Offer by an Accepting Shareholder is smaller than the number of H Shares as shown in the Title Documents submitted by such Accepting Shareholder together with the Form of Acceptance and/or the H Shares tendered under the Offer have not been bought-back by the Company in full, the Title Documents in respect of the balance of such H Shares or a replaced certificate therefor will be returned or sent to him/her/it by ordinary post at his/her/its risk no later than 7 Business Days after the close of the Offer.

7. New Qualifying Shareholders

Any new Qualifying Shareholder may request and collect a copy of this Offer Document, together with the form of proxy and a blank Form of Acceptance, from the Registrar, Tricor Investor Services Limited at 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong during office hours between the date of despatch of this Offer Document and the Latest Acceptance Time (both dates inclusive). Such Shareholder may also contact the Registrar (through the enquiry general telephone line referred to in paragraph 9(j) under the section headed "TERMS AND CONDITIONS OF THE OFFER"

above) and request a copy of this Offer Document, the accompanying form of proxy and/or a blank Form of Acceptance (as appropriate) to be sent to his/her/its registered address as recorded in the Register of Members.

EFFECT OF ACCEPTANCE OF THE OFFER BY QUALIFYING SHAREHOLDERS

Each Qualifying Shareholder by whom, or on whose behalf, a Form of Acceptance is executed irrevocably undertakes, represents, warrants and agrees to and with the Company and Morgan Stanley (so as to bind him/her/it and his/her/its personal representatives, heirs, successors and assigns) to the effect:

1. Representations and warranties

By delivery to the Registrar a duly completed Form of Acceptance accompanied with the Title Documents, the Accepting Shareholder represents and warrants to the Company and Morgan Stanley:

- (a) that he/she/it has full power and authority to tender, sell, assign and transfer all the H Shares (together with all rights attaching thereto) specified in such Form of Acceptance for buy-back and that the H Shares are fully paid, free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and other distributions declared, made or paid, if any, on or after the date of their cancellation; and
- (b) that if he/she/it is an Overseas H Shareholder, he/she/it has fully observed any applicable legal or other requirements and that the Offer may be accepted by him/her/it lawfully under the laws of the relevant jurisdiction.

2. Appointment and authority

That the execution of the Form of Acceptance constitutes:

- (a) the irrevocable appointment of any director or officer of the Company or Morgan Stanley, or such other person as any of them may direct, as such Shareholder's agent (the "**Agent**"); and
- (b) an irrevocable instruction to the Agent to complete and execute the Form of Acceptance and/or any other document at the Agent's discretion on behalf of the Accepting Shareholder and to do any other acts or things as may in the opinion of the Agent be necessary, expedient or desirable for the purpose of the Company repurchasing some or all of the H Shares (as the Company may in its absolute discretion determine) in respect of which such Accepting Shareholder has accepted (or is deemed to have accepted) the Offer.

3. Undertakings

That by executing the Form of Acceptance, he/she/it:

- (a) agrees to ratify and confirm each and every act or thing which may be done or effected by the Company or any Agent in the proper exercise of its or his/her/its powers and/or authorities under the terms of the Offer;
- (b) undertakes to deliver to the Registrar the Title Documents in respect of the H Shares for which the Offer is (or is deemed to be) accepted, or an indemnity or indemnities acceptable to the Company in lieu thereof, or to procure the delivery of such document(s) to such person as soon as possible thereafter and, in any event, no later than the Latest Acceptance Time;
- (c) accepts that the provisions of the Form of Acceptance and the other terms and conditions in this Offer Document are deemed to be incorporated into the terms and conditions of the Offer;
- (d) undertakes to execute any further documents, take any further action and give any further assurances which may be required in connection with his/her/its acceptance of the Offer as the Company may consider to be necessary, expedient or desirable, including without limitation, to complete the buy-back of any H Shares in respect of which he/she/it has accepted or is deemed to have accepted the Offer free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and other distributions declared, made or paid, if any, on or after the date of their cancellation;
- (e) authorises the Company or the Agent to procure the despatch by post of the consideration to which he/she/it is entitled at his/her/its risk to the first-named holder at his/her/its registered address in Box 3 of the Form of Acceptance; and
- (f) submits to the non-exclusive jurisdiction of the courts of Hong Kong in relation to all matters arising out of or in connection with the Offer or the Form of Acceptance.

TAXATION

Qualifying Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offer. It is emphasised that none of the Company, its ultimate beneficial owners and parties acting in concert with any of them, Morgan Stanley, Gram Capital, the Registrar or any of their respective directors or any persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of acceptance of the Offer by the Qualifying Shareholders.

OVERSEAS H SHAREHOLDERS

The making of the Offer to the Overseas H Shareholders may be subject to the laws of the relevant jurisdictions. The laws of the relevant jurisdictions may prohibit the making of the Offer to the Overseas H Shareholders or require compliance with certain filing, registration or other requirements in respect of the Offer.

The availability of the Offer to any Overseas H Shareholders may be affected by the applicable laws, regulations and rules of their relevant jurisdictions of residence. The Overseas H Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers in the relevant jurisdictions.

It is the responsibility of each Overseas H Shareholder who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consents which may be required or compliance with other necessary formalities or legal requirements. Any acceptance of the Offer by any Shareholder shall be deemed to constitute a representation and warranty from such Shareholder to the Company and Morgan Stanley that all applicable local laws and requirements have been observed and complied with. For the avoidance of doubt, neither Hong Kong Securities Clearing Company Limited nor HKSCC Nominees will give, or be subject to, any of the above representation and warranty. Overseas H Shareholders should consult their professional advisers if in doubt.

According to the Register of Members, as at the Latest Practicable Date, the Company had 6 Overseas H Shareholder with registered address located in Australia, Canada, the mainland of the PRC, the United Kingdom and Macau . As at the Latest Practicable Date, the Company has made enquiries and is not aware of applicable restrictions with respect to extending the Offer to such Overseas H Shareholders, and accordingly, the Offer is so extended.

NOTICE TO U.S. HOLDERS OF SHARES

The Offer is being made for the securities of a company incorporated in the PRC with limited liability and is subject to Hong Kong disclosure requirements, which are different from those of the United States. The financial information included in this Offer Document has been prepared in accordance with International Financial Reporting Standards or PRC GAAP and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The receipt of cash pursuant to the Offer by a U.S. holder of H Shares may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of H Shares is urged to consult his/her/its independent professional advisor immediately regarding the tax consequences of acceptance of the Offer.

U.S. holders of H Shares may encounter difficulty enforcing their rights and any claims arising out of the U.S. federal securities laws, as the Company is located in a country outside the United States and some or all of their officers and directors may be residents of a country other than the United States. U.S. holders of

H Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of U.S. securities laws. Further, U.S. holders of H Shares may encounter difficulty compelling a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

In accordance with the Takeovers Code and Rule 14e-5(b)(12) of the U.S. Exchange Act, Morgan Stanley Asia Limited and its affiliates may continue to act as exempt principal traders in the H Shares on the Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that any such purchase or arrangement complies with applicable law and is made outside the United States. Any information about such purchases will be reported to the SFC if required by applicable laws and regulations and, to the extent made public by the SFC, will be available on the website of the SFC at <http://www.sfc.hk>.

The Offer will be made in the United States pursuant to the applicable U.S. tender offer rules or certain available exemptions or exceptions therefrom and otherwise in accordance with the requirements of the laws of Hong Kong. Accordingly, the Offer will be subject to Hong Kong disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and law.

ANNOUNCEMENTS

1. Following (i) the EGM (or any adjournment thereof, as the case may be) at which the Offer and the Whitewash Waiver are to be approved by the Independent Shareholders and (ii) the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting, the Company will announce by 7:00 p.m. on the date of the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting through the Stock Exchange's website the result of the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting and whether or not the Offer has become unconditional.
2. By 6:00 p.m. (or such later time as the Executive may permit) on the date of close of the Offer, the Company shall inform the Executive and the Stock Exchange of its decision in relation to the closing of the Offer and shall publish an announcement through the website of the Stock Exchange by 7:00 p.m. on such date stating that the Offer has been closed. A draft of such announcement must be submitted to the Executive by 6:00 p.m. for clearance and publication through the website of the Stock Exchange by 7:00 p.m. on the same day. Such announcement shall, among others (except in the case of lapse of the Offer), specify the details as required under Rule 19.1 of the Takeovers Code.
3. In calculating the number of the H Shares represented by the Form of Acceptance, acceptances which are not in all respects in order or are subject to verification will be stated separately.

INTERPRETATION

1. A reference in this Offer Document to a Qualifying Shareholder includes a reference to a person who, by reason of an acquisition or transfer of H Shares, is entitled to execute a Form of Acceptance and in the event of more than one person executing a Form of Acceptance, the provisions of this Offer Document apply to them jointly and severally.

2. A reference in this Offer Document and the Form of Acceptance to the masculine gender includes the feminine and neuter genders, and a reference to the singular includes the plural, and vice versa.

I. FINANCIAL SUMMARY

Set out below is a summary of the consolidated financial results of the Group for (i) the three years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 as extracted from the annual reports of the Company for the three years ended 31 December 2021, 2022 and 2023 and the interim report of the Company for the six months ended 30 June 2024, respectively (prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board) and (ii) the nine months ended 30 September 2024 as extracted from the announcement of the Company dated 25 October 2024 (prepared in accordance with PRC GAAP) which was published in accordance with the relevant PRC regulations during the term of certain super short-term commercial paper and medium-term debenture issued by the Company:

- (i) For the three years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 (prepared in accordance with IFRS Accounting Standards):

	For the financial year ended 31 December			Six Months
	2021	2022	2023	ended 30 June
	(restated)	(restated)		2024
	RMB'000	RMB'000	RMB'000	RMB'000
	(Audited)	(Audited)	(Audited)	(Unaudited)
Turnover	275,618,608	233,879,825	210,216,434	83,470,594
Profit/(loss) before taxation	33,709,393	18,009,599	12,519,922	327,196
Tax expense	(7,995,602)	(2,606,331)	(2,119,272)	(619,549)
Profit/(loss) for the year/period				
attributable to:	25,713,791	15,403,268	10,400,650	(292,353)
– Owners of the Company	16,299,953	8,129,550	3,863,048	(2,017,616)
– Holders of perpetual capital instruments	794,707	688,550	551,808	270,128
– non-controlling interests	8,619,131	6,585,168	5,985,794	1,455,135
Total comprehensive income/(loss) for the year/period attributable to:	25,763,927	15,406,386	10,337,331	(327,342)
– Owners of the Company	16,414,058	8,132,664	3,801,338	(2,049,671)
– Holders of perpetual capital instruments	794,707	688,550	551,808	270,128
– non-controlling interests	8,555,162	6,585,172	5,984,185	1,452,201
Earnings per Share				
– basic	1.932	0.964	0.458	(0.239)
– diluted	1.932	0.964	0.450	(0.239)
Dividend per Share				
– interim	N/A	N/A	N/A	N/A
– final	0.693	0.378	0.229	N/A
Total amount of dividends				
– interim	N/A	N/A	N/A	N/A
– final	5,845,296,068.77	3,188,343,310.24	1,931,562,481.60	N/A

(iii) For the nine months ended 30 September 2024 (prepared in accordance with PRC GAAP):

	Nine months ended 30 September 2024 <i>RMB'000</i> <i>(Unaudited)</i>
Turnover	134,233,570
Profit/(loss) before taxation	2,994,985
Tax expense	1,082,881
Profit/(loss) for the period attributable to:	1,912,104
– equity shareholders of the Company	(684,380)
– non-controlling interests	2,596,484
Earnings/(loss) per Share	
– basic	(0.08)
Dividend per Share	
– interim	N/A
– final	N/A

Saved as disclosed above, there are no other items of income or expenses which are material. The auditor of the Company for the year ended 31 December 2021, Baker Tilly Hong Kong Limited, and the auditor of the Company for the years ended 2022 and 2023, Moore CPA Limited, did not issue any qualified or modified opinion (including emphasis of matter, adverse opinion and disclaimer of opinion) on the consolidated financial statements of the Group for each of the years ended 31 December 2021, 2022 and 2023.

