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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)

**ANNOUNCEMENT**

- (1) CONTINUING CONNECTED TRANSACTIONS AND MAJOR TRANSACTION;**  
**(2) CONTINUING CONNECTED TRANSACTIONS AND DISCLOSEABLE TRANSACTION;**  
**(3) PROPOSED CHANGE OF BUSINESS SCOPE; AND**  
**(4) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

**ENTERING INTO NEW PARENT FRAMEWORK AGREEMENTS BETWEEN THE COMPANY AND THE PARENT**

On 28 October 2022, the Company entered into the Master Agreement on Purchase of Mineral, Master Agreement on Mutual Provision of Products and Services, Master Agreement on Purchase of Equipment, Master Agreement on Mutual Provision of Engineering Services and Master Agreement on Housing Leasing regarding the Continuing Connected Transactions between the Group and the Parent Group for the period from 1 January 2023 to 31 December 2025 to renew the Original Master Agreement on Purchase of Mineral, Original Master Agreement on Mutual Provision of Products and Services, Original Master Agreement on Purchase of Equipment, Original Master Agreement on Provision of Engineering Services and Original Master Agreement on Housing Leasing, respectively.

## **ENTERING INTO FINANCIAL SERVICES FRAMEWORK AGREEMENT BETWEEN THE COMPANY AND FINANCE COMPANY**

On 28 October 2022, the Company entered into the Financial Services Framework Agreement with Finance Company regarding the continuing connected transactions of financial services between the Group and Finance Company for the period from 1 January 2023 to 31 December 2025 to renew the Original Financial Services Framework Agreement.

## **ENTERING INTO LOAN FRAMEWORK AGREEMENT BETWEEN TIANSHAN CEMENT AND CNBM CHIZHOU**

On 28 October 2022, Tianshan Cement, a subsidiary of the Company, entered into the Loan Framework Agreement with CNBM Chizhou, pursuant to which, Tianshan Cement has conditionally agreed to provide loans to CNBM Chizhou.

## **LISTING RULES IMPLICATIONS AND INDEPENDENT SHAREHOLDERS' APPROVAL**

The Parent holds directly and indirectly 44.30% of the issued share capital of the Company as at the date of this announcement and is a controlling shareholder of the Company. Therefore, members of the Parent Group (including Finance Company and the Connected Subsidiaries of the Company) constitute connected persons of the Company, and the transactions contemplated under the New Parent Framework Agreements, the Financial Services Framework Agreement and the Loan Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

Based on the new annual caps for the continuing connected transactions with the Parent Group under the Master Agreement on Purchase of Mineral, Master Agreement on Purchase of Equipment and Master Agreement on Housing Leasing and the new annual caps for the continuing connected transactions of supply of engineering services to the Parent Group under the Master Agreement on Mutual Provision of Engineering Services, certain applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules are higher than 0.1% but less than 5%. As a result, the continuing connected transactions with the Parent Group under the Master Agreement on Purchase of Mineral, Master Agreement on Purchase of Equipment and Master Agreement on Housing Leasing and the continuing connected transactions of supply of engineering services to the Parent Group under the Master Agreement on Mutual Provision of Engineering Services are exempt from the independent shareholders' approval requirement under Rule 14A.76 of the Listing Rules and are only subject to the reporting and announcement requirements under the Listing Rules.

Based on the new annual caps for the continuing connected transactions with the Parent Group under the Master Agreement on Mutual Provision of Products and Services, the new annual caps for the continuing connected transactions of procurement of engineering services from the Parent Group under the Master Agreement on Mutual Provision of Engineering Services and the annual caps for the continuing connected transactions with CNBM Chizhou under the Loan Framework Agreement, one or more of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules are higher than 5%. As a result, the continuing connected transactions with the Parent Group under the Master Agreement on Mutual Provision of Products and Services, the continuing connected transactions of procurement of engineering services from the Parent Group under the Master Agreement on Mutual Provision of Engineering Services and the continuing connected transactions with CNBM Chizhou under the Loan Framework Agreement are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The loan transactions contemplated under the Loan Framework Agreement will also constitute a discloseable transaction which are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules but are exempt from shareholders' approval requirement.

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

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

The Company expects that, regarding other financial services under the Financial Services Framework Agreement, the terms of such services will be on normal commercial terms or better. As one or more of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules for the caps on the total fees payable by the Group to Finance Company in respect of such services are more than 0.1% but less than 5%, such services to be provided by Finance Company to the Group are subject to the reporting and announcement requirements but are exempt from independent shareholders' approval requirement pursuant to Rule 14A.76 of the Listing Rules.

The transactions under the Master Agreement on Mutual Provision of Products and Services, the transactions of the procurement of engineering services from the Parent Group under the Master Agreement on Mutual Provision of Engineering Services, the deposit services transactions under the Financial Services Framework Agreement and the loan transactions under the Loan Framework Agreement and their respective proposed annual caps will be subject to the Independent Shareholders' approval at the EGM. The Parent and its associates will abstain from voting on the relevant resolutions to approve the above at the EGM. An Independent Board Committee comprising all the independent non-executive Directors (who have no material interest in the Master Agreement on Mutual Provision of Products and Services, the Master Agreement on Mutual Provision of Engineering Services, the Financial Services Framework Agreement and the Loan Framework Agreement) has been established to advise and provide recommendation to the Independent Shareholders on the terms of the transactions under the Master Agreement on Mutual Provision of Products and Services, the transactions of the procurement of engineering services from the Parent Group under the Master Agreement on Mutual Provision of Engineering Services, the deposit services transactions under the Financial Services Framework Agreement and the loan transactions under the Loan Framework Agreement and their respective proposed annual caps, and to advise the Independent Shareholders on how to vote. Donvex Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

#### **PROPOSED CHANGE OF BUSINESS SCOPE AND PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

In order to meet the business needs of the Company, the Company intends to add the business relating to the manufacturing and sales of membrane materials, the production and sales of graphite-related products, the research and development, manufacturing and sales of machinery equipments, etc. into its business scope in accordance with the regulations of the Beijing Municipal Administration for Market Regulation. As certain of the expressions in original business scope of the Company have been revised or deleted by the Beijing Municipal Administration for Market Regulation, the Board proposes to accordingly change the overall business scope of the industrial and commercial registration while adding the above businesses. The proposed amendments to the Articles of Association will be subject to the approval of the Shareholders by special resolution at the EGM.

A circular containing, among other things, details of the Master Agreement on Mutual Provision of Products and Services, the Master Agreement on Mutual Provision of Engineering Services, the Financial Services Framework Agreement and the Loan Framework Agreement, a letter from the Independent Board Committee, a letter from the Independent Financial Adviser, the proposed amendments to the Articles of Association and the notice of the EGM will be despatched to the Shareholders of the Company on or around 25 November 2022, as more time is needed to finalise the content of the circular.

# **I. ENTERING INTO NEW PARENT FRAMEWORK AGREEMENTS BETWEEN THE COMPANY AND THE PARENT**

## **Introduction**

Reference is made to the announcement of the Company dated 30 September 2019 in relation to the renewal of and entering into continuing connected transaction framework agreements between the Company and the Parent. The Original Master Agreement on Purchase of Mineral, Original Master Agreement on Mutual Provision of Products and Services, Original Master Agreement on Purchase of Equipment, Original Master Agreement on Provision of Engineering Services and Original Master Agreement on Housing Leasing governing such continuing connected transactions will expire on 31 December 2022. As the Group intends to continue to conduct such continuing connected transactions for the three years ending 31 December 2025, on 28 October 2022, the Company and the Parent entered into the Master Agreement on Purchase of Mineral, Master Agreement on Mutual Provision of Products and Services, Master Agreement on Purchase of Equipment, Master Agreement on Mutual Provision of Engineering Services and Master Agreement on Housing Leasing to renew the Original Master Agreement on Purchase of Mineral, Original Master Agreement on Mutual Provision of Products and Services, Original Master Agreement on Purchase of Equipment and Original Master Agreement on Provision of Engineering Services, respectively.

