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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)

**INSIDE INFORMATION
UPDATES ON PROPOSED CEMENT ASSETS RESTRUCTURING
AND
PROPOSED MERGER BY ABSORPTION**

**FIRST SUPPLEMENTAL AGREEMENT IN RELATION TO THE PROPOSED MERGER
BY ABSORPTION**

On 28 December 2022, Ningxia Building Materials entered into the First Supplemental Agreement to the Merger Agreement with CNBM Technology, in relation to amendment to terms of the Proposed Merger by Absorption regarding the Pricing Reference Date, the Issue Price of the Consideration Shares, and the Exercise Price of the Put Option etc.

**SHARE SUBSCRIPTION AGREEMENT IN RELATION TO THE PROPOSED PLACING
BY NINGXIA BUILDING MATERIALS**

On 28 December 2022, Ningxia Building Materials entered into the Share Subscription Agreement with Sinoma Group, in relation to Sinoma Group's participation in the Proposed Placing by Ningxia Building Materials as a specific placee.

This announcement is made by the Company pursuant to Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule13.09 of the Listing Rules.

Reference is made to the announcements of the Company dated 14 April 2022, 15 April 2022 and 28 April 2022 in relation to the Proposed Cement Assets Restructuring and the Proposed Merger by Absorption (the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

On 28 December 2022, Ningxia Building Materials entered into the first supplemental agreement to the merger by absorption agreement (the “**First Supplemental Agreement to the Merger Agreement**”), in relation to amendment to terms of the Proposed Merger by Absorption regarding the Pricing Reference Date, the Issue Price of the Consideration Shares, and the Exercise Price of the Put Option etc. The reason for the amendment is due to that Ningxia Building Materials expects it is unable to issue the notice to convene its shareholders’ general meeting and announce the documents including the merger report, and thus needs to adjust the transaction plan of merger by absorption in order to re-fix the pricing of share issue price using the updated pricing reference date.

On 28 December 2022, Ningxia Building Materials entered into a share subscription agreement (“**Share Subscription Agreement**”) with China National Materials Group Corporation Ltd.* (中國中材集團有限公司) (“**Sinoma Group**”), in relation to Sinoma Group’s participation in the Proposed Placing by Ningxia Building Materials as a specific placee.

PRINCIPAL TERMS OF THE FIRST SUPPLEMENTAL AGREEMENT TO THE MERGER AGREEMENT

Date

28 December 2022

Parties

- (1) Merging entity: Ningxia Building Materials (a subsidiary of the Company)
- (2) Merged entity: CNBM Technology

Amendment to the terms of the Proposed Merger by Absorption

	Terms before amendment	Terms after amendment
Pricing Reference Date	28 April 2022 (“ Original Pricing Reference Date ”)	28 December 2022 (“ Updated Pricing Reference Date ”)

	Terms before amendment	Terms after amendment
Issue Price of the Consideration Shares	RMB14.14, as determined in accordance with the principle that the Issue Price will not be lower than the average trading price of Ningxia Building Materials' shares in the 20 trading days prior to the Original Pricing Reference Date and the most recent audited net assets per share attributable to the parent company as holders common shares of Ningxia Building Materials. (Note 1)	RMB13.60, as determined in accordance with the principle that the Issue Price will not be lower than the average trading price of Ningxia Building Materials' shares in the 20 trading days prior to the Updated Pricing Reference Date and the most recent audited net assets per share attributable to the parent company as holders common shares of Ningxia Building Materials.
Adjustment mechanism of the Issue Price:	If there is any ex-right or ex-dividend event, such as distribution of dividend, bonus issue, and transfer to share capital from capital reserve, by Ningxia Building Materials during the period commencing on the Original Pricing Reference Date and ending on the date of deregistration of all the shares in CNBM Technology held by its shareholders in exchange for the issued Consideration Shares, the Issue Price will be adjusted accordingly. (Note 1)	If there is any ex-right or ex-dividend event, such as distribution of dividend, bonus issue, and transfer to share capital from capital reserve, by Ningxia Building Materials during the period commencing on the Updated Pricing Reference Date and ending on the date of deregistration of all the shares in CNBM Technology held by its shareholders in exchange for the issued Consideration Shares, the Issue Price will be adjusted accordingly.
Exercise Price of the Put Option	RMB13.78, as determined with reference to the average trading price of Ningxia Building Materials' shares in the 20 trading days prior to the Original Pricing Reference Date. (Note 2)	RMB12.59, as determined with reference to the average trading price of Ningxia Building Materials' shares in the 20 trading days prior to the Updated Pricing Reference Date.

	Terms before amendment	Terms after amendment
Adjustment mechanism of the Exercise Price of the Put Option:	If there is any ex-right or ex-dividend event, such as distribution of dividend, bonus issue, and transfer to share capital from capital reserve, by Ningxia Building Materials during the period commencing on the Original Pricing Reference Date and ending on the exercise date of the Put Option, the above Exercise Price of the Put Option will be adjusted accordingly. (Note 2)	If there is any ex-right or ex-dividend event, such as distribution of dividend, bonus issue, and transfer to share capital from capital reserve, by Ningxia Building Materials during the period commencing on the Updated Pricing Reference Date and ending on the exercise date of the Put Option, the above Exercise Price of the Put Option will be adjusted accordingly.