II. CONSOLIDATED FINANCIAL STATEMENTS

The Company is required to set out or refer to the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the unaudited consolidated financial statements of the Group for (i) the nine months ended 30 September 2024 (the “**2024 Third Quarter Financial Statements**”) and (ii) the six months ended 30 June 2024 (the “**2024 Interim Financial Statements**”), and the audited consolidated financial statements of the Group for (i) the year ended 31 December 2023 (the “**2023 Financial Statements**”), (ii) the year ended 31 December 2022 (the “**2022 Financial Statements**”) and (iii) the year ended 31 December 2021 (the “**2021 Financial Statements**”), together with the significant accounting policies and the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2024 Third Quarter Financial Statements are set out from page 3 to page 16 in the announcement of the Company for the nine months ended 30 September 2024 (the “**2024 Third Quarterly Report**”), which was published on 25 October 2024. The 2024 Third Quarterly Report is posted on

the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cnbmtd.com), and is accessible via the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2024/1025/2024102501438.pdf>

The 2024 Interim Financial Statements are set out from page 45 to page 99 in the interim report of the Company for the six months ended 30 June 2024 (the “**2024 Interim Report**”), which was published on 27 August 2024. The 2024 Interim Report is posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cnbmtd.com), and is accessible via the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0827/2024082701108.pdf>

The 2023 Financial Statements are set out from page 112 to page 276 in the annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”), which was published on 28 March 2024. The 2023 Annual Report is posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cnbmtd.com), and is accessible via the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0328/2024032802318.pdf>

The 2022 Financial Statements are set out from page 138 to page 336 in the annual report of the Company for the year ended 31 December 2022 (the “**2022 Annual Report**”), which was published on 4 April 2023. The 2022 Annual Report is posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cnbmtd.com), and is accessible via the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0404/2023040401493.pdf>

The 2021 Financial Statements are set out from page 148 to page 350 in the annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”), which was published on 13 April 2022. The 2021 Annual Report is posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cnbmtd.com), and is accessible via the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0413/2022041300586.pdf>

The 2024 Third Quarter Financial Statements, 2024 Interim Financial Statements, 2023 Financial Statements, 2022 Financial Statements and 2021 Financial Statements (but not any other parts of the 2024 Third Quarterly Report, 2024 Interim Report, 2023 Annual Report, 2022 Annual Report or 2021 Annual Report in which they respectively appear) are incorporated by reference into this Offer Document and form part of this Offer Document.

III. INDEBTEDNESS

As of 31 October 2024, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the publication of this Offer Document, the indebtedness of the Group was as follows:

Borrowings

The Group had secured and unguaranteed bank borrowings of RMB4,113 million, unsecured and guaranteed bank borrowings of RMB6,459 million and unsecured and unguaranteed bank borrowings of RMB144,572 million. Such secured bank borrowings were secured by substantially all of the Group's assets.

The Group had issued bonds of RMB40,800 million, and had borrowings from other financial institutions of RMB688 million.

Other borrowings includes amounts due to related parties and bills payables. The Group had amounts due to related parties of RMB3,118 million and bills payables of RMB16,266 million.

Lease liabilities

The Group's lease liabilities were RMB2,321 million. These lease liabilities mainly consisted of rental of offices and warehouses.

Commitment

The Group's capital commitment were RMB2,255 million. These amounts represents capital expenditure of the Group contracted but not provided in respect of acquisition of property, plant and equipment.

Contingent liabilities and guarantees

The Group had no unrecorded significant contingent liabilities or guarantees.

Except as discussed above, the Directors confirm that the Group did not have any outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness issued and outstanding or agreed to be issued, hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities outstanding as of 31 October 2024.

IV. MATERIAL CHANGE

Save as disclosed below, the Directors confirm that there has been no material change in the financial or trading position or outlook of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date:

1. The Group's net profit for the year ended 31 December 2024 was substantially lower than that for the year ended 31 December 2023 (the "**Estimated Profit Statement**"). The aforesaid decrease was mainly attributable to the decrease in the Group's total operating revenue (which was mainly due to the decrease in the sales volumes of cement products as well as the decrease

in the average selling price of commercial concrete and aggregate, all being the Group's major products), as partially offset by the decrease in the Group's total operating costs (which was mainly due to the decrease in cost of sales of commercial concrete of the Group).

Note: The Estimated Profit Statement constitutes a profit forecast under Rule 10 of the Takeovers Code, and is required to be reported on by the Independent Financial Adviser and the auditor of the Company in accordance with the requirements under Rule 10 of the Takeovers Code. Please refer to Appendix V headed "PROFIT FORECASTS AND REPORTS THEREON" to this Offer Document for the above-mentioned profit forecast and relevant reports thereon.

V. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In 2025, Chinese economy is expected to insist on balancing progress with stability, harnessing growth to promote stability and adhering to the correct path to foster innovation. Fiscal and monetary policies are expected to be implemented to effectively ward off and defuse risks in major areas and avoid systemic risks.

With respect to the real estate market, with the government's continuous dedication and series of measures implemented to stabilize the market, such as housing loan interest rate cut and increased tax incentive in housing transactions, the residential demands for first homes or housing situation improvement are expected to be further released. The renovation of one million units of houses in urban villages or in dilapidated situations in China is expected to be carried out rapidly in the coming few years.

Meanwhile, with more catalysts taking effect, such as the programs launched to ease local government debt pressures in the coming years and the government's continuous promotion of the digitalization, networking and intelligentization of new city infrastructure, the demand is expected to be further released, and the decline of demand for basic building materials is expected to be eased, which will further contribute to the optimization of the industry ecosystem. The new materials market has great potentials and is expected to be more balanced in terms of supply and demand though temporarily facing overcapacity. Furthermore, the demands arising from the large-scale equipment upgrades for engineering technology services, the inclusion of the cement industry into the carbon emissions trading market and the green transformation will continuously drive the growth in market demands. With all the catalysts, the Company will focus on high-quality development to explore incremental growth opportunities, optimize the utilization of existing resources, grasp the changes and chances and enhance quality, to achieve operational improvement.

The information set forth in this appendix is prepared in accordance with Rule 4.29 of the Listing Rules to provide further information on how the Group's earnings per Share, net assets per Share, liabilities and working capital might be affected by the Offer as if the Offer had been completed at the specified dates and is included herein for illustrative purposes only.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following unaudited pro forma statements of adjusted consolidated net assets per Share and adjusted earnings per Share (the "Unaudited Pro Forma Financial Information") have been prepared on the basis of the notes set out below, for the purpose of illustrating the effect of the Offer on (i) the unaudited pro forma adjusted consolidated net assets per Share as if the Offer had taken place on 31 December 2023 and (ii) the unaudited pro forma adjusted earnings per Share as if the Offer had taken place on 1 January 2023.

This Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position or financial performance of the Group had the Offer been taken place at 31 December 2023, 1 January 2023 or at any future date.

Unaudited pro forma statement of adjusted consolidated net assets per Share

	Consolidated net assets as at 31 December 2023	Estimated expenditure to be incurred under the Offer	Unaudited pro forma adjusted consolidated net assets as at 31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>	
Non-current assets	340,394,031	–	340,394,031
Current assets	148,503,893	(3,156,443)	145,347,450
Current liabilities <i>(Note 3)</i>	176,795,298	–	176,795,298
Net current liabilities <i>(Note 3)</i>	28,291,405	3,156,443	31,447,848
Non-current liabilities <i>(Note 3)</i>	118,588,539	–	118,588,539
Net assets	193,514,087	(3,156,443)	190,357,644

	Consolidated net assets as at 31 December 2023	Estimated expenditure to be incurred under the Offer	Unaudited pro forma adjusted consolidated net assets as at 31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>	
* Including:			
Cash and cash equivalents	27,430,500	(3,156,443)	24,274,057
	<i>RMB</i>		<i>RMB</i>
Net assets per Share	22.94		25.07
	<i>(Note 4)</i>		<i>(Note 5)</i>

Unaudited pro forma statement of adjusted earnings per Share

	Profit for the year attributable to owners of the Company for the year ended 31 December 2023	Basic Earnings per Share for the year ended 31 December 2023	Diluted Earnings per Share for the year ended 31 December 2023	Unaudited pro forma adjusted basic earnings per Share for the year ended 31 December 2023	Unaudited pro forma adjusted diluted earnings per Share for the year ended 31 December 2023
	<i>RMB'000</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(Note 1)</i>	<i>(Note 6)</i>	<i>(Note 6)</i>	<i>(Note 7)</i>	<i>(Note 7)</i>
Share buy-back of 841,749,304 Shares at HK\$4.03 per Share (Note 2)	3,863,048	0.458	0.450	0.509	0.500

Notes:

- The consolidated net assets as at 31 December 2023 and profit for the year attributable to owners of the Company for the year ended 31 December 2023 are extracted from the audited consolidated financial statements of the Company for the year ended 31 December 2023 as set out in the published annual report of the Company for the year ended 31 December 2023.
- The estimated expenditure to be incurred under the Offer is based on 841,749,304 Shares to be bought-back at the offer price of HK\$4.03 per Share and the related expenses of approximately RMB23.70 million assuming the Maximum Number of Shares to be bought-back by the Company shall be accepted in full under the Offer.
- The estimated expenditure to be incurred under the Offer will be settled by cash and therefore the Offer will not have any effect on the liabilities of the Group, and the working capital (expressed as net current liabilities) as at 31 December 2023 would be increased by approximately RMB3,156.44 million from net current liabilities of approximately RMB28,291.41 million to net current liabilities of approximately RMB31,447.85 million.