## **Principal Terms of the New Parent Framework Agreements**

The term of each of the New Parent Framework Agreements is three years commencing from 1 January 2023:

### **1. *Master Agreement on Purchase of Mineral***

- |                                  |   |
|----------------------------------|---|
| (i) Parties:                     | The Company<br>The Parent   |
| (ii) Description of transaction: | Purchase of ores (limestone ore and clay ore required for the production of cement, including limestone, clastic limestone and clay) from the Parent Group. |

(iii) Basis of pricing: The price of the ores will be determined based on the following priorities:

- (a) the market price available from or to independent third parties on arm's length basis based on normal commercial terms in the ordinary and usual course of business in the same or nearby area, or in the PRC, and the current prices will be monitored, revised and adjusted in accordance with the changes in market prices from time to time so as to be in line with the markets. The Group will seek quotes from two or more comparable independent third parties through public tender or price inquiry. When using the method of public tender, the Group will issue the information in relation to the potential transactions, and obtain the bidding documents and details of their qualification and pricing from the independent third parties. When using the method of price inquiry, the Group will obtain quotes from two or more suppliers as independent third parties; and
- (b) the price based on the actual costs incurred plus a reasonable profit with reference to the general range of profit in the industry, and will be determined on terms not less favourable than those sold by independent third parties to the Group or sold by the Parent Group to independent third parties. The Group will determine whether the profit margin is in line with the market practice with reference to the historical average price in relation to minerals and other products (to the extent available) issued by relevant industrial associations and/or the profit margin of comparable products disclosed by other listed companies.

## **2. *Master Agreement on Mutual Provision of Products and Services***

- (i) Parties:                   The Company  
                                      The Parent
  
- (ii) Description of       (a) Purchase of certain products and services from  
transaction:               the Parent Group. These products include raw  
                                      materials and commodities (including grinding  
                                      aid, spare parts, refractory materials, coal, etc.).  
                                      The services to be purchased include repair,  
                                      design and installation of equipment, technology  
                                      services, property management services,  
                                      logistics services and others.  
  
                                      (b) Supply of certain products and services to the  
                                      Parent Group. These products include raw  
                                      materials and commodities (including clinker,  
                                      cement, lightweight building materials, etc.).  
                                      The services to be supplied include the supply  
                                      of water, electricity and steam services, logistics  
                                      services and others.
  
- (iii) Basis of pricing: The prices of the products and services to be  
                                      purchased or supplied by the Group shall be based on  
                                      the following priorities:
  - (a) the prices prescribed by the price control  
                                      authorities of the PRC;
  
  - (b) if the prices mentioned in (a) above are not  
                                      available, the guided prices issued by the  
                                      relevant PRC government authorities;



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

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

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



- c.2 While providing products or services to the Parent Group, the Group will charge to the Parent Group the same price as to the independent third party in accordance with the internal practice. The Group will make reference to the price of comparable products charged to two or more independent third parties in the same or nearby area, or in the PRC prior to the negotiation of the applicable price with the Parent Group; and
- (d) if none of the prices mentioned in (a), (b) and (c) above is available, the prices will be determined based on the actual costs incurred in providing the same products and services plus a reasonable profit with reference to the general range of profit in the industry, and (i) the prices of products or services purchased by the Group from the Parent Group will be determined on terms not less favourable to the Group than those provided by independent third parties to the Group or provided by the Parent Group to independent third parties; (ii) the prices of products or services provided by the Group to the Parent Group will be determined on terms that are no more favourable to the Group than those provided by the Group to independent third parties or provided by independent third parties to the Parent Group. The Group will determine whether the profit margin is in line with the market practice with reference to the historical average price in relation to relevant products (to the extent available) issued by the relevant industrial associations and/or the profit margin of comparable products and services disclosed by other listed companies.

### **3. *Master Agreement on Purchase of Equipment***

- (i) Parties:                   The Company  
                                  The Parent
  
- (ii) Description of       Purchase of equipment (roller press machine, waste  
transaction:               heat power generation equipment, equipment required  
                                  under thin-film solar power engineering project  
                                  and other auxiliary equipment, plate making line  
                                  equipment for gypsum board production lines, drying  
                                  machine and other auxiliary equipment) from the  
                                  Parent Group for use in the production of the Group.
  
- (iii) Basis of Pricing: The price of the equipment to be purchased will be  
                                  determined based on the following priorities:
  - (a) the market price available from or to  
independent third parties on arm's length  
basis based on normal commercial terms in  
the ordinary and usual course of business in  
the same or nearby area, or in the PRC, and  
the current prices will be monitored, revised  
and adjusted in accordance with the changes in  
market prices from time to time so as to be in  
line with the markets. The Group will seek quotes  
from two or more comparable independent third  
parties through public tender or price inquiry.  
When using the method of public tender, the  
Group will issue the information in relation to  
the potential transaction and obtain the bidding  
documents as well as details of the qualification  
and pricing from the independent third parties.  
When using the method of price inquiry, the  
Group will obtain quotes from two or more  
suppliers as independent third parties; and
  
  - (b) the price based on the actual costs incurred  
plus a reasonable profit with reference to the  
general range of profit in the industry, and will  
be determined on terms not less favourable  
than those sold by independent third parties  
to the Group or sold by the Parent Group to  
independent third parties. The Group will  
determine whether the profit margin is in line  
with the market practice with reference to the  
historical average price in relation to relevant  
products (to the extent available) issued by the  
relevant industrial associations and/or the profit  
margin of comparable products disclosed by  
other listed companies.

#### **4. *Master Agreement on Mutual Provision of Engineering Services***

- (i) Parties:                   The Company  
                                  The Parent
  
- (ii) Description of       (a) Procurement of engineering design, construction  
    transaction:                   and supervisory services from the Parent Group.  
  
                                  (b) Provision of engineering design, construction  
                                  and supervisory services to the Parent Group.
  
- (iii) Basis of Pricing:   The price of the engineering services to be procured  
                                  from or provided to the Parent Group by the Group  
                                  will be determined based on the following priorities:
  - (a) determined by the relevant guided prices issued  
    by the relevant PRC government authorities,  
    being the prices agreed by both parties within  
    the range as stipulated by applicable PRC  
    laws and regulations. As for the guided prices  
    issued by the PRC government authorities,  
    the state-prescribed fees and guided prices  
    are applicable to water, electricity and coal,  
    which are related to the cost of such products  
    and services and published by the relevant  
    PRC government authorities from time to  
    time. According to the Pricing Law of the  
    PRC, the PRC government may implement  
    state-prescribed or guided price for specific  
    products and services, if necessary, and such  
    price will be promulgated in accordance with  
    the requirements of relevant laws, regulations  
    or administrative rules from time to time. If  
    any state-prescribed price or guided price  
    becomes available to the agreement in the  
    future, the parties will execute such price first  
    in accordance with the pricing principle of the  
    agreement;

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

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

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

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

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

## **5. *Master Agreement on Housing Leasing***

- (i) Parties:                   The Company  
                                  The Parent
  
- (ii) Description of        Provision of housing leasing services by the Group  
transaction:               to the Parent Group, and provision of housing leasing  
                                  services by the Parent Group to the subsidiaries of the  
                                  Company.
  
- (iii) Basis of Pricing:   The rent of the housing to be tenanted or leased by  
                                  the Group shall be based on the following priorities:
  - (a) the market price available from or to independent  
third parties on arm's length basis based on  
normal commercial terms in the ordinary and  
usual course of business in the same or nearby  
area, or in the PRC.
    - a.1 While leasing houses from the Parent Group  
to the subsidiaries of the Company, we  
will take into consideration the following  
factors: (i) prevailing market rent of  
similar properties in the vicinity that are  
used for similar purposes; (ii) rent recently  
negotiated by the Company on arm's length  
basis with independent third party owners  
of similar properties in the vicinity; and (iii)  
the conditions of the properties, including  
but not limited to their locations and  
ancillary facilities.

a.2 While leasing houses to the Parent Group, we will take into consideration the following factors: (i) prevailing market rent of similar properties in the vicinity that are used for similar purposes; (ii) rent recently negotiated by the Company on arm's length basis with independent third party tenants of similar properties in the vicinity; and (iii) the conditions of the properties, including but not limited to their locations and ancillary facilities.

(b) if the price mentioned in (a) above is not available, the price will be determined based on the actual costs of house depreciated in a stipulated period of time plus a reasonable profit, and (i) the price of leasing houses from the Parent Group to the subsidiaries of the Company will be determined on terms not less favourable than those provided by independent third parties to the Group or provided by the Parent Group to independent third parties; (ii) the price of leasing houses to the Parent Group will be determined on terms not more favourable than those provided by independent third parties to the Parent Group or provided by the Group to independent third parties.



