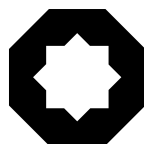


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance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



CNBM

China National Building Material Company Limited*

中國建 材 股 份 有 限 公 司

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

(Stock Code: 3323)

**CONNECTED TRANSACTION
TRANSFER OF EQUITY INTERESTS IN ZHONGFU CARBON FIBER**

ZHONGFU CARBON FIBER AGREEMENT

On 9 June 2023, Zhongfu Lianzhong and CBMJI entered into the Zhongfu Carbon Fiber Agreement, pursuant to which CBMJI has agreed to acquire, and Zhongfu Lianzhong has agreed to sell all of the equity interests it held in Zhongfu Carbon Fiber (representing approximately 30.18% of the total equity interests in Zhongfu Carbon Fiber).

LISTING RULES IMPLICATIONS

As the Parent has direct and indirect equity interests of approximately 45.0192% in aggregate in the Company, it is a substantial shareholder of the Company. CBMJI is a wholly-owned subsidiary of the Parent and thus constitutes a connected person of the Company. Accordingly, the entry into of the Zhongfu Carbon Fiber Agreement and the transaction contemplated thereunder constitute a connected transaction of the Company.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Equity Transfer exceed 0.1% but all such applicable percentage ratios are less than 5%, the Equity Transfer is subject to the reporting and announcement requirements, but is exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

PRINCIPAL TERMS OF THE ZHONGFU CARBON FIBER AGREEMENT

Date

9 June 2023

Parties

- (1) CBMJI, as the transferee; and
- (2) Zhongfu Lianzhong, as the transferor.

Target Equity Interests

All of the equity interests held by Zhongfu Lianzhong in Zhongfu Carbon Fiber (representing approximately 30.18% of the total equity interests in Zhongfu Carbon Fiber) to be acquired by CBMJI pursuant to the Zhongfu Carbon Fiber Agreement.

Nature of the Transaction

CBMJI has agreed to acquire and Zhongfu Lianzhong has agreed to sell the Target Equity Interests. Before the Equity Transfer, Zhongfu Carbon Fiber is a company owned as to approximately 30.18% by Zhongfu Lianzhong and is not a subsidiary of the Company. Upon the completion of the registration of the Equity Transfer with the Relevant Department, CBMJI will become a shareholder of Zhongfu Carbon Fiber, enjoying shareholders' rights and bearing shareholders' obligations together with other shareholders on a pro rata basis.

Consideration and Its Basis

The consideration in respect of the acquisition of the Target Equity Interests is RMB107.638065 million. The consideration was determined after arm's length negotiations and taking into account the appraised value of the equity interests in Zhongfu Carbon Fiber as at 31 December 2022 in the Appraisal Report and the Zhongfu Carbon Fiber Special Dividends (which include Zhongfu Carbon Fiber's 2022 annual profit distribution).

Payment of Consideration

The consideration is payable in cash and in instalments. Within 10 days of the Zhongfu Carbon Fiber Agreement becoming effective, CBMJI shall pay 50% of the consideration to Zhongfu Lianzhong. Within 10 days after the Target Equity Interests are transferred and registered under the name of CBMJI, CBMJI shall pay 50% of the consideration to Zhongfu Lianzhong.

Profit and Loss Attribution During the Transitional Period

Before the Handover Reference Date, other than the Zhongfu Carbon Fiber Special Dividends and Zhongfu Carbon Fiber's 2020 annual profit distribution, Zhongfu Carbon Fiber will not make any other form of distribution of the accumulated undistributed profits. The remaining amount of the accumulated undistributed profits of Zhongfu Carbon Fiber after the distribution of the Zhongfu Carbon Fiber Special Dividends as at the Handover Reference Date will be jointly enjoyed by all the shareholders of Zhongfu Carbon Fiber in accordance with their shareholding percentages upon the completion of the Equity Transfer after the Audit Reference Date.