4. The consolidated net assets per Share as at 31 December 2023 was approximately RMB22.94, which was based on the consolidated net assets as at 31 December 2023 of approximately RMB193,514.09 million, and on the basis that 8,434,770,662 Shares were in issue as at 31 December 2023 as extracted from the audited consolidated financial statements of the Company for the year ended 31 December 2023 as set out in the published annual report of the Company for the year ended 31 December 2023.
5. The unaudited pro forma adjusted consolidated net assets per Share is arrived at after taking into account the consolidated net assets as at 31 December 2023 of approximately RMB193,514.09 million (Note 1) and the estimated expenditure to be incurred under the Offer of approximately RMB3,156.44 million (Note 2), and on the basis of 7,593,021,358 Shares (which is calculated based on 8,434,770,662 Shares in issue as at 31 December 2023 and reduced by 841,749,304 Shares for the share buy-back under the Offer (Note 2)) were in issue immediately following the completion of the Offer, assuming the Offer had taken place on 31 December 2023 and that there was full acceptance of the Offer up to the Maximum Number of Shares.
6. The basic and diluted earnings per Share for the year ended 31 December 2023 are calculated based on the consolidated profit attributable to owners of the Company of RMB3,863,048,000 and adjusted earnings for the purpose of diluted earnings per share of RMB3,795,691,000 for the year ended 31 December 2023 respectively, and the weighted average number of ordinary Shares of 8,434,770,662 for the year ended 31 December 2023, all of which are extracted from the audited consolidated financial statements of the Company for the year ended 31 December 2023 as set out in the published annual report of the Company for the year ended 31 December 2023.
7. The unaudited pro forma adjusted basic and diluted earnings per Share for the year ended 31 December 2023 are arrived at based on the consolidated profit attributable to owners of the Company of RMB3,863,048,000 and adjusted earnings for the purpose of diluted earnings per Share of RMB3,795,691,000 for the year ended 31 December 2023, and the pro forma adjusted weighted average number of ordinary shares of 7,593,021,358 for basic and diluted earnings per Share (which are calculated based on 8,434,770,662 Shares for basic and diluted earnings per Share for the year ended 31 December 2023 and reduced by 841,749,304 Shares for the share buy-back under the Offer (Note 2)), assuming the Offer had taken place on 1 January 2023 and that there was full acceptance of the Offer up to the Maximum Number of Shares. The Directors confirmed that the related expenses of approximately RMB23.70 million which were directly attributable to the Offer would be capitalised in full to equity in accordance with the Group's accounting policies.
8. For the purpose of the Unaudited Pro Forma Financial Information, the amounts stated in HK\$ are converted into RMB at a rate of HK\$1 to RMB0.9235. No representation is made that HK\$ amounts have been, could have been or may be converted to RMB, or vice versa, at that rate.
9. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2023.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

The following is the text of a report received from the reporting accountants, Moore CPA Limited, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this Offer Document.

**Moore CPA Limited**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****TO THE BOARD OF DIRECTORS OF CHINA NATIONAL BUILDING MATERIAL
COMPANY LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China National Building Material Company Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net assets per share as at 31 December 2023 and the unaudited pro forma adjusted earnings per share for the year ended 31 December 2023 and related notes as set out in Part A of Appendix III to the offer document dated 27 January 2025 (the “**Offer Document**”) issued by the Company. The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Part A of Appendix III to the Offer Document.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the conditional cash offer by Morgan Stanley Asia Limited on behalf of the Company to buy-back up to 841,749,304 H shares at HK\$4.03 per H share and application for whitewash waiver (the “**Offer**”) on the Group's financial position as at 31 December 2023 and the Group's earnings per share for the year ended 31 December 2023 as if the Offer had taken place at 31 December 2023 and 1 January 2023, respectively. As part of this process, information about the Group's financial position as at 31 December 2023 and the Group's financial performance for the year ended 31 December 2023 has been extracted by the Directors from the consolidated financial statements of the Company for the year ended 31 December 2023, on which an auditor's report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Our independence and quality management

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibility

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“**HKSAE**”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in the Offer Document is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date

selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 31 December 2023 or 1 January 2023 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- a. the unaudited pro forma financial information has been properly compiled on the basis stated;
- b. such basis is consistent with the accounting policies of the Group; and
- c. the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Moore CPA Limited

Certified Public Accountants

Cheung Sai Kit

Practising Certificate Number: P05544

Hong Kong, 27 January 2025

1. RESPONSIBILITY STATEMENT

This Offer Document includes particulars given in compliance with the Listing Rules and the Codes for the purpose of giving information with regard to the Offer and the Company. The Directors jointly and severally accept full responsibility for the accuracy of information contained in this Offer Document and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Offer Document have been arrived at after due and careful consideration and there are no other facts not contained in this Offer Document, the omission of which would make any statement in this Offer Document misleading.

2. SHARE CAPITAL

The Company has no authorised share capital. As at the Latest Practicable Date, the issued share capital of the Company was approximately RMB8,434,770,662, consisting of 4,558,146,500 H shares of nominal value of RMB1.00 each and 3,876,624,162 Domestic Shares of nominal value of RMB1.00 each. The number of issued Shares as at the Latest Practicable Date was and immediately upon completion of the Offer assuming the Offer is accepted in full will be as follows:

Issued number of Shares as at the Latest Practicable Date

8,434,770,662	Shares as at the Latest Practicable Date (consisting of 4,558,146,500 H shares and 3,876,624,162 Domestic Shares)
---------------	---

Immediately upon completion of the Offer assuming the Offer is accepted in full

8,434,770,662	Shares as at the Latest Practicable Date
<u>(841,749,304)</u>	Maximum number of H Shares proposed to be cancelled under the Offer

<u><u>7,593,021,358</u></u>	Shares upon completion of the Offer (consisting of 3,716,397,196 H shares and 3,876,624,162 Domestic Shares)
-----------------------------	--

All the issued Shares are fully paid and rank *pari passu* with each other in all respects including the rights as to voting, dividends and capital.

As at the Latest Practicable Date, save for 8,434,770,662 Shares in issue, the Company did not have other class of securities, outstanding options, derivatives, warrants or other securities which were convertible or exchangeable into Shares.

Since 31 December 2024, being the end of the immediately preceding financial year, and up to the Latest Practicable Date, the Company has not issued or bought back any Shares.

There had been no re-organisation of capital of the Company during the two financial years immediately preceding the commencement of the Offer Period.

During the 12-month period immediately preceding the date of this Offer Document, the Company did not buy-back any Shares.

During the 2-year period immediately preceding the Offer Period, the Company did not issue any Shares.

3. DIVIDENDS DECLARED/PAID

During the 3 year-period immediately preceding the date of this Offer Document, the Company has declared and paid dividends as follows:

- (i) in the amount of RMB0.693 per Share for the 12 months ended 31 December 2021, which were paid on or before 30 June 2022;
- (ii) in the amount of RMB0.378 per Share for the 12 months ended 31 December 2022, which were paid on or before 30 June 2023; and
- (iii) in the amount of RMB0.229 per Share for the 12 months ended 31 December 2023, which were paid on or before 30 June 2024.

Depending on the future results and financial position of the Group, the Company may, on the recommendation of the Board, declare dividends as and when it considers appropriate taking into account the Company's prevailing and expected results of operations and profitability, its liquidity position, capital investment plans (including investment opportunities and development plans), market conditions as well as the amounts of profits and/or reserves legally available for distribution. As at the Latest Practicable Date, other than the Possible 2024 Final Dividend, the Company does not intend to announce, declare or pay any dividend, distribution or other return of capital, or alter the dividend policy before the close of the Offer.

4. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange; or (d) were required to be disclosed under the Codes.

5. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

Save for CNBM Parent, BNBMG and Sinoma Parent (whose shareholding are disclosed in the section headed “CHANGES IN SHAREHOLDING STRUCTURES” in the “Letter from the Board”), as at the Latest Practicable Date, the Company had not been notified of any other person who held 10% or more of the voting rights of the Company.

6. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) had been entered into or amended within six (6) months before the commencement of the Offer Period; (ii) is a continuous contract with a notice period of twelve (12) months or more; or (iii) is a fixed term contract with more than twelve (12) months to run irrespective of the notice period.

7. MARKET PRICES

The table below shows the closing prices per H Share on the Stock Exchange on (i) the Latest Practicable Date; (ii) the Last Trading Day; and (iii) the last trading day of each of the calendar months during the Relevant Period.

Date	Closing Price per H Share (HK\$)
28 June 2024	2.80
31 July 2024	2.59
30 August 2024	2.25
30 September 2024	3.42
31 October 2024	3.31
29 November 2024	3.32
6 December 2024 (Last Trading Day)	3.50
31 December 2024	3.54
24 January 2025 (Latest Practicable Date)	3.59

The highest and lowest closing prices per H Share as quoted on the Stock Exchange during the Relevant Period were HK\$4.06 per Share on 7 October 2024 and HK\$2.06 per Share on 11 September 2024.

8. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date, there was no agreement, arrangement or understanding (including any compensation arrangement) that existed between the CNBM Parent Concert Group and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer and/or the Whitewash Waiver.

No benefit has been or will be given to any Director as compensation for loss of office or otherwise in connection with the Offer and the Whitewash Waiver.

As at the Latest Practicable Date, there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offer and/or the Whitewash Waiver or otherwise connected with the Offer and/or the Whitewash Waiver.

As at the Latest Practicable Date, there was no material contract entered into by CNBM Parent in which any Director has a material personal interest.

9. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS PURSUANT TO THE TAKEOVERS CODE

As at the Latest Practicable Date:

- (a) CNBM Parent Concert Group held 3,797,269,981 Shares, representing approximately 45.02% of the issued Shares;
- (b) save as disclosed in the section headed “INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS” in this Appendix IV, none of the CNBM Parent Concert Group, the Directors or any party acting in concert with them was interested in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (c) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the CNBM Parent Concert Group;
- (d) no member of the CNBM Parent Concert Group had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (e) the Company had no shareholdings in CNBM Parent, and none of the Directors had any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in CNBM Parent;
- (f) save as disclosed in the section headed “CHANGES IN SHAREHOLDING STRUCTURES” in the “Letter from the Board”, no Shares or convertible securities, warrants, options or derivatives in respect of the Shares were owned or controlled by any subsidiary of the Company or by any pension fund of any member of the Group or by any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” or who is an associate of the Company by virtue of class (2) of the definition of “associate” (but excluding any exempt principal trader or exempt fund manager) under the Codes;

- (g) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert”, or the Company’s associates by virtue of classes (2), (3) or (4) of the definition of “associate” under the Codes;
- (h) no Shares or convertible securities, warrants, options or derivatives in respect of the Shares were managed on a discretionary basis by fund managers and/or principal traders (other than exempt fund managers and exempt principal traders) connected with the Company; and
- (i) there were no Shares or convertible securities, warrants, options or derivatives in respect of the Shares which the Company or any Directors or any parties acting in concert with any of them had borrowed or lent.