## The New Annual Caps and Basis of Determination

Details of the new annual caps of each of the Continuing Connected Transactions with the Parent Group (numbered 1, 2a, 2b, 3, 4a, 4b, 5a and 5b) for the three years ending 31 December 2025 are as follows:

### 1. *Purchase of limestone, clastic limestone and clay from the Parent Group pursuant to the Master Agreement on Purchase of Mineral*

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2022
Historical transaction amounts <i>(in RMB million)</i>	75.950	176.850	7.040 (historical transaction amount for the first six months ended 30 June 2022)
			430.461 (estimated transaction amount for the last six months ended 31 December 2022)
Previous annual caps <i>(in RMB million)</i>	520.360	531.970	544.960
	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2025
New annual caps <i>(in RMB million)</i>	216.444	223.340	224.304

Basis of determination of the new annual caps

The new annual caps are determined based on: (i) the actual transaction amounts for the two years ended 31 December 2021 and the first six months ended 30 June 2022 and the estimated transaction amount for the last six months ended 31 December 2022; (ii) the Group's anticipation and comparison of the supply and demand in the mineral market, and the Group's anticipated production volume of cement in the period from 2023 to 2025.

**2a. Purchase of products and services from the Parent Group pursuant to the Master Agreement on Mutual Provision of Products and Services**

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2022
Historical transaction amounts <i>(in RMB million)</i>	781.580	2,495.340	1,826.290 (historical transaction amount for the first six months ended 30 June 2022)
			6,846.710 (estimated transaction amount for the last six months ended 31 December 2022)
Previous annual caps <i>(in RMB million)</i>	2,592.960	2,601.970	8,673.000 <sup>(1)</sup>

*Note:*

- (1) The adjusted annual caps were disclosed in the announcement of the Company dated 10 October 2022.

	<b>For the year ended 31 December 2023</b>	<b>For the year ended 31 December 2024</b>	<b>For the year ended 31 December 2025</b>
New annual caps ( <i>in RMB million</i> )	14,753.794	15,444.541	16,489.793

Basis of determination of the new annual caps

The new annual caps are determined based on: (i) the actual transaction amounts for the two years ended 31 December 2021 and the first six months ended 30 June 2022 and the estimated transaction amount for the last six months ended 31 December 2022; (ii) the Company's anticipated requirement for the logistics services to be provided to the Group by Saima IOT, a Connected Subsidiary of the Company, with a total amount of approximately RMB3.5 billion in 2022, and the anticipated further growth in the business needs in the next three years; (iii) the anticipated continued procurement of engineering spare parts products and distributed control system renovation services from Sinoma International (which will become a Connected Subsidiary of the Company upon completion of the restructuring transaction of the acquisition of Hefei Institute, and the transactions of the procurement of relevant products and services by the Group (excluding Sinoma International and its subsidiaries) from it will become continuing connected transactions) in the next three years, with transaction amounts of RMB423.7 million, RMB405.0 million and RMB224.1 million for the past three years, respectively; the anticipated procurement of coal resources in large quantity from CNBM International Corporation, a subsidiary of the parent company, in the next three years; and (iv) the Group's anticipated demand for raw materials required for production, equipment, technology services, logistics services and property management services in the future by taking into account the existing scale and anticipated growth of relevant business segments of the Group.

**2b. Provision of products and services to the Parent Group pursuant to the Master Agreement on Mutual Provision of Products and Services**

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2022
Historical transaction amounts <i>(in RMB million)</i>	753.910	929.160	754.670 (historical transaction amount for the first six months ended 30 June 2022)
			652.082 (estimated transaction amount for the last six months ended 31 December 2022)
Previous annual caps <i>(in RMB million)</i>	1,149.230	1,426.520	1,569.950

	<b>For the year ended 31 December 2023</b>	<b>For the year ended 31 December 2024</b>	<b>For the year ended 31 December 2025</b>
New annual caps ( <i>in RMB million</i> )	3,091.808	3,348.952	4,379.097

Basis of determination of the new annual caps

The new annual caps are determined based on: (i) the actual transaction amounts for the two years ended 31 December 2021 and the first six months ended 30 June 2022 and the estimated transaction amount for the last six months ended 31 December 2022; (ii) the anticipated continued provision of logistics services by Saima IOT to the Parent Group in the next three years, with significant growth in transaction scale; (iii) the Group's anticipated continued provision of products and services to Sinoma International (which will become a Connected Subsidiary of the Company upon completion of the restructuring transaction of the acquisition of Hefei Institute, and the transactions of the provision of products and services by the Group (excluding Sinoma International and its subsidiaries) to it will become continuing connected transactions) in the next three years, with transaction amounts of RMB205.3 million, RMB233.7 million and RMB77.5 million for the past three years, respectively; (iv) the future business integration of Sinoma International, and the planned conduct of dual carbon, energy conservation and emission reduction business, as well as the anticipated provision of energy conservation products and services to the Parent Group in the next three years; and (v) the Group's anticipation and comparison of the supply and demand in the products and services market, and the Group's anticipated production volume of products in the period from 2023 to 2025.

### 3. *Purchase of equipment from the Parent Group pursuant to the Master Agreement on Purchase of Equipment*

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2022
Historical transaction amounts <i>(in RMB million)</i>	594.300	1,338.840	862.060 (historical transaction amount for the first six months ended 30 June 2022)  514.128 (estimated transaction amount for the last six months ended 31 December 2022)
Previous annual caps <i>(in RMB million)</i>	1,432.670	1,388.570	1,383.030
	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2025
New annual caps <i>(in RMB million)</i>	1,533.420	1,266.920	1,130.320

Basis of determination of the new annual caps

The new annual caps are determined based on: (i) the actual transaction amounts for the two years ended 31 December 2021 and the first six months ended 30 June 2022 and the estimated transaction amount for the last six months ended 31 December 2022; and (ii) the Group's anticipated demand for production, equipment renovation plan for the future by taking into account the existing scale and anticipated growth of relevant business segments of the Group.

**4a. Provision of Engineering Services to the Parent Group pursuant to the Master Agreement on Mutual Provision of Engineering Services**

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2022
Historical transaction amounts <i>(in RMB million)</i>	1,136.420	105.480	1.350 (historical transaction amount for the first six months ended 30 June 2022)
			1,690.700 (estimated transaction amount for the last six months ended 31 December 2022)
Previous annual caps <i>(in RMB million)</i>	2,001.800	1,904.200	1,692.050



	<b>For the year ended 31 December 2023</b>	<b>For the year ended 31 December 2024</b>	<b>For the year ended 31 December 2025</b>
New annual caps ( <i>in RMB million</i> )	1,167.338	1,248.787	1,345.562

Basis of determination of the  
new annual caps

The new annual caps are determined based on: (i) the actual transaction amounts for the two years ended 31 December 2021 and the first six months ended 30 June 2022 and the estimated transaction amount for the last six months ended 31 December 2022; (ii) considering the provision of engineering services by Hefei Institute, as a subsidiary of Sinoma International, to the Parent Group upon the completion of the restructuring transaction of the acquisition of Hefei Institute by Sinoma International, coupled with the future expansion of Sinoma International's business scale and the growth in energy conservation and environmental protection and energy conservation examination and testing business against the dual carbon backdrop; and (iii) the plan for the provision of engineering services and construction by the Group in the future and the business opportunities anticipated by taking into account the existing scale and anticipated growth of relevant business requirements of the Parent Group.

**4b. Procurement of Engineering Services from the Parent Group pursuant to the Master Agreement on Mutual Provision of Engineering Services**

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2022
Historical transaction amounts <i>(in RMB million)</i> <sup>1</sup>	6,292.202	9,115.837	3,916.026 (historical transaction amount for the first six months ended 30 June 2022)  5,496.619 (estimated transaction amount for the last six months ended 31 December 2022)
Previous annual caps <i>(in RMB million)</i>	N/A	N/A	N/A

<sup>1</sup> The historical transaction amounts calculated here represent the historical transaction amounts for the procurement of engineering services by the Group (excluding Sinoma International and its subsidiaries) from Sinoma International and its subsidiaries (including Hefei Institute, which will become a wholly-owned subsidiary of Sinoma International upon the completion of the restructuring transaction of the acquisition of Hefei Institute).

	<b>For the year ended 31 December 2023</b>	<b>For the year ended 31 December 2024</b>	<b>For the year ended 31 December 2025</b>
New annual caps ( <i>in RMB million</i> )	10,236.633	11,347.807	12,133.646

Basis of determination of  
the new annual caps

The new annual caps take into account the Company's ongoing restructuring transaction of Sinoma International's acquisition of Hefei Institute. After the completion of restructuring, it is expected that Building Materials Academy, a wholly-owned subsidiary of China National Building Material Group, will hold approximately 15.66% of the shares of Sinoma International, exceeding 10%, and Sinoma International will become a Connected Subsidiary of the Company. At that time, the continuing transactions between Sinoma International and its subsidiaries (including Hefei Institute, which will become a wholly-owned subsidiary of Sinoma International upon the completion of the above restructuring), and the Company and its subsidiaries (excluding Sinoma International and its subsidiaries) will become continuing connected transactions. Accordingly, the annual caps for the next three years take into account the existing scale and anticipated growth of the business demand related to the procurement of engineering services from Sinoma International and its subsidiaries, the future engineering services to be provided by Sinoma International and its subsidiaries and the construction planning and anticipated business opportunities.