Within 10 business days after the Handover Reference Date, Zhongfu Carbon Fiber shall hire an audit institution with securities professional certification to conduct special audit on the realised profits and losses of Zhongfu Carbon Fiber during the Transitional Period (i.e. the increase or decrease in Zhongfu Carbon Fiber's net profits attributable to the parent company as a result of the profits or losses during the Transitional Period) and issue a special audit report. The profits or losses realised by Zhongfu Carbon Fiber during the Transitional Period shall be subject to the aforementioned special audit report.

During the period starting from the Audit Reference Date and ending on the Handover Reference Date, the profits and losses of Zhongfu Carbon Fiber shall be shared and borne by all its shareholders after completion of the Equity Transfer on a pro rata basis.

Conditions of Effectiveness

The Zhongfu Carbon Fiber Agreement will take effect on the date (whichever is later) when all of the following conditions are fulfilled:

- 1) The Zhongfu Carbon Fiber Agreement is signed and stamped with the official seal by the respective legal representatives or authorized representatives of Zhongfu Lianzhong and CBMJI;
- 2) The Equity Transfer is approved by the competent decision-making bodies of CBMJI;
- 3) The Equity Transfer is approved by the competent decision-making bodies of Zhongfu Lianzhong;
- 4) The Equity Transfer is approved by the competent decision-making bodies of the Company; and
- 5) The Equity Transfer is approved by the Parent.

INFORMATION ON ZHONGFU CARBON FIBER

Zhongfu Carbon Fiber is a limited liability company incorporated under the laws of the PRC. Before the Equity Transfer, it is a company owned as to approximately 30.18% by Zhongfu Lianzhong and is not a subsidiary of the Company. Its principal business is the production and sales of carbon fiber composite core wires, various special wires and high-end pultruded composite products.

Pursuant to the audited accounts of Zhongfu Carbon Fiber for the year ended 31 December 2021 and the year ended 31 December 2022 prepared in accordance with the generally accepted accounting principles of the PRC, the net profits (before taxation) of Zhongfu Carbon Fiber for the year of 2021 and the year of 2022 are approximately RMB29.0337 million and RMB96.2198 million respectively and the net profits (after taxation) of Zhongfu Carbon Fiber for the year of 2021 and the year of 2022 are approximately RMB25.9372 million and RMB86.6771 million respectively. The appraised value of all the shareholders' equity interests in Zhongfu Carbon Fiber as at 31 December 2022 is approximately RMB479.7000 million.

INFORMATION ON THE RELEVANT PARTIES

The 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.

Zhongfu Lianzhong

Zhongfu Lianzhong is a subsidiary of the Company, and is principally engaged in the production and sales of wind power blades, tubes and tanks, wading-business-related construction, and production and sales of seawater desalination membranes and components.

CBMJI

CBMJI is a wholly-owned subsidiary of the Parent, and is principally engaged in investment management, asset management and investment consulting.

The Parent

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

REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER

The Equity Transfer is required for the consolidation of the Company's wind turbine blade business.

The Board (including the independent non-executive Directors) is of the view that the terms of the Equity Transfer are fair and reasonable, and the Equity Transfer is conducted in the ordinary and usual course of business of the Group on normal commercial terms, and are in the interests of the Company and its shareholders as a whole. Except that five Directors (including Mr. Zhou Yuxian, Mr. Li Xinhua, Mr. Chang Zhangli, Mr. Wang Yumeng and Mr. Wei Rushan) who are employed by the Parent or its subsidiaries outside the Group and thus need to abstain from voting on the Board resolution approving the Equity Transfer, none of the Directors have a material interest in the Equity Transfer.

THE FINANCIAL IMPACT OF THE EQUITY TRANSFER

It is preliminarily estimated that the Group will recognise a gain before taxation attributable to the Company's shareholders of approximately RMB37.89 million from the Equity Transfer, which is calculated based on the consideration for the approximately 30.18% equity interest in Zhongfu Carbon Core less carrying value of the approximately 30.18% equity interest in Zhongfu Carbon Core recorded in the Group's consolidated financial statements and other related costs and expenses (the relevant net gain on the Equity Transfer is to be recorded in the Group's consolidated financial statements after the completion of audit by the Company's auditor).