10. DEALINGS IN SHARES

During the Relevant Period,

- (a) none of the members of the CNBM Parent Concert Group had dealt for value in any Shares, convertible securities, warrants, options or derivatives in respect of the Shares;
- (b) the Company had not dealt for value in any shares in, or any convertible securities, warrants, options or derivatives in respect of the shares in, any member of the CNBM Parent Concert Group;
- (c) save as disclosed below in relation to the dealings conducted by the relevant members of the Morgan Stanley Concert Group who are presumed to be acting in concert with the Company, the persons acting in concert with the Company did not deal for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (d) none of the Directors and parties acting in concert with any of them had dealt for value in any shares in, or any convertible securities, warrants, options or derivatives in respect of the shares in, any member of the CNBM Parent Concert Group or any Shares, convertible securities, warrants, options or derivatives in respect of the Shares; and
- (e) as at the Latest Practicable Date, the Company had no agreement, arrangement or understanding to transfer, charge or pledge any of the Shares to be acquired pursuant to the Offer to any other persons.

The following are the dealings in the Shares during the Relevant Period conducted by a relevant member of the Morgan Stanley Concert Group who is presumed to be acting in concert with the Company, but excluding dealings on an agency or non-discretionary basis:

Entity ⁽¹⁾	Trade Date	Purchase/ Sale/ Borrow/ Borrow Return	Type of Securities	Number of Securities	Price
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ⁽²⁾	6-Dec-24	Borrow	Ordinary Shares	100,000	N/A
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	9-Dec-24	Borrow Return	Ordinary Shares	100,000	N/A

Notes:

- (1) Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. is a member of the Morgan Stanley Concert Group with no exempt status for the purposes of the Codes. Pursuant to Rule 21.6 of the Takeovers Code, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. would not be presumed to be acting in concert with the Company until the commencement of the Offer Period on 6 December 2024.
- (2) The borrowing of 100,000 ordinary shares in the share capital of the Company by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. on 6 December 2024 took place prior to the time of publication of the Announcement.

11. MATERIAL CONTRACTS

The following contracts (being contracts not entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) have been entered into by the Group from the date two years immediately before the commencement of the Offer Period up to and including the Latest Practicable Date and which are or may be material:

- (i) a supplemental assets restructuring agreement dated 28 December 2022 to supplement the indicative asset restructuring agreement dated 11 May 2022 (as supplemented by a second supplemental assets restructuring agreement dated 28 February 2023) entered into between Gansu Qilianshan Cement Group Holdings Company Limited (“**Qilianshan**”), China Communications Construction Company Limited (“**CCCC**”) and China Urban and Rural Holding Group Co., Ltd (“**China Urban-Rural**”) pursuant to which, amongst other things, the parties agreed that the transaction price of the swapped-out assets (i.e. 100% equity interest in Gansu Qilianshan Cement Group Company Limited (“**Qilianshan Cement**”)) shall be RMB10,430.4298 million, the transaction price of the swapped-in asset (i.e. 100% equity interests in each of CCCC Highway Consultants Co., Ltd, CCCC First Highway Consultants Co., Ltd, CCCC Second Highway Consultants Co., Ltd, Southwest Municipal Engineering Design and Research Institute of China, China Northeast Municipal Engineering Design & Research Institute Co., Ltd., and CCCC Urban Energy Research and Design Institute Co., Ltd.) shall be RMB23,503.1329 million and 1,285,418,199 shares of Qilianshan Cement would be

issued at the issue price of RMB10.17 per share by Qilianshan to CCCC and China Urban-Rural to make up for the deficiency in value of assets swapped, and CCCC and China Urban-Rural agreed to provide performance undertakings to Qilianshan in relation to the performance of certain swapped-in assets. After the transaction, Qilianshan and Qilianshan Cement would cease to be subsidiaries of the Company; and

- (ii) an agreement dated 20 November 2023 entered into between East China Materials Co., Ltd (“**East China Materials**”) and Topsperity Securities Asset Management Co., Ltd (“**Topsperity AM**”), pursuant to which East China Materials agreed to dispose the underlying assets (i.e. the debt rights with which the underlying creditors of the account receivables have the right to request to pay contract consideration or service fee and other ancillary security rights of such underlying assets listed and attached to the sale and purchase agreement for each phase) to Topsperity AM for the purpose of Topsperity AM’s (as the scheme manager) management of an asset-backed securities scheme which would be used to purchase the underlying assets from East China Materials and to which the cash flow generated would be used to pay the principal and yield of the asset-backed securities.

Save as disclosed above, the Group did not enter into any contracts which were or might be material (other than those entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) within the two years immediately preceding the commencement date of the Offer Period and up to the Latest Practicable Date.

12. MATERIAL LITIGATION

As at the Latest Practicable Date, save as disclosed below, none of the members of the Group was engaged in any litigation of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group or to which any member of the Group might become a party.

References are made to the overseas regulatory announcement of the Company dated 30 May 2010 in respect of an announcement released by BNBK, relating to the gypsum board incident in the United States and the announcements dated 18 July 2014, 20 August 2014, 13 February 2015 and 13 March 2015, the 2014 annual report, the 2015 interim report, the 2015 third-quarterly report and the 2015 annual report, the 2016 interim report, the 2016 annual report, the announcement dated 22 June 2017, the 2017 interim report, the announcement dated 22 March 2018, the 2017 annual report, the announcement dated 22 August 2018, the 2018 interim report, the announcement dated 19 March 2019, the 2018 annual report, the announcement dated 30 July 2019, the 2019 interim report, the 2019 annual report, the 2020 interim report, the 2020 annual report, the 2021 interim report, the 2021 annual report, 2022 interim report, the 2022 annual report, the 2023 interim report and 2023 annual report of the Company, setting out information on the subsequent development of the gypsum board litigation in the United States.

In August 2019, Taishan Gypsum Co., Ltd. and Taian Taishan Plasterboard Co., Ltd (together, “**Taishan**”), entered into a class settlement agreement (the “**Settlement Agreement**”) with the counsels acting for the plaintiff Settlement Class (the “**Settlement**”). As of the Latest Practicable Date, Taishan’s payment obligations under the Settlement Agreement have been completely performed.

In May 2020, the district court in the United States issued a formal order ruling that the claims against Taishan and Additional Released Parties and that the Released Claims are released and barred from reviving, and that the claims brought by plaintiffs who opted out from the Settlement are not released and are reserved in the litigation. This order is the final procedure of the Settlement process, and the cases of the plaintiffs who did not opt out of the case against Taishan and Additional Released Parties have closed. In the Settlement, a total of 90 plaintiffs opted out from the Settlement. As of the Latest Practicable Date, all the litigation of plaintiffs have been concluded.

In addition to the multi-district consolidated litigation cases involved in the above settlements, one litigation is still ongoing. The Company will continue to monitor the progress of the litigation and will make further disclose if and when necessary or appropriate.

13. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following is the qualification of the experts who have given its opinions or advices which are contained in this Offer Document:

Name	Qualification
Morgan Stanley Asia Limited	a licensed corporation permitted to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Gram Capital Limited	a licensed corporation permitted to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Moore CPA Limited	Certified Public Accountants under Professional Accountant Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)

As at the Latest Practicable Date, each of the above experts had given and had not withdrawn its written consent to the issue of this Offer Document with the inclusion of its letter or opinion and reference to its name in the form and context in which they respectively appear.

14. GENERAL

- (a) The registered office of the Company is at Tower 2 (Building B), Guohai Plaza, No. 17 Fuxing Road, Haidian District, Beijing.

- (b) The joint company secretaries of the Company are Ms. Pei Hongyan and Ms. Lee Mei Yi.
- (c) The principal members of the CNBM Parent Concert Group are BNBMG, Sinoma Parent, CNBM United Investment and Building Materials Academy.
- (d) The principal place of business of the Company is at 21st Floor, Tower 2, Guohai Plaza, No. 17 Fuxing Road, Haidian District, Beijing.
- (e) The registered office of CNBM Parent is at Tower 2 (Building B), Guohai Plaza, No. 17 Fuxing Road, Haidian District, Beijing. As of the Latest Practicable Date, its directors are Mr. Zhou Yuxian, Mr. Chang Zhangli, Mr. Cheng Niangao, Mr. Wang Laixiang, Mr. Cao Guangxiang and Mr. Xia Ceming.
- (f) The registered office of BNBMG is at Room 901-1, 9th Floor, Building 4, No. 9 Shoutinan Road, Haidian District, Beijing. As of the Latest Practicable Date, its directors are Yin Rusheng, Wang Lihe, Lu Xinhua, Wu Fade, Zhao Yanmin, Gu Chao and Zhu Qinying.
- (g) The registered office of Sinoma Parent is at No. 11 Beishuncheng Street, Xizhimennei, Xicheng District, Beijing. As of the Latest Practicable Date, its sole director is Zhang Li.
- (h) The registered office of CNBM United Investment is No. 2 Zizhuyuan South Road, Haidian District, Beijing. As of the Latest Practicable Date, its directors are Chen Yu and Gan Zhiping.
- (i) The registered office of Building Materials Academy is No. 1 Guanzhuang Dongli, Chaoyang District, Beijing. As of the Latest Practicable Date, its directors are Zhi Xiao, Peng Shou, Hou Diyang, Zhang Wendong, Zhang Wenjin, Guang Zhaoyu and Su Kui.
- (j) The H Shares registrar and transfer office of the Company is Tricor Investor Services Limited at 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (k) The main business address of Morgan Stanley is 30-32, 35-42 & 45-47 Floor and Part of Floor 3, 8-9, International Commerce Centre, 1 Austin Road West Kowloon, Hong Kong.
- (l) The registered office and principal place of business of Gram Capital is at Room 1209, 12th Floor, Nan Fung Tower, 88 Connaught Road Central/173 Des Voeux Road Central, Central, Hong Kong.
- (m) The English text of this Offer Document, the form of proxy for the EGM, the form of proxy for the H Shareholders' Class Meeting, the form of proxy for the Domestic Shareholders' Class Meeting and the Form of Acceptance shall prevail over the Chinese text.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the website of the Company (www.cnbmld.com) and (ii) on the website of the SFC (www.sfc.hk) from the date of this Offer Document for so long as the Offer remains open for acceptance:

- (a) the articles of association of the Company;
- (b) the articles of association of CNBM Parent;
- (c) the annual reports of the Company for the three years ended 31 December 2021, 2022 and 2023;
- (d) the interim report of the Company for the six months ended 30 June 2024;
- (e) the announcement of the Company dated 25 October 2024 which contains financial statements prepared in accordance with PRC GAAP for the nine months ended 30 September 2024 which was published in accordance with the relevant PRC regulations during the term of certain super short-term commercial paper and medium-term debenture issued by the Company;
- (f) the letter from the Board, the text of which is set out on pages 7 to 22 of this Offer Document;
- (g) the letter from Morgan Stanley, the text of which is set out on pages 23 to 33 of this Offer Document;
- (h) the letter from the Independent Board Committee, the text of which is set out on pages 34 to 35 of this Offer Document;
- (i) the letter from Gram Capital, the text of which is set out on pages 36 to 59 of this Offer Document;
- (j) the report from Moore CPA Limited in respect of the unaudited pro forma financial information of the Group, the text of which is set out in Appendix III to this Offer Document;
- (k) the profit forecast reports, the text of which is set out on pages V-11 to V-15 of this Offer Document;
- (l) the material contracts referred to in the section headed “MATERIAL CONTRACTS” in this Appendix IV; and
- (m) the written consents as referred to in the section headed “QUALIFICATIONS AND CONSENTS OF EXPERTS” in this Appendix IV.

1. PROFIT FORECASTS AND BASIS OF PREPARATION

1.1. SST Announcement and basis of preparation

SST Announcement

The following is the full text of the SST Announcement, which is repeated in full in this circular pursuant to Rule 10.4 of the Takeovers Code.

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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)

**VOLUNTARY ANNOUNCEMENT
RESULTS ESTIMATE OF SINOMA SCIENCE & TECHNOLOGY
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2024 PUBLISHED
PURSUANT TO REGULATIONS OF
THE SHENZHEN STOCK EXCHANGE**

This announcement is made by China National Building Material Company Limited* (the “**Company**”) on a voluntary basis. The issue of the Sinoma Science & Technology Announcement (as defined below) containing the Sinoma Science & Technology Results Estimate (as defined below) is only published pursuant to the relevant regulations of the Shenzhen Stock Exchange.

Reference is made to the announcement of Sinoma Science & Technology Co., Ltd.* (中材科技股份有限公司) (a subsidiary of the Company and the A shares of which are listed and traded on the Shenzhen Stock Exchange (stock code: 002080), “**Sinoma Science & Technology**”) dated 15 January 2025 (the “**Sinoma Science & Technology Announcement**”) in relation to the results estimate attributable to the shareholders of Sinoma Science & Technology for the 12 months ended 31 December 2024 (the “**Reporting Period**”) (the “**Sinoma Science & Technology Results Estimate**”) (available at <http://www.cninfo.com.cn> for details and for reference only).

RESULTS ESTIMATE OF SINOMA SCIENCE & TECHNOLOGY FOR THE 12 MONTHS ENDED 31 DECEMBER 2024

1. Sinoma Science & Technology Results Estimate

The relevant period of the Sinoma Science & Technology Results Estimate: 1 January 2024 to 31 December 2024

The Sinoma Science & Technology Results Estimate: Decrease compared with the corresponding period of the previous year

Currency: RMB

Item	For the Reporting Period	For the same period of the previous year (Note)
Net profit attributable to shareholders of Sinoma Science & Technology	Profit: 634.0068 million to 950.1465 million Decrease as compared with the same period of the previous year: 57.26% to 71.48%	Profit: 2,223.3105 million
Net profit after deducting non-recurring gains or losses	Profit: 283.0997 million to 424.2638 million Decrease as compared with the same period of the previous year: 78.40% to 85.59%	Profit: 1,964.5760 million
Basic earnings per share (RMB/Share)	Profit: 0.3778 to 0.5662	Profit: 1.3249

Note: In accordance with the rules regarding common control business combinations under the China Accounting Standards for Business Enterprises, Sinoma Science & Technology made retrospective adjustments to the data for the same period of the previous year.

2. Audit status of the Sinoma Science & Technology Results Estimate

The Sinoma Science & Technology Results Estimate is preliminary accounting results as projected by the finance department of Sinoma Science & Technology. The Sinoma Science & Technology Results Estimate has not been pre-audited by a certified public accountant. Sinoma Science & Technology has communicated with the certified public accountant in respect of the relevant matters relating to the Sinoma Science & Technology Results Estimate, and there is no difference of opinion between Sinoma Science & Technology and the accountants in respect of the results estimate of the Reporting Period.

3. Explanations on changes in results of Sinoma Science & Technology

Compared with the same period of the previous year, the main reasons for changes in results during the Reporting Period are that the year-on-year decrease in the prices of Sinoma Science & Technology's main products, and the financial indicators such as the net profit attributable to shareholders of Sinoma Science & Technology, the net profit attributable to shareholders of the Sinoma Science & Technology after deducting non-recurring gains and losses, and basic earnings per share, declined compared with the same period of the previous year.

4. Other explanations

Sinoma Science & Technology will disclose the detailed financial data in its 2024 annual report. Investors are advised to be prudent when making decisions, and be aware of investment risks.

The Sinoma Science & Technology Results Estimate constitutes a profit forecast under Rule 10 of the Takeovers Code and shall be reported on by the Independent Financial Adviser and the auditor of the Company in accordance with the requirements under Rule 10 of the Takeovers Code (the "**Profit Forecast Reports**"). Pursuant to Practice Note 2 issued by the Executive, the Sinoma Science & Technology Results Estimate is permitted to be published without full compliance with Rule 10.4 of the Takeovers Code due to: (i) the practical difficulties in terms of the additional time required for the preparation of the Profit Forecast Reports; and (ii) the requirements of timely disclosure of such profits forecast under the overseas regulatory requirements (being the relevant regulations of the Shenzhen Stock Exchange). The Profit Forecast Reports will be included in the Offer Document to be issued by the Company to the Shareholders in connection with the Offer and the Whitewash Waiver as soon as practicable and in compliance with the Takeovers Code.

WARNING: Shareholders and potential investors of the Company should note that the Sinoma Science & Technology Results Estimate does not meet the standard required by Rule 10 of the Takeovers Code and has not been reported on in accordance with the Takeovers Code.

The making of the Offer is subject to the satisfaction of the Pre-Conditions on or before the Pre-Conditions Long Stop Date. The making of the Offer is therefore a possibility only and may or may not take place. All references to the Offer in this announcement are references to the possible Offer which will be made if and only if the Pre-Conditions are satisfied by the Pre-Conditions Long Stop Date. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.

The Offer is subject to all of the Conditions being fulfilled or waived (where applicable). If the Whitewash Waiver is not granted by the Executive, or if the resolutions to approve the Offer or the Whitewash Waiver are not passed by the Independent Shareholders, the Offer will not proceed and will immediately lapse.

It should be noted that dealings in the Shares will continue notwithstanding that any of the Conditions may remain unfulfilled, and that persons dealing in the Shares will bear the risk that the Offer may lapse.

Shareholders are advised to consider the detailed terms of the Offer and the Whitewash Waiver and read, among other things, the letter from the Independent Board Committee and the letter of advice from the Independent Financial Adviser to the Independent Board Committee to be contained in the Offer Document before deciding whether to vote for or against the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at (as applicable) the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting. Shareholders should also note that their voting decision on the resolutions in respect of the Offer, the reduction of the registered capital of the Company and relevant arrangements and the Whitewash Waiver to be proposed at (as applicable) the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting will not affect their ability to accept or not accept the Offer. If Shareholders are in any doubt as to any aspect of the Offer and the Whitewash Waiver or as to the action to be taken, they should seek independent professional advice.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and should consult their professional advisers when in doubt.

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

Beijing, the PRC
15 January 2025

As at the date of this announcement, the board of directors of the Company comprises Mr. Zhou Yuxian, Mr. Wei Rushan, Mr. Liu Yan and Mr. Wang Bing as executive directors, Mr. Wang Yumeng, Mr. Xiao Jiexiang, Mr. Shen Yungang 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

* For identification purposes only

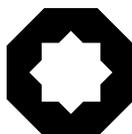
Basis of Preparation

The Sinoma Science & Technology Results Estimate as referred to in the SST Announcement and in this Offer Document was prepared based on the unaudited consolidated management accounts of Sinoma Science & Technology and its subsidiaries (collectively, the “**Sinoma Science & Technology Group**”) for the year ended 31 December 2024, which has been prepared in accordance with the PRC GAAP and on a basis consistent in all material respects with the accounting policies normally adopted by the Sinoma Science & Technology Group as set out in the published interim report of Sinoma Science & Technology Group for the six months ended 30 June 2024. The Directors considered that there is no material difference between the unaudited consolidated management accounts of the Sinoma Science & Technology Group prepared using the PRC GAAP and IFRSs Accounting Standards issued by the International Accounting Standards Board.

1.2. Tianshan Materials Announcement and basis of preparation

The following is the full text of the Tianshan Materials Announcement, which is repeated in full in this circular pursuant to Rule 10.4 of the Takeovers Code.

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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)

**VOLUNTARY ANNOUNCEMENT
RESULTS ESTIMATE OF TIANSHAN MATERIALS
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2024
PUBLISHED PURSUANT TO REGULATIONS OF
THE SHENZHEN STOCK EXCHANGE**

This announcement is made by China National Building Material Company Limited* (the “**Company**”) on a voluntary basis. The issue of the Tianshan Materials Announcement (as defined below) containing the Tianshan Materials Results Estimate (as defined below) is only published pursuant to the relevant regulations of the Shenzhen Stock Exchange.

Reference is made to the announcement of Tianshan Material Co., Ltd.* (天山材料股份有限公司) (a subsidiary of the Company and the A shares of which are listed and traded on the Shenzhen Stock Exchange (stock code: 000877), “**Tianshan Materials**”) dated 16 January 2025 (the “**Tianshan Materials Announcement**”) in relation to the results estimate attributable to the shareholders of Tianshan Materials for the 12 months ended 31 December 2024 (the “**Reporting Period**”) (the “**Tianshan Materials Results Estimate**”) (available at <http://www.cninfo.com.cn> for details and for reference only).