**5a. Tenant of housing from the Parent Group pursuant to the Master Agreement on Housing Leasing**

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2022
Historical transaction amounts (the total value of the right-of-use assets involved in the housing operation lease to be entered into by the subsidiaries of the Company as lessee) <i>(in RMB million)</i>	0.690	1.320	32.030 (historical transaction amount for the first six months ended 30 June 2022)
			810.58 (estimated transaction amount for the last six months ended 31 December 2022)
Previous annual caps (the total value of the right-of-use assets involved in the housing operation lease to be entered into by the Group as lessee) <i>(in RMB million)</i>	842.610	842.610	842.610
	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2025
New annual caps (the total value of the right-of-use assets involved in the housing operation lease to be entered into by the Group as lessee) <i>(in RMB million)</i>	53.350	57.350	61.350

Basis of determination of  
the new annual caps

The new annual caps are determined based on (i) the actual transaction amounts for the year ended 31 December 2021 and the first six months ended 30 June 2022 and the estimated transaction amount from 1 July 2022 to 31 December 2022; (ii) the current and future rental needs of the Group. According to the New Leasing Standards, certain houses which the subsidiaries of the Company will be tenanted from the Parent Group will be recognized as right-of-use assets. The value of right-of-use assets is determined after considering the lease renewal option, and calculating the total rent of the future years based on the estimated period of use of the houses, as well as by applying the incremental borrowing rate of the Company as the discount rate to discount the estimated total rent of the future years. For the three years ending 31 December 2025, the total value of right-of-use assets of the newly-tenanted housing to be leased from the Parent Group is estimated to be RMB53.350 million, RMB57.350 million and RMB61.350 million, respectively, and the annual caps were set accordingly.

***5b. Rental of housing to the Parent Group pursuant to the Master Agreement on Housing Leasing***

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2022
Historical transaction amounts <i>(in RMB million)</i>	48.340	6.380	6.350 (historical transaction amount for the first six months ended 30 June 2022)
			73.65 (estimated transaction amount for the last six months ended 31 December 2022)

	<b>For the year ended 31 December 2020</b>	<b>For the year ended 31 December 2021</b>	<b>For the year ended 31 December 2022</b>
Previous annual caps <i>(in RMB million)</i>	80.000	80.000	80.000
	<b>For the year ended 31 December 2023</b>	<b>For the year ended 31 December 2024</b>	<b>For the year ended 31 December 2025</b>
New annual caps <i>in (RMB million)</i>	103.691	118.577	138.872

Basis of determination of the  
new annual caps

The new annual caps are determined based on (i) the actual transaction amount for the two years ended 31 December 2021 and the first six months ended 30 June 2022 and estimated transaction amount for the last six months ended 31 December 2022; (ii) the Parent Group's leasing of office premises from the Group due to its business development need with the anticipated transaction amount to be close to the annual cap in 2022, and considering the current and future lease needs of the Parent Group.

## **Internal Control Mechanism**

The Group has the following internal control mechanism in place to ensure the individual transactions are conducted within the New Parent Framework Agreements:

1. The Group employs and maintains separate business, operation and accounting personnel of its own from the Parent Group. There is clear segregation of approval authority and duty between the parties.
2. The Company's Finance Department will perform check on transactions entered into under the New Parent Framework Agreements for every half year to ensure compliance with pricing policies and that the annual caps are not exceeded.
3. The annual caps are set based on the estimated transaction amount reported by the members of the Group. While carrying out the specific connected transactions under the Continuing Connected Transactions with the Parent Group, the relevant member of the Group carrying out the specific connected transactions will monitor the actual transaction amount and report to the Company if the actual transaction amount exceeds the estimated transaction amount forming the basis of the annual caps. The Company will monitor at the Group level to confirm that the aggregated transaction amounts are within the annual caps.
4. The Company's external auditors will conduct an annual review of the transactions entered into under the New Parent Framework Agreements to confirm the transaction amounts are within the annual caps and the transactions are entered into in accordance with the terms set out in the relevant framework agreements in all material respects.
5. In accordance with the Listing Rules, the independent non-executive Directors will also perform an annual review of the terms of Continuing Connected Transactions with the Parent Group to confirm that the pricing policy and the annual caps remain fair and reasonable and that appropriate internal control procedures are in place, and will confirm so each year in the annual report published by the Company.



## **Reasons for and Benefits of Entering into New Parent Framework Agreements with the Parent**

The Continuing Connected Transactions with the Parent Group are a continuation of the existing continuing connected transactions of the Company (other than the procurement of engineering services from the Parent Group) and these transactions are conducted in order to meet the operational and business development needs of the Group. When conducting the procurement transaction with the Parent Group, the Company has comprehensively considered the competitive edges of the Parent Group, including its qualification, experience, quality, industrial advantages and other factors, which are conducive to meeting the needs of the Company. The sales transactions between the Company and the Parent Group increased the Company's revenue subject to the normal commercial payments that are fair and reasonable. The Company has well-established cooperation foundation and smooth communication with the Parent Group, which is conducive to the implementation and furtherance of the transactions.

The Directors (for the continuing connected transactions under the Master Agreement on Mutual Provision of Products and Services, the continuing connected transactions of procurement of engineering services from the Parent Group under the Master Agreement on Mutual Provision of Engineering Services, and their respective proposed annual caps, excluding independent non-executive Directors whose view will be given after taking into account the advice from the Independent Financial Adviser) consider that the Continuing Connected Transactions with the Parent Group are on normal commercial terms or better and entered into in the ordinary and usual course of business of the Group, and the terms of these transactions and their respective proposed annual caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Given this and the fact that the purpose of the Continuing Connected Transactions with the Parent Group is to satisfy the operational and business development needs of the Group, the Directors consider that it is beneficial for the Company to carry out the Continuing Connected Transactions with the Parent Group.

## **Information Relating to the Parent Group and the Company**

### ***The Parent***

The Parent is a state-owned limited liability company engaged in building material business in the PRC.

### ***The Company***

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

### ***Saima IOT***

Saima IOT is a controlled subsidiary of Ningxia Building Materials, a subsidiary of the Company, which is mainly engaged in the research and development, sales, system integration and technical services of software and hardware in the field of computer technology; Internet information technology services; provision of intelligent factory construction services; logistics business process management services, cargo transportation agency services, transportation vehicles leasing, wholesale and retail of oil and gas, and wholesale and retail of auto aftermarket products.

### ***Sinoma International***

Sinoma International is a subsidiary of the Company, and is principally engaged in engineering technology services, operation and maintenance services, equipment manufacturing, environmental protection and other businesses. Its A-shares are listed and traded on the Shanghai Stock Exchange (stock code: 600970).

### **Implications of the Continuing Connected Transactions with the Parent Group under the Listing Rules**

The Parent holds directly and indirectly 44.30% of the issued share capital of the Company as at the date of this announcement and is therefore a controlling shareholder of the Company, accordingly, each of the Parent and its subsidiaries constitutes a connected person of the Company under the Listing Rules.

As at the date of this announcement, as the Parent indirectly holds 10% equity interest in Saima IOT, a subsidiary of the Company, through China National Building Materials Import and Export Corporation. Accordingly, each of Saima IOT and its subsidiaries constitutes a Connected Subsidiary of the Company under the Listing Rules.

Given the Company's ongoing restructuring transaction of Sinoma International's acquisition of Hefei Institute, it is expected that after the completion of the restructuring, Building Materials Academy, a wholly-owned subsidiary of China National Building Material Group, will hold approximately 15.66% of the shares of Sinoma International, exceeding 10%, and therefore each of Sinoma International and its subsidiaries will become a Connected Subsidiary of the Company after the completion of the restructuring.

