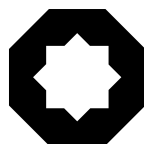


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CNBM

China National Building Material Company Limited^{*}

中國建 材 股 份 有 限 公 司

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

(Stock Code: 3323)

**CONNECTED TRANSACTION
ESTABLISHMENT OF JOINT VENTURE**

On 25 October 2024, Sinoma Handan, NRDI (an indirect subsidiary of the Company), BNBM (a subsidiary of the Company) and Buckfon Industrial entered into a Capital Contribution Agreement, pursuant to which the parties agreed to establish the Joint Venture in Handan, Hebei Province, the PRC.

The registered capital of the Joint Venture is RMB80.00 million, of which Sinoma Handan, NRDI, BNBM and Buckfon Industrial have agreed to subscribe RMB40.80 million, RMB17.60 million, RMB8.00 million and RMB13.60 million, respectively, representing 51%, 22%, 10% and 17% of the registered capital of the Joint Venture, respectively.

As the Parent has a direct and indirect equity interest of approximately 45.0192% in aggregate in the Company, it is a substantial shareholder of the Company. The Parent indirectly controls approximately 17.31% equity interest in Sinoma International (excluding the equity interest held through the Company). Therefore, Sinoma International is a connected subsidiary of the Company, and Sinoma Handan, as a subsidiary of Sinoma International, constitutes a connected person of the Company. Therefore, the establishment of the Joint Venture by Handan Sinoma, NRDI, BNBM and Buckfon Industrial constitutes a connected transaction of the Company. As one or more applicable percentage ratios as defined under Rule 14.07 of the Listing Rules are higher than 0.1%, but all applicable percentage ratios are less than 5%, pursuant to Rule 14A.76(2)(a) of the Listing Rules, the entering into of the Capital Contribution Agreement and the establishment of the Joint Venture thereunder are exempt from the circular and shareholders' approval requirements and are only subject to the announcement and reporting requirements under the Listing Rules.

1. INTRODUCTION

On 25 October 2024, Sinoma Handan, NRDI (an indirect subsidiary of the Company), BNBM (a subsidiary of the Company) and Buckfon Industrial entered into the Capital Contribution Agreement, pursuant to which the parties agreed to establish the Joint Venture in Handan, Hebei Province, the PRC.

2. PRINCIPAL TERMS OF THE CAPITAL CONTRIBUTION AGREEMENT

Date

25 October 2024

Parties

(1) Sinoma Handan;

(2) NRDI;

(3) BNBM; and

(4) Buckfon Industrial.

Nature of the Transaction

The parties agreed to establish the Joint Venture in Handan, Hebei Province, the PRC to make use of Handan's "retreat from the city to the suburbs" policy and the self-owned technology of NRDI to utilize local solid waste raw materials such as coal gangue and slag and invest in the construction of an industrial production line project for rock fiber boards with an annual output of 50,000 tons in Handan Fuxing Economic Development Zone (the "**Project**").

Information of Joint Venture

1. Company Name

Sinoma (Handan) New Material Co., Ltd. (中材(邯鄲)新材料有限公司)

2. Registered Address

Handan, Hebei Province

3. *Business Scope*

The business scope of Joint Venture includes: manufacture of lightweight building materials; manufacture of new building materials (excluding hazardous chemicals); sale of building materials; sale of building decoration materials; residential interior decoration and renovation; technical services for new materials, technological development, technological consulting, technology exchanges, technology transfer and technology promotion; import and export of goods and technologies (excluding those prohibited by the State or involve administrative approval); sales of renewable resources; offshore trade operations (the final business scope shall be subject to the approval by the regulatory authority).

4. *Registered Capital and Form of Capital Contribution*

The registered capital of the Joint Venture is RMB80.00 million, of which Sinoma Handan, NRDI, BNBM and Buckfon Industrial have agreed to subscribe RMB40.80 million, RMB17.60 million, RMB8.00 million, and RMB13.60 million, respectively, representing 51%, 22%, 10% and 17% of the registered capital of the Joint Venture, respectively. Each of the above parties will contribute the capital in cash and will pay it in full by 15 November 2024, respectively.

The amount of capital contribution to the Joint Venture was determined by JV Shareholders after arm's length negotiations with reference to (i) their respective shareholdings in the Joint Venture; and (ii) the business development and estimated capital requirements of the Joint Venture in the future, including capital demand for the industrialized production line of rock fiberboard project and investment in preliminary construction such as acquisition of project land.

5. *Corporate Governance Structure*

The shareholders' meeting of Joint Venture shall be composed of all shareholders and shall be the authoritative organization of the Joint Venture. The terms of reference and rules of procedure of the shareholders' meeting shall be stipulated in the articles of association of the Joint Venture. The shareholders shall exercise their voting rights at general meetings in accordance with the ratio of paid-in capital.

The Joint Venture shall have a board of directors comprising seven directors, among which four directors will be nominated by Sinoma Handan, and NRDI, BNBM and Buckfon Industrial will each nominate one director. The chairman of the Joint Venture's board of directors will be nominated by the largest shareholder and elected by the Joint Venture's board of directors.

The Joint Venture shall have no supervisory committee or supervisor.

The Joint Venture shall have a general manager nominated by BNBM, three deputy general managers, one each nominated by Sinoma Handan, NRD I and Buckfon Industrial, and a chief financial officer nominated by Sinoma Handan. The appointment or dismissal of these persons shall be decided by the Joint Venture's board of directors in accordance with the provisions of the articles of association of the Joint Venture.