RESULTS ESTIMATE OF TIANSHAN MATERIALS FOR THE 12 MONTHS ENDED 31 DECEMBER 2024

1. Tianshan Materials Results Estimate

The relevant period of the Tianshan Materials Results Estimate: 1 January 2024 to 31 December 2024

The Tianshan Materials Results Estimate: it is estimated that the net profit would be negative

Currency: RMB

Item	For the Reporting Period	For the same period of the previous year
Net profit/loss attributable to shareholders of Tianshan Materials	Loss: 400 million to 800 million	Profit: 1,965.1412 million
Net profit/loss after deducting non-recurring gains or losses	Loss: 1,800 million to 2,300 million	Profit: 584.9685 million
Basic earnings/loss per share (<i>RMB/Share</i>)	Loss: 0.0499 to 0.0998	Profit: 0.2268

Note: At the end of July 2024, Tianshan Material's total number of shares in share capital changed from 8,663,422,814 shares to 7,110,491,694 shares.

2. Audit status of the Tianshan Materials Results Estimate

Tianshan Materials has communicated with the certified public accountant in respect of the relevant matters relating to the Tianshan Materials Results Estimate, and there is no difference of opinion between Tianshan Materials and the accountants in respect of the results estimate of the Reporting Period. The Tianshan Materials Results Estimate has not been pre-audited by a certified public accountant.

3. Explanations on changes in results of Tianshan Materials

Compared with the same period of the previous year, the changes in results for the Reporting Period were mainly due to: Despite the fact that Tianshan Material actively enhanced cost control, leading to a year-on-year decrease in the prices of coal and other major raw and fuel materials, and a year-on-year decrease in cost of cement clinker, the materially weakened market demand and a significant decline in both the selling price and sales volume of cement clinker, leading to a year-on-year decrease in the gross profit of cement clinker. The cost of commercial concrete also decreased due to the lower raw materials prices. However, the reduction in unit costs was smaller than the decline in unit selling prices, leading to a year-on-year decrease in the gross profit of commercial concrete.

4. Risk alert

There are no significant uncertainties with Tianshan Materials affecting the accuracy of the Tianshan Materials Results Estimate.

5. Other explanations

The Tianshan Materials Results Estimate is preliminary accounting results as projected by the finance department of Tianshan Materials. Tianshan Materials will disclose the detailed financial data in its 2024 annual report. Investors are advised to be prudent when making decisions, and be aware of investment risks.

The Tianshan Materials Results Estimate constitutes a profit forecast under Rule 10 of the Takeovers Code and shall be reported on by the Independent Financial Adviser and the auditor of the Company in accordance with the requirements under Rule 10 of the Takeovers Code (the “**Profit Forecast Reports**”). Pursuant to Practice Note 2 issued by the Executive, the Tianshan Materials Results Estimate is permitted to be published without full compliance with Rule 10.4 of the Takeovers Code due to: (i) the practical difficulties in terms of the additional time required for the preparation of the Profit Forecast Reports; and (ii) the requirements of timely disclosure of such profits forecast under the overseas regulatory requirements (being the relevant regulations of the Shenzhen Stock Exchange). The Profit Forecast Reports will be included in the Offer Document to be issued by the Company to the Shareholders in connection with the Offer and the Whitewash Waiver as soon as practicable and in compliance with the Takeovers Code.

WARNING: Shareholders and potential investors of the Company should note that the Tianshan Materials Results Estimate does not meet the standard required by Rule 10 of the Takeovers Code and has not been reported on in accordance with the Takeovers Code.

The making of the Offer is subject to the satisfaction of the Pre-Conditions on or before the Pre-Conditions Long Stop Date. The making of the Offer is therefore a possibility only and may or may not take place. All references to the Offer in this announcement are references to the possible Offer which will be made if and only if the Pre-Conditions are satisfied by the Pre-Conditions Long Stop Date. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.

The Offer is subject to all of the Conditions being fulfilled or waived (where applicable). If the Whitewash Waiver is not granted by the Executive, or if the resolutions to approve the Offer or the Whitewash Waiver are not passed by the Independent Shareholders, the Offer will not proceed and will immediately lapse.

It should be noted that dealings in the Shares will continue notwithstanding that any of the Conditions may remain unfulfilled, and that persons dealing in the Shares will bear the risk that the Offer may lapse.

Shareholders are advised to consider the detailed terms of the Offer and the Whitewash Waiver and read, among other things, the letter from the Independent Board Committee and the letter of advice from the Independent Financial Adviser to the Independent Board Committee to be contained in the Offer Document before deciding whether to vote for or against the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at (as applicable) the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting. Shareholders should also note that their voting decision on the resolutions in respect of the Offer, the reduction of the registered capital of the Company and relevant arrangements and the Whitewash Waiver to be proposed at (as applicable) the EGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting will not affect their ability to accept or not accept the Offer. If Shareholders are in any doubt as to any aspect of the Offer and the Whitewash Waiver or as to the action to be taken, they should seek independent professional advice.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and should consult their professional advisers when in doubt.

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

Beijing, the PRC
16 January 2025

As at the date of this announcement, the board of directors of the Company comprises Mr. Zhou Yuxian, Mr. Wei Rushan and Mr. Wang Bing as executive directors, Mr. Wang Yumeng, Mr. Shen Yungang 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

* For identification purposes only

Basis of Preparation

The Tianshan Materials Results Estimate as referred to in the Tianshan Materials Announcement and in this Offer Document was prepared based on the unaudited consolidated management accounts of Tianshan Materials and its subsidiaries (collectively, the “**Tianshan Materials Group**”) for the year ended 31 December 2024, which has been prepared in accordance with the PRC GAAP and on a basis consistent in all material respects with the accounting policies normally adopted by the Tianshan Materials Group as set out in the published interim report of Tianshan Materials Group for the six months ended 30 June 2024. The Directors considered that there is no material difference between the unaudited consolidated management of Tianshan Materials Group prepared using the PRC GAAP and IFRSs Accounting Standards issued by the International Accounting Standards Board.

1.3. Estimated Profit Statement and basis of preparation

The following is the Estimated Profit Statement made under the section headed “IV. MATERIAL CHANGE” of Appendix II to this circular:

The Group’s net profit for the year ended 31 December 2024 was substantially lower than that for the year ended 31 December 2023. The aforesaid decrease was mainly attributable to the decrease in the Group’s total operating revenue (which was mainly due to the decrease in the sales volumes of cement products as well as the decrease in the average selling price of commercial concrete and aggregate, all being the Group’s major products), as partially offset by the decrease in the Group’s total operating costs (which was mainly due to the decrease in cost of sales of commercial concrete of the Group).

Basis of Preparation

The Estimated Profit Statement as referred to in this Offer Document was prepared based on the unaudited consolidated management accounts of the Group for the year ended 31 December 2024, which has been prepared on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the published interim report of the Company for the six months ended 30 June 2024 which conform with IFRSs Accounting Standards issued by the International Accounting Standards Board.

2. REPORT FROM MOORE CPA LIMITED

The following is the text of a letter received from MOORE CPA LIMITED, the auditor of the Company, for the purpose of incorporation in this Offer Document.



Moore CPA Limited

1001-1010, North Tower, World Finance Centre,
Harbour City, 19 Canton Road,
Tsim Sha Tsui, Kowloon, Hong Kong

T +852 2375 3180
F +852 2375 3828

www.moore.hk

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China National Building Material Company Limited (the “**Company**”)

Results Estimate of the Company and its subsidiaries (collectively, the “Group”), Results Estimate of Sinoma Science & Technology Co., Ltd. (“Sinoma Science & Technology”) and its subsidiaries (collectively, the “Sinoma Science & Technology Group”) and Results Estimate of Tianshan Material Co., Ltd. (“Tianshan Materials”) and its subsidiaries (collectively, the “Tianshan Materials Group”), for the Year Ended 31 December 2024 (collectively, the “Profit Estimates”)

We refer to the estimates of the the net profit of the Group for the year ended 31 December 2024 (the “**Results Estimate of the Group**”) set forth in the section headed “IV. MATERIAL CHANGE” of Appendix II to the offer document issued by the Company, dated 27 January 2025 (the “**Offer Document**”), the net profit attributable to shareholders of the Sinoma Science & Technology for the year ended 31 December 2024 (the “**Results Estimate of Sinoma Science & Technology**”) set forth in the section headed “1.1 SST Announcement and basis of preparation” of Appendix V to the Offer Document and the net loss attributable to shareholders of the Tianshan Materials for the year ended 31 December 2024 (the “**Results Estimate of Tianshan Materials**”) set forth in section headed “1.2. Tianshan Materials Announcement and basis of preparation” of Appendix V to the Offer Document.

Directors’ Responsibility

The Results Estimate of the Group has been prepared by the directors of the Company based on the unaudited consolidated results based on the management accounts of the Group for the year ended 31 December 2024.

The Results Estimate of Sinoma Science & Technology has been prepared by the directors of Sinoma Science & Technology and the directors of the Company based on the unaudited consolidated results based on the management accounts of the Sinoma Science & Technology Group for the year ended 31 December 2024.

The Results Estimate of Tianshan Materials has been prepared by the directors of Tianshan Materials and the directors of the Company based on the unaudited consolidated results based on the management accounts of the Tianshan Materials Group for the year ended 31 December 2024.

The directors of the Company are solely responsible for the Results Estimate of the Group, the directors of the Company and the directors of Sinoma Science & Technology are responsible for the Results Estimate of Sinoma Science & Technology, the directors of the Company and the directors of Tianshan Materials are responsible for the Results Estimate of Tianshan Materials.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibility

Our responsibility is to express an opinion on the accounting policies and calculations of the Results Estimate of the Group, Results Estimate of Sinoma Science & Technology and Results Estimate of Tianshan Materials based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500, “Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness” and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised), “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned:

- the directors of the Company have properly compiled the Results Estimate of the Group in accordance with the bases adopted by the directors and as to whether the Results Estimate of the Group is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group;
- the directors of the Company and the directors of Sinoma Science & Technology have properly compiled the Results Estimate of Sinoma Science & Technology in accordance with the bases adopted by the directors and as to whether the Results Estimate of Sinoma Science & Technology is presented on a basis consistent in all material respects with the accounting policies normally adopted by Sinoma Science & Technology; and
- the directors of the Company and the directors of Tianshan Materials have properly compiled the Results Estimate of Tianshan Materials in accordance with the bases adopted by the directors and as to whether the Results Estimate of Tianshan Materials is presented on a basis consistent in all material respects with the accounting policies normally adopted by Tianshan Materials.

Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned:

- the Results Estimate of the Group has been properly compiled based on the unaudited consolidated management accounts of the Group for the year ended 31 December 2024 and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the published interim report of the Company for the six months ended 30 June 2024 dated 27 August 2024;
- the Results Estimate of Sinoma Science & Technology has been properly compiled based on the unaudited consolidated management accounts of Sinoma Science & Technology for the 12 months ended 31 December 2024 and is presented on a basis consistent in all material respects with the accounting policies normally adopted by Sinoma Science & Technology which are the same as those of the Group as set out in the published interim report of the Company for the six months ended 30 June 2024 dated 27 August 2024; and
- the Results Estimate of Tianshan Materials has been properly compiled based on the unaudited consolidated management accounts of Tianshan Materials for the 12 months ended 31 December 2024 and is presented on a basis consistent in all material respects with the accounting policies normally adopted by Tianshan Materials which are the same as those of the Group as set out in the published interim report of the Company for the six months ended 30 June 2024 dated 27 August 2024.

Yours faithfully,

Moore CPA Limited

Certified Public Accountants

Cheung Sai Kit

Practising Certificate Number: P05544

Hong Kong, 27 January 2025

3. REPORT FROM GRAM CAPITAL LIMITED

The following is the text of the report from Gram Capital, the Independent Financial Adviser, for the purpose of inclusion in this Offer Document.

27 January 2025

The Board of Directors

China National Building Material Company Limited
Tower 2 (Building B)
Guohai Plaza, No 17 Fuxing Road
Haidian District
Beijing, the PRC

Dear Sir/Madam,

Reference is made to the offer document (the “**Offer Document**”) dated 27 January 2025 issued by China National Building Material Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”). Capitalised terms used in this letter shall have the same respective meanings as defined in the Offer Document unless the context otherwise required.

We refer to the following statements (the “**Statements**”):

- (i) “the net profit of the Group for the year ended 31 December 2024” (the “**Group’s Results Estimate**”) as mentioned in the section headed “IV. Material Change” of Appendix II to the Offer Document; and
- (ii) statements as set out in the Appendix V to the Offer Document and the voluntary announcements dated 15 January 2025 and 16 January 2025 issued by the Company in relation to (a) the net profit attributable to shareholders of 中材科技股份有限公司 (Sinoma Science & Technology Co., Ltd. “**Sinoma Science & Technology**”, being a subsidiary of the Company, stock code SZ002080) for the year ended 31 December 2024 (the “**Sinoma Science & Technology Results Estimate**”); and (b) the net loss attributable to shareholders of 天山材料股份有限公司 (Tianshan Material Co., Ltd., “**Tianshan Materials**”, being a subsidiary of the Company, stock code SZ000877) for the year ended 31 December 2024 (the “**Tianshan Materials Results Estimate**”), respectively.

The Statements constitutes profit forecast under Rule 10 of the Takeovers Code and must be reported on by the financial adviser and the auditors or consultant accountants. This report is issued in compliance with the requirements under Rule 10.4 and Note 1(c) to Rules 10.1 and 10.2 of the Takeovers Code.

We have reviewed the Statements and their underlying bases (no assumption was involved in making of the Statements as they relate to a period already ended) which were provided by you as the Directors, the directors of Tianshan Materials and the directors of Sinoma Science & Technology and they are solely responsible for (as the case may be). We also discussed the above with you and the senior management of the Company.

In respect of the accounting policies and calculations concerned, upon which the Statements have been made, we have considered the report as contained in Appendix V to the Offer Document addressed to the Board from Moore CPA Limited, being the reporting accountants of the Company. Moore CPA Limited is of the following opinions:

- the Group's Results Estimate has been properly compiled based on the unaudited consolidated management accounts of the Group for the year ended 31 December 2024 and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the published interim report of the Company for the six months ended 30 June 2024 dated 27 August 2024;
- the Sinoma Science & Technology Results Estimate has been properly compiled based on the unaudited consolidated management accounts of Sinoma Science & Technology for the 12 months ended 31 December 2024 and is presented on a basis consistent in all material respects with the accounting policies normally adopted by Sinoma Science & Technology which are the same as those of the Group as set out in the published interim report of the Company for the six months ended 30 June 2024 dated 27 August 2024; and
- the Tianshan Materials Results Estimate has been properly compiled based on the unaudited consolidated management accounts of Tianshan Materials for the 12 months ended 31 December 2024 and is presented on a basis consistent in all material respects with the accounting policies normally adopted by Tianshan Materials which are the same as those of the Group as set out in the published interim report of the Company for the six months ended 30 June 2024 dated 27 August 2024.

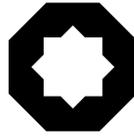
Having considered the above, we are of the opinion that the Statements have been made with due care and consideration.

We hereby give and have not withdrawn our consent to the issue of the Offer Document with the inclusion therein of this report.

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

* *For identification purposes only*

NOTICE OF EGM



CNBM

China National Building Material Company Limited*

中國建 材 股 份 有 限 公 司

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

(Stock Code: 3323)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of China National Building Material Company Limited (the “**Company**”) will be held at Tower 2, Guohai Plaza, No.17 Fuxing Road, Haidian District, Beijing, the People’s Republic of China on Wednesday, 19 February 2025 at 9:00 a.m. for the purposes of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company, respectively.

Unless otherwise indicated, capitalised terms used herein shall have the same meaning as those defined in the offer document dated 27 January 2025 issued by the Company (the “**Offer Document**”).

AS ORDINARY RESOLUTIONS

To consider and approve the appointment of Ms. Miao Xiaoling as an executive director of the Company to hold office with effect from the date on which this resolution is approved and the term of office will be the same as the current session of the Board, and to consider and approve the remuneration of Ms. Miao Xiaoling, as set out in the Letter from the Board of the Offer Document.

AS SPECIAL RESOLUTIONS

“**THAT:**

- (a) the conditional cash offer (the “**Offer**”) by Morgan Stanley Asia Limited on behalf of the Company to buy back up to 841,749,304 H shares of the Company (the “**H Shares**”) at a price of HK\$4.03 per H Share in cash and subject to the terms and conditions set out in the Offer Document (a copy of which marked “**A**” has been produced to the EGM and initialled by the chairman of the EGM for the purpose of identification) together with the accompanying Form of Acceptance despatched to the shareholders of the Company (the “**Shareholders**”) and dated 27 January 2025, and the reduction of the registered capital of the Company, be approved, without prejudice and in addition to the existing authority of the Company under the general mandate to buy-back H Shares granted by the Shareholders at the annual general meeting of the Company on 29 April 2024, and that any one of the directors of the Company be and is hereby authorised to execute all such documents (and, where necessary, to affix the seal of the Company thereon in accordance with the articles of association of

NOTICE OF EGM

the Company) with or without amendments and do all such things as he/she considers desirable, necessary or expedient in connection with or to give effect to any matters relating to or in connection with the Offer including without limitation, completion of the buy-back of H Shares and reduction of the registered capital of the Company pursuant to the Offer; and

- (b) the waiver (the “**Whitewash Waiver**”) in respect of any obligation under the Codes on Takeovers and Mergers and Share Buy-Backs of Hong Kong (the “**Codes**”) of China National Building Material Group Co., Ltd. to make a mandatory general offer for all the Shares not already held by it and parties acting in concert (as defined in the Codes) with it which may, but for such Whitewash Waiver, arise upon completion of the Offer be and is hereby approved, and that any one of the directors of the Company be and is hereby authorised to execute all such documents (and, where necessary, to affix the seal of the Company thereon in accordance with the articles of association of the Company) with or without amendments and do all such things as he/she considers desirable, necessary or expedient in connection with or to give effect to any matters relating to or in connection with the Whitewash Waiver.”

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

Beijing, the PRC
27 January 2025

As at the date of this notice, the board of directors of the Company comprises Mr. Zhou Yuxian, Mr. Wei Rushan and Mr. Wang Bing as executive directors, Mr. Wang Yumeng, Mr. Shen Yungang 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.

Notes:

1. All resolutions at the EGM will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands pursuant to the Listing Rules. The chairman of the meeting will therefore demand a poll for every resolution put to vote at the EGM in accordance with the Articles of Association. An announcement on the poll vote results will be made by the Company after the EGM in the manner prescribed under Listing Rule 13.39(5). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Friday, 14 February 2025 to Wednesday, 19 February 2025, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM or any adjourned meeting thereof (as the case may be), holders of the H Shares whose transfers have not been registered shall deposit all transfer documents accompanied by the relevant share certificates at the Company’s H Share Registrar in Hong Kong, Tricor Investor Services Limited for registration not later than 4:30 p.m. on Thursday, 13 February 2025.
3. A Shareholder entitled to attend and vote at the EGM or any adjourned meeting thereof (as the case may be) may appoint one or more proxies to attend and vote on his behalf. A proxy need not be a Shareholder of the Company. Where a Shareholder appoints more than one proxy, his proxies can only vote on a poll.

NOTICE OF EGM

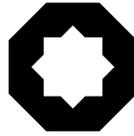
4. The instrument appointing a proxy must be in writing under the hand of a Shareholder or his attorney duly authorised. If the Shareholder is a corporation, that instrument must be either under its common seal or under the hand of its director(s) or duly authorised attorney(s). If that instrument is signed by an attorney of a Shareholder, the power of attorney authorising that attorney to sign or other authorisation document must be notarised.
5. In order to be valid, the form of proxy together with the power of attorney or other authorisation document (if any) must be deposited at the Secretariat of the Board at the Company's principal place of business in the PRC for holders of the Domestic Shares, and at the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, for holders of the H Shares not less than 24 hours before the time appointed for the EGM (i.e. not later than 9:00 a.m. on Tuesday, 18 February 2025) or any adjournment thereof (as the case may be).
6. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or loss of capacity of the appointer, or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of shares in respect of which the proxy is given, provided that no notice in writing of these matters shall have been received by the Company prior to the commencement of the EGM or any adjourned meeting thereof (as the case may be).
7. The address and contact details of the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, are as follows:

17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong
Telephone No.: (+852) 2980 1333
Facsimile No.: (+852) 2810 8185
8. The address and contact details of the Company's principal place of business in the PRC are as follows:

Tower 2, Guohai Plaza
No. 17 Fuxing Road, Haidian District, Beijing, the PRC
Telephone No.: (+86) 10 6813 8300
Facsimile No.: (+86) 10 6813 8388
9. In accordance with the Company's Articles of Association, where two or more persons are registered as the joint holders of any share, only the person whose name appears first in the register of members shall be entitled to receive this notice, to attend and exercise all the voting powers attached to such share at the EGM or at any adjourned meeting thereof (as the case may be), and this notice shall be deemed to be given to all joint holders of such share.
10. The EGM or at any adjourned meeting thereof (as the case may be) is expected to be concluded within half a day. Shareholders (in person or by proxy) attending the EGM are responsible for their own transportation and accommodation expenses. Shareholders or their proxies attending the EGM shall produce identity documents.
11. References to time and dates in this notice are to Hong Kong time and dates.