Based on the new annual caps for the continuing connected transactions with the Parent Group under the Master Agreement on Purchase of Mineral, Master Agreement on Purchase of Equipment and Master Agreement on Housing Leasing and the new annual caps for the continuing connected transactions of supply of engineering services to the Parent Group under the Master Agreement on Mutual Provision of Engineering Services, certain applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules are higher than 0.1% but less than 5%. As a result, the continuing connected transactions with the Parent Group under the Master Agreement on Purchase of Mineral, Master Agreement on Purchase of Equipment and Master Agreement on Housing Leasing and the continuing connected transactions of supply of engineering services to the Parent Group under the Master Agreement on Mutual Provision of Engineering Services are exempt from the independent shareholders' approval requirement under Rule 14A.76 of the Listing Rules and are only subject to the reporting and announcement requirements under the Listing Rules.

Based on the new annual caps for the continuing connected transactions with the Parent Group under the Master Agreement on Mutual Provision of Products and Services and the new annual caps for the continuing connected transactions of procurement of engineering services from the Parent Group under the Master Agreement on Mutual Provision of Engineering Services, one or more of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules are higher than 5%. As a result, the continuing connected transactions with the Parent Group under the Master Agreement on Mutual Provision of Products and Services and the continuing connected transactions of procurement of engineering services from the Parent Group under the Master Agreement on Mutual Provision of Engineering Services are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **II. ENTERING INTO FINANCIAL SERVICES FRAMEWORK AGREEMENT**

### **Introduction**

Reference is made to the announcement of the Company dated 30 September 2019 in relation to the Original Financial Services Framework Agreement entered into between the Company and Finance Company. The Original Financial Services Framework Agreement governing these continuing connected transactions will expire on 31 December 2022. The Group intends to continue to conduct the above continuing connected transactions for the three years ending 31 December 2025 which will constitute continuing connected transactions with Finance Company pursuant to the Financial Services Framework Agreement.

## Principal Terms of the Financial Services Framework Agreement

On 28 October 2022, the Company and Finance Company entered into the Financial Services Framework Agreement for a term of three years commencing from 1 January 2023:

- (i) Parties: The Company  
Finance Company
- (ii) Description of transaction: Finance Company has agreed to provide the Group with deposit services, loan services and other financial services approved by the CBIRC (such as bills acceptance and discounting services, assistance in achieving the collection and payment of the transactional proceeds, clearing and settlement services, financial advisory services, credit authentication and related consulting and agency services) on a non-exclusive basis.
- (iii) Basis of pricing: When determining the price for any financial services to be provided as specific transactions to be entered into between the Group and Finance Company pursuant to the Financial Services Framework Agreement, the Group will obtain quotes of interest rate during the same period, fees and terms from at least two general commercial banks in the PRC located in the same or adjacent regions. The Group will compare the quotes so obtained with the corresponding terms proposed by Finance Company and:
  - (a) if the interest rate, fees and terms proposed by Finance Company are more favourable than those proposed by such PRC general commercial banks, the Group will engage Finance Company; and
  - (b) as a matter of principle, the Group will give priority to using the services of Finance Company if Finance Company and such PRC general commercial banks offer equivalent terms and conditions. The Group has discretion to engage one or more of such PRC general commercial banks as its financial service providers as it thinks fit and beneficial to the Group.

In practice, the Finance Department of the Company will be in charge of obtaining the quotes. If such quotes are more favourable to the Group than the price proposed to be charged by Finance Company, the Finance Department will report such fact to the Finance Director of the Company. Such information will be used by the Group for re-negotiating the price with Finance Company.

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

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

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

(c) **Other financial services:** During anytime, the terms and conditions for provision of other financial services by Finance Company to the Group will not be less favourable than: (i) the terms and conditions for provision of services of the same type by Finance Company to members of the Parent Group; and (ii) the terms and conditions for provision of services of the same type by PRC general commercial banks to the Group. The services fees charged by Finance Company for provision of other financial services to the Group will be in accordance with the standard of fees set by the PBOC or the CBIRC (if applicable). According to the above principle, such services fees will not be higher than: (i) the fees charged by Finance Company to members of the Parent Group for providing services of the same type during the same period under the same conditions; and (ii) the fees charged to the Group by PRC general commercial banks in the PRC for services of the same type during the same period under the same conditions. The settlement services provided by Finance Company to the Group will be free of charge.

(iv) Capital Risk Control Measures: Pursuant to the Financial Services Framework Agreement, Finance Company made the following undertakings to the Group to manage the related capital risks:

- (a) the statutory deposit reserve ratio of Finance Company will not be lower than the minimum permitted by the PBOC at any time;
- (b) Finance Company will not use deposits placed by the Group for high-risk investments;
- (c) a daily report of the Group's deposit balance with Finance Company for every business day will be delivered by Finance Company to the Finance Director of the Company before 17:00 on the following business day;
- (d) if Finance Company encounters payment difficulties, the Parent will increase the capital investment in Finance Company accordingly to meet its actual needs to overcome such difficulties;

- (e) Finance Company will provide a copy of regulatory reports submitted to the CBIRC to the Company; and
- (f) a monthly financial statement of Finance Company will be provided to the Company on or before the seventh business day following the end of each month.
- (v) Payment: The consideration for the transactions contemplated under the Financial Services Framework Agreement will be paid in accordance with separate agreements for specific transactions.

### **New Annual Caps and Basis of Determination**

Details of the new annual caps of each of the continuing connected transactions with Finance Company for the three years ending 31 December 2025 are as follows:

#### ***Proposed Deposit Caps***

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2022
Historical maximum daily deposit balance (including accrued interests) ( <i>RMB million</i> )	10,800	9,900	13,700 (historical maximum daily deposit balance for the first six months ended 30 June 2022)
			16,000 (estimated transaction amount for the last six months ended 31 December 2022)
Previous annual caps (maximum daily deposit balance, including accrued interests) ( <i>RMB million</i> )	16,800	17,800	18,800



	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2025
Proposed new Deposit Caps (maximum daily deposit balance, including accrued interests) ( <i>RMB million</i> )	18,800	20,400	22,000

Basis of determination of the proposed new Deposit Caps

In determining the proposed maximum daily deposit balance (including accrued interests) in the Group's account with Finance Company during the term of the Financial Services Framework Agreement, the Board has considered the following factors: (i) the maximum daily deposit balance of the deposit services provided by Finance Company to the Group under the Original Financial Services Framework Agreement for the two years ended 31 December 2021 and for the first six months ended 30 June 2022, and the estimated maximum daily deposit balance for the last six months ended 31 December 2022. The Group's deposit funds in Finance Company are approaching the caps. Judging from the changes in the balance of deposits in recent years, it is expected that the balance of the Group's deposits in Finance Company will further increase in the future; (ii) the business development and financial status of the Group; and (iii) the competitive interest rates of deposits in Finance Company. The negotiated deposit interest rate of Finance Company has increased to the ceiling of 1.9% as regulated by the PBOC. On the premise of regulatory compliance, the deposit interest rates of Finance Company are generally not lower than the rates offered to the Group by general commercial banks in China for similar deposits under the same conditions and the same period; (iv) Finance Company may provide high-quality services to the Group. New companies and companies with general cooperation with banks may enjoy the relatively high deposit rates provided by Finance Company; (v) Finance Company exempts the members from settlement fees. Finance Company will set up a settlement center and provide settlement services for the Group free of charge and shall ensure the safe operation of the fund settlement network, safeguard the safety of funds, control the risk of assets and liabilities and meet the payment needs of the Group; (vi) meeting the deposits needs of new subsidiaries of the Group.

***Caps on total fees for other financial services***

	<b>For the year ended 31 December 2020</b>	<b>For the year ended 31 December 2021</b>	<b>For the year ending 31 December 2022</b>
Historical transaction amounts ( <i>RMB million</i> )	0.07	0.17	0.14 (historical transaction amount for the first six months ended 30 June 2022)
			299.86 (estimated transaction amount for the last six months ended 31 December 2022)
Previous annual caps ( <i>RMB million</i> )	300	300	300

	<b>For the year ended 31 December 2023</b>	<b>For the year ended 31 December 2024</b>	<b>For the year ended 31 December 2025</b>
New annual caps ( <i>RMB million</i> )	100	100	100

Basis of determination of the  
new annual caps

In determining the caps on total fees for other financial services provided by Finance Company to the Group during the term of the Financial Services Framework Agreement, the Board has considered the following factors: (i) the total fees for other financial services provided by Finance Company to the Group under the Original Financial Services Framework Agreement for the two years ended 31 December 2021 and for the first six months ended 30 June 2022, and estimated amount for the last six months ended 31 December 2022; (ii) the business development and financial status of the Group.