3. REASONS FOR AND BENEFITS OF THE TRANSACTION

The Project takes slag, gangue, dolomite, basalt tailings as the main raw materials, and clean electric energy as the main energy source, which can realize the resource utilization of solid waste and is in line with the general trend of environmental protection. At the same time, rock fiberboard, the product of the project, has advantages in the application field, performance indicators, production costs, green environmental protection and other aspects, can meet the growing and changing demand of consumers, and will have great potential for development in the future market. The construction conditions of the Project are basically implemented, technically feasible and capable of generating good economic benefits, and the risks are controllable.

The Board (including the independent non-executive Directors) is of the view that the terms of the Capital Contribution Agreement are fair and reasonable, and although not conducted in the ordinary and usual course of business of the Group, the transaction under the Capital Contribution Agreement is on normal commercial terms, and in the interests of the Company and its shareholders as a whole. Save for four Directors (including Mr. Zhou Yuxian, Mr. Li Xinhua, Mr. Wang Yumeng and Mr. Wei Rushan) who are employed by the Parent or its subsidiaries other than the Group and therefore are required to abstain from voting on the board resolution approving the Capital Contribution Agreement, none of the Directors has a material interest in the Capital Contribution Agreement.

4. INFORMATION ON THE RELEVANT PARTIES

Company

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

Sinoma Handan

Sinoma Handan, a limited liability company legally established and validly existing under the laws of PRC, is principally engaged in the technical consulting, construction and installation, equipment installation and general contracting of new non-metallic materials and construction materials; the sale and installation of mechanical equipment, building material equipment and lifting equipment; and the integration of industrial automation control systems.

NRDI

NRDI is a wholly-owned subsidiary of Sinoma Science & Technology and an indirect subsidiary of the Company, which is principally engaged in R&D, manufacturing and sales of special fiber composite materials.

BNBM

BNBM is a subsidiary of the Company, and is principally engaged in the R&D, production and sales of new building materials and green building materials. Its A-shares are listed and traded on the Shenzhen Stock Exchange (stock code: 000786).

Buckfon Industrial

Buckfon Industrial, a company established and validly existing under the laws of Hong Kong, China, is principally engaged in design and development of decorative finishing materials and production equipment systems, international trading of decorative finishing materials and related technologies. Buckfon Industrial is owned as to 22.5%, 17.5%, 15%, 15%, 15%, 15%, 10% and 5% by Chou Xiaoxing, Choi Jeon Ho, Zhou Xiangqing, Liu Fu Qinghe, Zhong Qiuna, Li Qingyuan and Wu Fei, respectively.

The Directors confirmed that, to the best of their knowledge, information and belief having made all reasonable enquiry, Buckfon Industrial and its shareholders are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

The Parent

The Parent is a state-owned limited liability company, which is principally engaged in the business of building materials in the PRC. Its ultimate beneficial owner is the SASAC.

5. LISTING RULES IMPLICATIONS

As the Parent has a direct and indirect equity interest of approximately 45.0192% in aggregate in the Company, it is a substantial shareholder of the Company. The Parent indirectly controls approximately 17.31% equity interest in Sinoma International (excluding the equity interest held through the Company). Therefore, Sinoma International is a connected subsidiary of the Company, and Sinoma Handan, as a subsidiary of Sinoma International, constitutes a connected person of the Company. Therefore, the establishment of the Joint Venture by Handan Sinoma, NRDI, BNBM and Buckfon Industrial constitutes a connected transaction of the Company.

As one or more applicable percentage ratios as defined under Rule 14.07 of the Listing Rules are higher than 0.1%, but all applicable percentage ratios are less than 5%, pursuant to Rule 14A.76(2)(a) of the Listing Rules, the entering into of the Capital Contribution Agreement and

the formation of the Joint Venture thereunder are exempt from the circular and shareholders' approval requirements and are only subject to the announcement and reporting requirements under the Listing Rules.

DEFINITIONS

“Board”	the board of directors of the Company
“BNBM”	Beijing New Building Materials Public Limited Company* (北新集團建材股份有限公司), a company incorporated under the laws of the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000786)
“Buckfon Industrial”	Buckfon Industrial (HK) Co., Limited (巴克風實業香港國際有限公司)
“Capital Contribution Agreement”	the capital contribution agreement dated 25 October 2024 entered into among Sinoma Handan, NRDI, BNBM and Buckfon Industrial in relation to the establishment of the Joint Venture
“Company”	China National Building Material Company Limited* (中國建材股份有限公司), a joint stock limited company incorporated under the laws of the PRC, the H shares of which are listed on The Stock Exchange of Hong Kong Limited
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Joint Venture”	Sinoma (Handan) New Material Co., Ltd. (中材(邯鄲)新材料有限公司), a limited liability company incorporated under the laws of PRC pursuant to the Capital Contribution Agreement
“JV Shareholder(s)”	shareholder(s) of the Joint Venture
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“NRDI”	Nanjing Fiberglass R&D Institute Co., Ltd. (南京玻璃纖維研究設計院有限公司)
“Parent”	China National Building Material Group Co., Ltd.* (中國建材集團有限公司), the parent company of the Company

“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sinoma Handan”	Sinoma (Handan) Construction Co., Ltd. (邯鄲中材建設有限責任公司), a company incorporated under the laws of the PRC
“Sinoma International”	中國中材國際工程股份有限公司 (Sinoma International Engineering Co., Ltd.), a company incorporated under the laws of the PRC and a subsidiary of the Company, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600970.SH)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“%”	per cent

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

Beijing, the PRC
25 October 2024

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

* *For identification purposes only*