* *For identification purposes only*

NOTICE OF H SHAREHOLDERS' CLASS MEETING



CNBM

China National Building Material Company Limited*

中國建 材 股 份 有 限 公 司

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

(Stock Code: 3323)

NOTICE OF THE H SHAREHOLDERS' CLASS MEETING

NOTICE IS HEREBY GIVEN that a H Shareholders' Class Meeting (the "**H Shareholders' Class Meeting**") of China National Building Material Company Limited (the "**Company**") will be held at Tower 2, Guohai Plaza, No.17 Fuxing Road, Haidian District, Beijing, the People's Republic of China on Wednesday, 19 February 2025 at 9:15 a.m. (or immediately after the conclusion of the EGM) for the purposes of considering and, if thought fit, passing with or without amendments, the following resolution as a special resolution of the Company.

Unless otherwise indicated, capitalised terms used herein shall have the same meaning as those defined in the offer document dated 27 January 2025 issued by the Company (the "**Offer Document**").

AS SPECIAL RESOLUTION

"THAT the conditional cash offer (the "**Offer**") by Morgan Stanley Asia Limited on behalf of the Company to buy back up to 841,749,304 H shares of the Company (the "**H Shares**") at a price of HK\$4.03 per H Share in cash and subject to the terms and conditions set out in the Offer Document (a copy of which marked "**A**" has been produced to the EGM and initialled by the chairman of the H Shareholders' Class Meeting for the purpose of identification) together with the accompanying Form of Acceptance despatched to the shareholders of the Company (the "**Shareholders**") and dated 27 January 2025, and reduction of the registered capital of the Company, be approved, without prejudice and in addition to the existing authority of the Company under the general mandate to buy-back H Shares granted by the H Shareholders at the class meeting for H Shareholders of the Company on 29 April 2024, and that any one of the directors of the Company be and is hereby authorised to execute all such documents (and, where necessary, to affix the seal of the Company thereon in accordance with the articles of association of the Company) with or without amendments and do all such things as he/she considers desirable, necessary or expedient in connection with

NOTICE OF H SHAREHOLDERS' CLASS MEETING

or to give effect to any matters relating to or in connection with the Offer including without limitation, completion of the buy-back of H Shares and reduction of the registered capital of the Company pursuant to the Offer.”

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

Beijing, the PRC
27 January 2025

As at the date of this notice, the board of directors of the Company comprises Mr. Zhou Yuxian, Mr. Wei Rushan and Mr. Wang Bing as executive directors, Mr. Wang Yumeng, Mr. Shen Yungang 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.

Notes:

1. All resolutions at the meeting will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands pursuant to the Listing Rules. The chairman of the meeting will therefore demand a poll for every resolution put to vote at the H Shareholders' Class Meeting in accordance with the Articles of Association. An announcement on the poll vote results will be made by the Company after the H Shareholders' Class Meeting in the manner prescribed under Listing Rule 13.39(5). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Friday, 14 February 2025 to Wednesday, 19 February 2025, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the H Shareholders' Class Meeting or any adjourned meeting thereof (as the case may be), holders of the H Shares whose transfers have not been registered shall deposit all transfer documents accompanied by the relevant share certificates at the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited for registration not later than 4:30 p.m. on Thursday, 13 February 2025.
3. A Shareholder entitled to attend and vote at the H Shareholders' Class Meeting or any adjourned meeting thereof (as the case may be) may appoint one or more proxies to attend and vote on his behalf. A proxy need not be a Shareholder of the Company. Where a Shareholder appoints more than one proxy, his proxies can only vote on a poll.
4. The instrument appointing a proxy must be in writing under the hand of an H Shareholder or his attorney duly authorised. If the H Shareholder is a corporation, that instrument must be either under its common seal or under the hand of its director(s) or duly authorised attorney(s). If that instrument is signed by an attorney of an H Shareholder, the power of attorney authorising that attorney to sign or other authorisation document must be notarised.
5. In order to be valid, the form of proxy together with the power of attorney or other authorisation document (if any) must be deposited at the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited not less than 24 hours before the time appointed for the H Shareholders' Class Meeting (i.e. not later than 9:15 a.m. on Tuesday, 18 February 2025) or any adjournment thereof (as the case may be).

NOTICE OF H SHAREHOLDERS' CLASS MEETING

6. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or loss of capacity of the appointer, or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of shares in respect of which the proxy is given, provided that no notice in writing of these matters shall have been received by the Company prior to the commencement of the H Shareholders' Class Meeting or any adjourned meeting thereof (as the case may be).

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

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

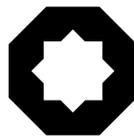
8. In accordance with the Company's Articles of Association, where two or more persons are registered as the joint holders of any share, only the person whose name appears first in the register of members shall be entitled to receive this notice, to attend and exercise all the voting powers attached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

9. The H Shareholders' Class Meeting or any adjourned meeting thereof (as the case may be) is expected to be concluded within half a day. H Shareholders (in person or by proxy) attending the H Shareholders' Class Meeting are responsible for their own transportation and accommodation expenses. Shareholders or their proxies attending the H Shareholders' Class Meeting shall produce identity documents.

10. References to time and dates in this notice are to Hong Kong time and dates.

- * *For identification purposes only*

NOTICE OF DOMESTIC SHAREHOLDERS' CLASS MEETING



CNBM

China National Building Material Company Limited*

中國建 材 股 份 有 限 公 司

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

(Stock Code: 3323)

NOTICE OF THE DOMESTIC SHAREHOLDERS' CLASS MEETING

NOTICE IS HEREBY GIVEN that a Domestic Shareholders' Class Meeting (the "**Domestic Shareholders' Class Meeting**") of China National Building Material Company Limited (the "**Company**") will be held at Tower 2, Guohai Plaza, No.17 Fuxing Road, Haidian District, Beijing, the People's Republic of China on Wednesday, 19 February 2025 at 9:30 a.m. (or immediately after the conclusion of the H Shareholders' Class Meeting) for the purposes of considering and, if thought fit, passing with or without amendments, the following resolution as a special resolution of the Company.

Unless otherwise indicated, capitalised terms used herein shall have the same meaning as those defined in the offer document dated 27 January 2025 issued by the Company (the "**Offer Document**").

AS SPECIAL RESOLUTION

"THAT the conditional cash offer (the "**Offer**") by Morgan Stanley Asia Limited on behalf of the Company to buy back up to 841,749,304 H shares of the Company (the "**H Shares**") at a price of HK\$4.03 per H Share in cash and subject to the terms and conditions set out in the Offer Document (a copy of which marked "A" has been produced to the EGM and initialled by the chairman of the Domestic Shareholders' Class Meeting for the purpose of identification) together with the accompanying Form of Acceptance despatched to the shareholders of the Company (the "**Shareholders**") and dated 27 January 2025, and reduction of the registered capital of the Company, be approved, without prejudice and in addition to the existing authority of the Company under the general mandate to buy-back H Shares granted by the Domestic Shareholders at the class meeting for Domestic Shareholders of the Company on 29 April 2024, and that any one of the directors of the Company be and is hereby authorised to execute all such documents (and, where necessary, to affix the seal of the Company thereon in accordance with the articles of association of the Company) with or without amendments and do all such things as he/she considers desirable, necessary or

NOTICE OF DOMESTIC SHAREHOLDERS' CLASS MEETING

expedient in connection with or to give effect to any matters relating to or in connection with the Offer including without limitation, completion of the buy-back of H Shares and reduction of the registered capital of the Company pursuant to the Offer.”

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

Beijing, the PRC
27 January 2025

As at the date of this notice, the board of directors of the Company comprises Mr. Zhou Yuxian, Mr. Wei Rushan, and Mr. Wang Bing as executive directors, Mr. Wang Yumeng, Mr. Shen Yungang 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.

Notes:

1. All resolutions at the meeting will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands pursuant to the Listing Rules. The chairman of the meeting will therefore demand a poll for every resolution put to vote at the Domestic Shareholders' Class Meeting in accordance with the Articles of Association. An announcement on the poll vote results will be made by the Company after the Domestic Shareholders' Class Meeting in the manner prescribed under Listing Rule 13.39(5). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Friday, 14 February 2025 to Wednesday, 19 February 2025, both dates inclusive, during which period no transfer of shares will be registered. Holders of the Domestic Shares whose names appear on the register of members of the Company on Thursday, 13 February 2025 are entitled to attend the Domestic Shareholders' Class Meeting.
3. A Shareholder entitled to attend and vote at the Domestic Shareholders' Class Meeting may appoint one or more proxies to attend and vote on his behalf. A proxy need not be a Shareholder of the Company. Where a Shareholder appoints more than one proxy, his proxies can only vote on a poll.
4. The instrument appointing a proxy must be in writing under the hand of a Domestic Shareholder or his attorney duly authorised. If the Domestic Shareholder is a corporation, that instrument must be either under its common seal or under the hand of its director(s) or duly authorised attorney(s). If that instrument is signed by an attorney of a Domestic Shareholder, the power of attorney authorising that attorney to sign or other authorisation document must be notarised.
5. In order to be valid, the form of proxy together with the power of attorney or other authorisation document (if any) must be deposited at the Secretariat of the Board at the Company's principal place of business in the PRC not less than 24 hours before the time appointed for the Domestic Shareholders' Class Meeting (i.e. not later than 9:30 a.m. on Tuesday, 18 February 2025) or any adjournment thereof (as the case may be).
6. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or loss of capacity of the appointer, or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of shares in respect of which the proxy is given, provided that no notice in writing of these matters shall have been received by the Company prior to the commencement of the Domestic Shareholders' Class Meeting or any adjourned meeting thereof (as the case may be).

NOTICE OF DOMESTIC SHAREHOLDERS' CLASS MEETING

7. The address and contact details of the Company's principal place of business in the PRC are as follows:

Tower 2, Guohai Plaza

No. 17 Fuxing Road, Haidian District, Beijing, the PRC

Telephone No.: (+86) 10 6813 8300

Facsimile No.: (+86) 10 6813 8388

8. In accordance with the Company's Articles of Association, where two or more persons are registered as the joint holders of any share, only the person whose name appears first in the register of members shall be entitled to receive this notice, to attend and exercise all the voting powers attached to such share at the Domestic Shareholders' Class Meeting or any adjourned meeting thereof (as the case may be), and this notice shall be deemed to be given to all joint holders of such share.
9. References to time and dates in this notice are to Hong Kong time and dates.

* *For identification purposes only*