## **Internal Control Mechanism**

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

1. The Group employs and maintains separate business, operation and accounting personnel of its own from Finance Company. There is clear segregation of approval authority and duty between the parties.
2. The Company's Finance Department will perform quarterly check on transactions entered into under the Financial Services Framework Agreement to ensure compliance with pricing policies and the annual caps are not exceeded.
3. The annual caps are set based on the estimated transaction amount reported by the members of the Group. While carrying out the specific connected transactions under the Financial Services Framework Agreement, the relevant members of the Group carrying out the specific connected transactions will monitor the actual transaction amounts and report to the Company if the actual transaction amount exceeds the estimated transaction amount forming the basis of the annual caps. The Company will monitor at the Group level to confirm that the aggregated transaction amounts are within the annual caps.
4. The Company's external auditors will conduct an annual review of the transactions entered into under the Financial Services Framework Agreement to confirm the transaction amounts are within the annual caps and the transactions are entered into in accordance with the terms set out in the Financial Services Framework Agreement in all material respects.
5. In accordance with the Listing Rules, the independent non-executive Directors will also perform an annual review of the terms of continuing connected transactions under the Financial Services Framework Agreement to confirm that the pricing policy and the annual caps remain fair and reasonable and that appropriate internal control procedures are in place, and will confirm so each year in the annual report published by the Company.

## **Reasons for and Benefits of Entering into the Financial Services Framework Agreement with Finance Company**

1. The interest rates for deposit services and fees for other financial services provided by Finance Company will be equivalent to or more favourable to the Group than those provided by PRC general commercial banks, which avails the Group to a stable source of financial services in its ordinary course of business.
2. The Financial Services Framework Agreement is non-exclusive and does not limit the Group's choice in engaging any banks or financial institutions to satisfy its need for financial services. The entering into the Financial Services Framework Agreement will simply avail the Group to one more service provider and encourage all financial services providers to offer more competitive terms to the Group.
3. The Group will be able to use Finance Company as a medium between the Company and its subsidiaries to more effectively allocate funds among its subsidiaries and manage its existing capital and cash flow.
4. The Group expects to benefit from Finance Company's better understanding of the Group's operations. Such understanding will enable Finance Company to offer more favourable, diversified and flexible financial services than third-party commercial banks.
5. By combining its own advantages as a financial institution and collaborating with banks' financial resources, Finance Company can effectively adjust the types and structure of financing and reduce the Group's comprehensive financing costs through the establishment of banking consortiums, etc.

The Directors (for the deposit services transactions and the proposed Deposit Caps, excluding independent non-executive Directors whose view will be given after taking into account the advice from the Independent Financial Adviser) consider that the continuing connected transaction contemplated under the Financial Services Framework Agreement are on normal commercial terms or better and entered into in the ordinary and usual course of business of the Group, and the terms of these transactions and their respective proposed annual caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **Information about the Company and Finance Company**

### ***The Company***

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

### ***Finance Company***

Finance Company, a limited liability company incorporated under the laws of the PRC, was established in the PRC as a non-banking financial institution in April 2013. It is licensed and regulated by the CBIRC and is engaged in the provision of financial services which principally include acceptance of deposits, loans, bills acceptance and discounting services and clearing and settlement services.

Finance Company has a registered capital of RMB2,500 million and is a 58.33% held subsidiary of the Parent, and the other 41.67% is held by the Company.

For the six months ended 30 June 2022, Finance Company has a capital adequacy ratio of approximately 13.53% (the regulatory requirement is not lower than 10%), and has a non-performing asset ratio of 0%, which is better as compared to the average levels in the finance company industry in the PRC for the six months ended 30 June 2022 of 0.455% (Note).

*Note:* Statistics for the six months ended 30 June 2022 were provided by CNAFC.

## **Implications of Continuing Connected Transactions with Finance Company under the Listing Rules**

The Parent holds directly and indirectly 44.30% of the issued share capital of the Company as at the date of this announcement and is therefore a controlling shareholder of the Company. Finance Company is a subsidiary of the Parent, and is therefore a connected person of the Company and the transactions contemplated under the Financial Services Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

### ***Deposit Services***

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

### ***Loan Services***

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

### ***Other Financial Services***

The Company expects that the terms of such services will be on normal commercial terms or better. As one or more of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules for the caps on the total fees payable by the Group to Finance Company in respect of such services are more than 0.1% but less than 5%, such services to be provided by Finance Company to the Group are subject to the reporting and announcement requirements but are exempt from independent shareholders' approval requirement pursuant to Rule 14A.76 of the Listing Rules.

### **III. ENTERING INTO LOAN FRAMEWORK AGREEMENT BETWEEN TIANSHAN CEMENT AND CNBM CHIZHOU**

#### **Introduction**

On 28 October 2022, Tianshan Cement, a subsidiary of the Company, entered into the Loan Framework Agreement with CNBM Chizhou, pursuant to which, Tianshan Cement conditionally agreed to provide loans to CNBM Chizhou. Such transactions will constitute continuing connected transactions with CNBM Chizhou pursuant to the Loan Framework Agreement.

#### **Principal Terms of the Loan Framework Agreement**

The principal terms of the Loan Framework Agreement are set out as follows:

Parties	(1) Tianshan Cement (as the Lender); and  (2) CNBM Chizhou (as the Borrower)
Subject matter	In the event that the Lender successfully issues convertible corporate bonds and raises funds, it will provide loans to the Borrower for the construction of the public mineral products transportation corridor project of the Borrower in Guichi District, and provide loans according to the construction progress of the project.
Effective conditions	The Loan Framework Agreement shall come into force from (i) signing and stamping by the respective legal representatives or authorised representatives of both parties, and (ii) the date of the occurrence of the first actual loan under the agreement.
Term of the Loan Framework Agreement	Three years from the effective date of the Loan Framework Agreement.
Security	The specific loans to be made under the Loan Framework Agreement are intended to be secured by guarantees, including but not limited to: (i) a guarantee by the Borrower with its assets; and (ii) a guarantee by other shareholders of the Borrower who have not provided financial assistance in proportion to their shareholdings.

Principal and accrued interest amount of the Loan Framework Agreement	The Lender will, based on the principle of marketization, charge interest from the Borrower at the fair market level, and the interest rate (i) shall not be lower than the inter-bank loan prime rate calculated and published by the National Inter-bank Funding Center as authorised by the People's Bank of China on the date of entering into specific agreement; and (ii) shall not be lower than the financing cost of the Lender's public issuance of convertible corporate bonds. Both parties shall separately sign specific loan agreement in accordance with the terms and conditions set forth in the framework agreement. The specific interest rate and payment method will be specified in the loan contract officially signed by both parties.
Repayment of loans and payment of interest	Upon expiry of the term of specific loan made under the Loan Framework Agreement, the Borrower shall pay off the principal and interest of the loan in cash.

### **Annual Caps and Basis of Determination**

The Company expects that during the term of the Loan Framework Agreement, the maximum daily balance (including accrued interest) of the loans to be provided by Tianshan Cement to CNBM Chizhou will be RMB2,600 million. In calculating such cap, the Directors have taken into account the scale of convertible bonds issued by Tianshan Cement, the construction scale of CNBM Chizhou's project and its corresponding capital demand, its own funds and the estimated future profit, etc.

### **Internal Control Mechanism**

To ensure that the transactions contemplated under the Loan Framework Agreement will be conducted in accordance with the terms and conditions thereof, the internal audit department of the Company will review the transactions entered into between Tianshan Cement and CNBM Chizhou on a periodic basis to ensure that (i) the transactions are conducted in accordance with the terms of the Loan Framework Agreement; (ii) the pricing terms are in accordance with the pricing policy of the Loan Framework Agreement and the policy of the Group; and (iii) the annual caps have not been exceeded.



The transactions contemplated under the Loan Framework Agreement are subject to the review by the independent non-executive Directors on an annual basis, who will confirm in the annual report whether the transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or more favorable ones; and (iii) in accordance with the Loan Framework Agreement on terms that are fair and reasonable and in the interests of the Shareholders as a whole. In addition, the transactions will also be subject to the review on an annual basis by the auditors of the Group, who will confirm to the Directors as to whether there is anything which has come to their attention that causes them to believe that such continuing connected transactions: (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and (iv) have exceeded the annual caps.

### **Reasons for and Benefits of Entering into the Loan Framework Agreement with CNBM Chizhou**

The loan to be provided by Tianshan Cement for CNBM Chizhou will be used for the construction of the public mineral product transportation corridor project in Guichi District.