*Note 1: After considering the cash dividend of RMB5.4 (tax included) distributed to all shareholders of Ningxia Building Materials for every 10 shares as approved by the 2021 annual general meeting of Ningxia Building Materials, with the ex-dividend date being 30 May 2022 (the “**2021 Dividend Distribution**”), the Issue Price of the Consideration Shares has been adjusted to RMB13.60 per share according to the terms before amendment.*

Note 2: After considering the 2021 Dividend Distribution, the Exercise Price of the Put Option has been adjusted to RMB13.24 per share according to the terms before amendment.

PRINCIPAL TERMS OF THE SHARE SUBSCRIPTION AGREEMENT

Date

28 December 2022

Parties

(1) Issuer: Ningxia Building Materials (a subsidiary of the Company)

(2) Subscriber: Sinoma Group

Participation in the Proposed Placing by Ningxia Building Materials

Sinoma Group will participate in the Proposed Placing by Ningxia Building Materials as a specific place, with details set out below:

<p>(1) Issue price of the Proposed Placing</p>	<p>The Proposed Placing of Ningxia Building Materials will adopt book building process. The pricing date is the first day of the issuance period of the Proposed Placing of Ningxia Building Materials, and the issue price is not lower than 80% of the average trading price of Ningxia Building Materials shares in the 20 trading days before the first day of the issuance period (“Floor Price”).</p> <p>The final issue price of the Proposed Placing of Ningxia Building Materials will be negotiated and determined between the independent financial advisor (lead underwriter) and the board of directors of Ningxia Building Materials in accordance with the authorization of the general meeting of shareholders, in accordance with relevant laws and regulations, and based on the book building results after the Proposed Placing of Ningxia Building Materials has been approved by the China Securities Regulatory Commission (“CSRC”).</p> <p>Sinoma Group agrees not to participate in the book building process of the Proposed Placing of Ningxia Building Materials, but undertakes to accept the book building results and subscribe for the shares to be allotted in the Proposed Placing of Ningxia Building Materials at the same price as other investors. If there is no issue price discovered (due to there being situations such as no purchase quotation or no effective quotation) through the book building of the Proposed Placing of Ningxia Building Materials, Sinoma Group undertakes to subscribe for the shares to be allotted in the Proposed Placing of Ningxia Building Materials at the Floor Price.</p>
<p>(2) Target of subscription</p>	<p>common shares in Ningxia Building Materials denominated in RMB, with a par value of RMB1.00 each</p>
<p>(3) Subscription amount, subscription quantity and method</p>	<p>Sinoma Group intends to participate in the subscription of shares by cash in the Proposed Placing of Ningxia Building Materials, with a total subscription price is RMB60.06 million, and the actual number of shares subscribed is calculated by dividing the total subscription price of Sinoma Group of its participation in the Proposed Placing of Ningxia Building Materials by the final issue price.</p>

<p>(4) Lock-up period</p>	<p>After the completion of the Proposed Placing of Ningxia Building Materials, the shares subscribed by Sinoma Group in the Proposed Placing of Ningxia Building Materials will not be transferable within 18 months from the completion date of the issuance. The shares derived from the shares subscribed by Sinoma Group in the Proposed Placing of Ningxia Building Materials due to Ningxia Building Materials' bonus issue, rights issue and transfer to share capital from capital reserve, etc. should also be subject to the above-mentioned share lock-up arrangements. After the end of lock-up period, the transfer and dealing of the shares subscribed by Sinoma Group in the Proposed Placing of Ningxia Building Materials shall be handled in accordance with the then effective laws and regulations and the rules of the Shanghai Stock Exchange.</p> <p>The above lock-up period is subject to the latest rules or requirements issued by the CSRC or the Shanghai Stock Exchange from time to time.</p>
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INFORMATION ON THE RELEVANT PARTIES

Please refer to the Announcements for the information on the Company, Ningxia Building Materials, CNBM Technology and Tianshan Cement.

Sinoma Group is a wholly-owned subsidiary of the Parent and is principally engaged in businesses of research and development, developing, designing, production and project contracting of non-metallic materials

This announcement is made by the Company pursuant to Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Further announcement(s) will be made by the Company as and when appropriate.

WARNING

Shareholders of the Company should be aware that the Proposed Transactions are still under discussion and not yet confirmed. The implementation of the Proposed Transactions will be subject to, among other things, approval by the competent regulatory authorities and fulfilment of applicable requirements under the Listing Rules. There are still uncertainties as to whether any definitive agreement will be entered into or whether such transactions will materialise or be completed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Beijing, the PRC
28 December 2022

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

** For identification purposes only*