The Directors (excluding independent non-executive Directors whose view will be given after taking into account the advice from the Independent Financial Adviser) consider that the continuing connected transaction contemplated under the Loan Framework Agreement are on normal commercial terms or better and entered into in the ordinary and usual course of business of the Group, and the terms of these transactions and their respective proposed annual caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### **Information about the Parties**

#### ***Tianshan Cement***

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

## ***CNBM Chizhou***

CNBM Chizhou is a non-wholly owned subsidiary of the Company and is principally engaged in production and sales of new building materials and products, composite materials and products, building stones, sand and gravel and aggregates.

### **Implications of the Continuing Connected Transactions with CNBM Chizhou under the Listing Rules**

The Parent holds directly and indirectly 44.30% of the issued share capital of the Company as at the date of this announcement and is therefore a controlling shareholder of the Company. Accordingly, each of the Parent and its subsidiaries constitutes connected person(s) of the Company under the Listing Rules.

As at the date of this announcement, as the Parent indirectly holds 10% equity interest in CNBM Chizhou, a subsidiary of the Company, through CNBM (Anhui) Non-metallic Mining Industry Co., Ltd., accordingly, each of CNBM Chizhou and its subsidiaries constitutes Connected Subsidiary(ies) of the Company under the Listing Rules.

Based on the annual caps for the continuing connected transactions with CNBM Chizhou under the Loan Framework Agreement, one or more of the applicable percentage ratios (other than the profit ratio) under Rule 14.07 of the Listing Rules is(are) higher than 5% but less than 25%. As a result, the continuing connected transactions with CNBM Chizhou under the Loan Framework Agreement are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The loan transactions contemplated under the Loan Framework Agreement will also constitute a discloseable transaction, which are subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval requirement and under Chapter 14A of the Listing Rules.

#### IV. PROPOSED CHANGE OF BUSINESS SCOPE

In order to meet the business needs of the Company, the Company intends to add the business relating to the manufacturing and sales of membrane materials, the production and sales of graphite-related products, the research and development, manufacturing and sales of machinery equipments, etc. into its business scope in accordance with the regulations of the Beijing Municipal Administration for Market Regulation. As certain of the expressions in original business scope of the Company have been revised or deleted by the Beijing Municipal Administration for Market Regulation, the Board proposes to change the overall business scope of the industrial and commercial registration while adding the above businesses. The proposed amendments to the Articles of Association will be subject to the approval of the Shareholders by special resolution at the EGM.

Details of change of the Company's business scope are as follows:

<b>Before the change</b>	<b>After the change</b>
Dispatching labourers overseas required by overseas projects in line with its strength, scale and performance	Overseas labor service cooperation
Technology research and development, manufacturing and sale of new style building materials and related products, new style housing, cement and related products, glass fiber and related products, and composite material and related products	New style building materials manufacturing (excluding dangerous chemicals); building materials sales; non-metallic mineral products manufacturing; non-metallic minerals and products sales; light building materials manufacturing; light building materials sales; cement products sales; glass fiber and products manufacturing; glass fiber and products sales; high-performance fiber and composite materials manufacturing; high-performance fiber and composite materials sales; research and development of new materials technology

## Before the change

## After the change

Storage, delivery and distribution of building material

General goods warehouse service (excluding projects of hazardous chemicals and other projects requiring approval); road cargo transportation (excluding dangerous goods); domestic freight forwarder; urban delivery and transportation services (excluding dangerous goods)

Technology research and development, project design and general project contracting of cement and glass production lines; project design and general project contracting of new style building materials

Industrial engineering design services; construction engineering design; engineering construction; engineering management services

Technology consultation and information services relating to the aforesaid businesses

Technical service, technical development, technical consultation, technical exchange, technical transfer, technical promotion

Contracting for engineering survey, consultation, design and supervision as well as engineering for overseas building material, construction and light textile industries

Contracting overseas projects

Import and export business

Import and export of goods; import and export agency; import and export of technology

New membrane materials manufacturing;  
New membrane materials sales

Graphite and carbon products manufacturing;  
graphite and carbon products sales;  
mineral washing and processing

Machinery and equipment research and development; manufacturing of the specialized machinery of building materials production; machinery and equipment sales; machinery and equipment leasing

The proposed change of business scope is conditional upon the following conditions being satisfied:

- (i) passing of special resolution by the Shareholders of the Company at the general meeting of the Company to approve the change of business scope; and
- (ii) obtaining all the necessary approvals from the Beijing Municipal Administration for Market Regulation for the change of business scope.

The application for and filing of change and registration with the Beijing Municipal Administration for Market Regulation will be made by the Company after the passing of the relevant special resolution at the EGM. The proposed change of business scope will take effect from the date on which the business licence in relation to the amended business scope is issued by the Beijing Municipal Administration for Market Regulation.

## **V. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

In view of the proposed change of the Company's business scope, the Board proposes to amend the Articles of Association as follows:

### **(I) Amendments to Article 2.2 of the Articles of Association**

The original article:

The business scope of the Company shall be as approved by the company registration authorities.

The business scope of the Company is: technology research and development, manufacturing and sale of new style building materials and related products, new style housing, cement and related products, glass fiber and related products, technology research and development, and production and sales of composite material and related products; storage, delivery and distribution of building material; technology research and development, project design and general project contracting of cement and glass production lines; project design and general project contracting of new style building materials; and technology consultation and information services relating to the aforesaid businesses; contracting for engineering survey, consultation, design and supervision as well as engineering for overseas building material, construction and light textile industries; import and export business. Dispatching labourers overseas required by overseas projects in line with its strength, scale and performance.

The article after amendments:

The business scope of the Company shall be as approved by the company registration authorities.

The business scope of the Company is: new style building materials manufacturing (excluding dangerous chemicals); building materials sales; non-metallic mineral products manufacturing; non-metallic minerals and products sales; light building materials manufacturing; light building materials sales; cement products sales; glass fiber and products manufacturing; glass fiber and products sales; high-performance fiber and composite materials manufacturing; high-performance fiber and composite materials sales; research and development of new materials technology; industrial engineering design services; construction engineering design; engineering construction; engineering management services; contracting overseas projects; technical service, technical development, technical consultation, technical exchange, technical transfer, technical promotion; general goods warehouse service (excluding projects of hazardous chemicals and other projects requiring approval); road cargo transportation (excluding dangerous goods); domestic freight forwarder; urban delivery and transportation services (excluding dangerous goods); new membrane materials manufacturing; new membrane materials sales; graphite and carbon products manufacturing; graphite and carbon products sales; mineral washing and processing; machinery and equipment research and development; manufacturing of the specialized machinery of building materials production; machinery and equipment sales; machinery and equipment leasing; import and export of goods; import and export agency; import and export of technology; overseas labor service cooperation.

The business scope as referred to above shall be subject to the approval of registration by the Beijing Municipal Administration for Market Regulation.

Save for the aforementioned article, the contents of other articles in the Articles of Association remain unchanged.

The Articles of Association are prepared in Chinese. In the event of any discrepancy between the English translation and the Chinese version, the Chinese version shall prevail.

The proposed amendments to the Articles of Association is subject to the approval of the Shareholders at the EGM by way of a special resolution.

## **VI. APPROVAL BY THE BOARD**

As Mr. Zhou Yuxian and Mr. Chang Zhangli (executive Directors), and Mr. Li Xinhua, Mr. Wang Yumeng and Mr. Peng Shou (non-executive Directors) are deemed to have a material interest in the New Parent Framework Agreements, the Financial Services Framework Agreement and the Loan Framework Agreement as they held positions in the Parent and its controlled companies. They have abstained from voting on the relevant Board resolutions. Except for the above Directors, none of the Directors has a material interest in the transactions contemplated under the New Parent Framework Agreements, the Financial Services Framework Agreement and the Loan Framework Agreement or is required to abstain from voting on the relevant Board resolutions. In addition, the Board has authorized any one of the executive Directors to approve and confirm the deposit service transactions and its caps under the Financial Services Framework Agreement, and all other matters incidental thereto or in connection therewith, as he/she may in his discretion consider as desirable and to be in the interests of the Company, within the scope of authority of the Board.

## **VII. INDEPENDENT SHAREHOLDERS' APPROVAL**

The transactions under the Master Agreement on Mutual Provision of Products and Services and their caps, the transactions of the procurement of engineering services from the Parent Group under the Master Agreement on Mutual Provision of Engineering Services and their caps, the deposit services and proposed Deposit Caps under the Financial Services Framework Agreement, the loan transactions and proposed Loan Caps under the Loan Framework Agreement and the proposed amendments to the Articles of Association will be subject to the Independent Shareholders' approval at the EGM. The Parent and its associates will abstain from voting on the relevant resolutions to approve the transactions under the Master Agreement on Mutual Provision of Products and Services and their caps, the transactions of the procurement of engineering services from the Parent Group under the Master Agreement on Mutual Provision of Engineering Services and their caps, the deposit services and proposed Deposit Caps under the Financial Services Framework Agreement and the loan transactions and proposed Loan Caps under the Loan Framework Agreement at the EGM.

An Independent Board Committee comprising all the independent non-executive Directors (who have no material interest in the Master Agreement on Mutual Provision of Products and Services, the Master Agreement on Mutual Provision of Engineering Services, the Financial Services Framework Agreement and the Loan Framework Agreement) has been established to advise and provide recommendation to the Independent Shareholders on the terms of the transactions under the Master Agreement on Mutual Provision of Products and Services, the transactions of the procurement of engineering services from the Parent Group under the Master Agreement on Mutual Provision of Engineering Services, the deposit service transactions under the Financial Services Framework Agreement



and the loan transactions under the Loan Framework Agreement and their respective proposed annual caps, and to advise the Independent Shareholders on how to vote.

Donvex Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, details of the Master Agreement on Mutual Provision of Products and Services, the Master Agreement on Mutual Provision of Engineering Services, the Financial Services Framework Agreement and the Loan Framework Agreement, a letter from the Independent Board Committee, a letter from the Independent Financial Adviser, the proposed amendments to the Articles of Association and the notice of the EGM will be despatched to the Shareholders of the Company on or around 25 November 2022, as more time is needed to finalise the content of the circular.

## DEFINITIONS

“associate(s)”	has the meaning given to it in the Listing Rules
“Board”	the board of directors of the Company
“Building Materials Academy”	China Building Materials Academy Co., Ltd* (中國建築材料科學研究總院有限公司), a wholly owned subsidiary of the Parent
“CBIRC”	China Banking and Insurance Regulatory Commission* (中國銀行保險監督管理委員會)
“CNAFC”	China National Association of Finance Company (中國財務公司協會)
“CNBM Chizhou”	CNBM Chizhou New Materials Co., Ltd.*, a subsidiary of the Company
“Company”	中國建材股份有限公司(China National Building Material Company Limited*), a joint stock limited company incorporated under the laws of the PRC, the H shares of which are listed on the Stock Exchange
“Connected Subsidiary(ies)”	has the meaning given to it in the Listing Rules



“Continuing Connected Transactions with the Parent Group”	the partially-exempted continuing connected transactions to be entered into between the Group and the Parent Group for the three years ending 31 December 2025 comprising transactions contemplated under each of the New Parent Framework Agreements
“Deposit Cap(s)”	the proposed maximum daily balance of deposits including accrued interest placed by the Group with Finance Company during the term of the Original Financial Services Framework Agreement and the Financial Services Framework Agreement, as the case may be
“Director(s)”	directors of the Company
“Donvex Capital Limited” or “Independent Financial Adviser”	“Donvex Capital Limited”, a licensed corporation to carry out regulated activities as defined under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms and proposed annual caps of the Master Agreement on Mutual Provision of Products and Services, the Master Agreement on Mutual Provision of Engineering Services, Financial Services Framework Agreement, Loan Framework Agreement and their respective transactions contemplated thereunder (as far as the Financial Services Framework Agreement is concerned, it refers to deposit services only, and as far as the Master Agreement on Mutual Provision of Engineering Services is concerned, it refers to procurement of engineering services only)
“EGM”	the extraordinary general meeting to be convened by the Company for the purpose of considering and, if thought fit, approving, among others, the transactions under the Master Agreement on Mutual Provision of Products and Services, the transactions of procurement of engineering services from the Parent Group under the Master Agreement on Mutual Provision of Engineering Services, the deposit services transactions under the Financial Services Framework Agreement and the loan transactions under the Loan Framework Agreement and their respective proposed annual caps, as well as the proposed amendments to the Articles of Association

“Finance Company”	China National Building Material Group Finance Co., Ltd. (中國建材集團財務有限公司), a limited liability company incorporated under the laws of the PRC
“Financial Services Framework Agreement”	the framework agreements for provision of financial services entered into between the Company and Finance Company on 28 October 2022
“Group”	the Company and its subsidiaries from time to time
“Hefei Institute”	Hefei Cement Research & Design Institute Corporation Ltd.* (合肥水泥研究設計院有限公司), a wholly owned subsidiary of Building Materials Academy
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of independent non-executive Directors, consisting of Mr. Sun Yanjun, Mr. Liu Jianwen, Mr. Zhou Fangsheng, Mr. Li Jun and Ms. Xia Xue, which has been formed to advise the Independent Shareholders in relation to the transactions under the Master Agreement on Mutual Provision of Products and Services, the transactions of procurement of engineering services from the Parent Group under the Master Agreement on Mutual Provision of Engineering Services, the deposit services transactions under the Financial Services Framework Agreement, the loan transactions under the Loan Framework Agreement and their respective proposed annual caps
“Independent Shareholders”	the shareholders of the Company other than the Parent and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan Cap(s)”	the proposed maximum daily loan balance (including accrued interest) to be provided by Tianshan Cement to CNBM Chizhou during the term of the Loan Framework Agreement
“Loan Framework Agreement”	the framework agreement entered into between Tianshan Cement and CNBM Chizhou on the provision of loans on 28 October 2022

“Master Agreement on Housing Leasing”	the Master Agreement on Housing Leasing entered into between the Company and the Parent on 28 October 2022
“Master Agreement on Mutual Provision of Engineering Services”	the Master Agreement on Mutual Provision of Engineering Services entered into between the Company and the Parent on 28 October 2022
“Master Agreement on Mutual Provision of Products and Services”	the Master Agreement on Mutual Provision of Products and Services entered into between the Company and the Parent on 28 October 2022
“Master Agreement on Purchase of Equipment”	the Master Agreement on Purchase of Equipment entered into between the Company and the Parent on 28 October 2022
“Master Agreement on Purchase of Mineral”	the Master Agreement on Purchase of Mineral entered into between the Company and the Parent on 28 October 2022
“New Parent Framework Agreements”	Master Agreement on Purchase of Mineral, Master Agreement on Mutual Provision of Products and Services, Master Agreement on Purchase of Equipment, Master Agreement on Mutual Provision of Engineering Services and Master Agreement on Housing Leasing
“Original Financial Services Framework Agreement”	the Financial Services Framework Agreement entered into between the Company and Finance Company on 30 September 2019
“Original Master Agreement on Mutual Provision of Products and Services”	the Master Agreement on Mutual Provision of Products and Services entered into between the Company and the Parent on 30 September 2019
“Original Master Agreement on Provision of Engineering Services”	the Master Agreement on Provision of Engineering Services entered into between the Company and the Parent on 30 September 2019
“Original Master Agreement on Purchase of Equipment”	the Master Agreement on Purchase of Equipment entered into between the Company and the Parent on 30 September 2019
“Original Master Agreement on Purchase of Mineral”	the Master Agreement on Purchase of Mineral entered into between the Company and the Parent on 30 September 2019

“Parent”	中國建材集團有限公司(China National Building Material Group Corporation*), a state-owned limited liability company incorporated under the laws of the PRC and a controlling shareholder of the Company
“Parent Group”	collectively Parent and its subsidiaries (excluding the Group, but including Connected Subsidiaries of the Company)
“PBOC”	The People’s Bank of China* (中國人民銀行)
“RMB”	Renminbi, the lawful currency of the PRC
“PRC”	the People’s Republic of China excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement
“Saima IOT”	Saima IOT Technology (Ningxia) Co., Ltd.* (賽馬物聯科技(寧夏)有限公司)
“Shareholder(s)”	holder(s) of ordinary shares of the Company
“Sinoma International”	Sinoma International Engineering Co., Ltd.* (中國中材國際工程股份有限公司), a company whose A-shares are listed and traded on the Shanghai Stock Exchange (stock code: 600970)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianshan Cement”	Xinjiang Tianshan Cement Co., Ltd.* (新疆天山水泥股份有限公司), a subsidiary of the Company
“%”	per cent

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

Beijing, the PRC  
28 October 2022

*As at the date of this announcement, the board of directors of the Company comprises Mr. Zhou Yuxian, Mr. Chang Zhangli, Mr. Xiao Jiayang and Mr. Wang Bing as executive directors, Mr. Li Xinhua, Mr. Wang Yumeng, Mr. Peng Shou, 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