The sale proceeds of the Company from the Equity Transfer are intended to be used for working capital of the Group.

LISTING RULES IMPLICATIONS

As the Parent has direct and indirect equity interests of approximately 45.0192% in aggregate in the Company, it is a substantial shareholder of the Company. CBMJI is a wholly-owned subsidiary of the Parent and thus constitutes a connected person of the Company. Accordingly, the entering into of the Zhongfu Carbon Fiber Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Equity Transfer exceed 0.1% but all such applicable percentage ratios are less than 5%, the Equity Transfer is subject to the reporting and announcement requirements, but is exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

“Appraisal Report”	the asset appraisal report as at 31 December 2022 issued by Beijing Tianjian Xingye Asset Appraisal Co., Ltd.* (北京天健興業資產評估有限公司) for the purpose of the Equity Transfer
“Audit Reference Date”	31 December 2022
“Board”	the board of Directors

“CBMJI”	CBMJI Co., Ltd.* (中建材聯合投資有限公司), a limited liability company established under the laws of the PRC and a wholly-owned subsidiary of the Parent
“Consolidation”	the acquisition of Zhongfu Lianzhong’s equity interests from Zhongfu Lianzhong’s existing shareholders by Sinoma Wind Power Blade Co., Ltd.* (中材科技風電葉片股份有限公司) and the issue of additional new equity interests by Sinoma Wind Power Blade Co., Ltd.* (中材科技風電葉片股份有限公司) to China Jushi Co., Ltd.* (中國巨石股份有限公司); please refer to the voluntary announcement of the Company dated 9 June 2023 for further details
“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
“Director(s)”	director(s) of the Company
“Equity Transfer”	the acquisition of the Target Equity Interests by CBMJI from Zhongfu Lianzhong pursuant to the Zhongfu Carbon Fiber Agreement
“Group”	the Company and its subsidiaries from time to time
“Handover Reference Date”	the date specified in the agreement dated 9 June 2023 entered into among Zhongfu Lianzhong by Sinoma Science & Technology Co., Ltd.* (中材科技股份有限公司), Sinoma Wind Power Blade Co., Ltd.* (中材科技風電葉片股份有限公司) and all the shareholders of Zhongfu Lianzhong regarding the Consolidation
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Parent”	China National Building Material Group Co., Ltd.* (中國建材集團有限公司), a state-owned limited liability company incorporated under the laws of the PRC and the controlling shareholder of the Company
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement only, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan

“Relevant Department”	the relevant administrative departments for market regulation in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Equity Interests”	all of the equity interests held by Zhongfu Lianzhong in Zhongfu Carbon Fiber (representing approximately 30.18% of the total equity interests in Zhongfu Carbon Fiber) to be acquired by CBMJI pursuant to the Zhongfu Carbon Fiber Agreement
“Transitional Period”	the period starting from the Audit Reference Date (exclusive) and ending on the Handover Reference Date (inclusive)
“Zhongfu Carbon Fiber Agreement”	the equity transfer agreement dated 9 June 2023 entered into between CBMJI (as the transferee) and Zhongfu Lianzhong (as the transferor) in relation to the Equity Transfer
“Zhongfu Carbon Fiber Special Dividends”	the special dividends of an aggregate amount of RMB123.0485 million (including Zhongfu Carbon Fiber’s 2022 annual profit distribution of RMB23.4028 million) declared to the existing shareholders of Zhongfu Carbon Fiber (i.e. those shareholders before the completion of the Equity Transfer) pursuant to the shareholders’ resolution passed at the 1st extraordinary shareholders’ meeting of Zhongfu Carbon Fiber in 2023; and the board of Zhongfu Carbon is authorised to decide when to make the cash distribution with reference to the actual circumstances
“Zhongfu Carbon Fiber”	Zhongfu Carbon Fiber Core Cable Technology Co., Ltd.* (中復碳芯電纜科技有限公司), a limited liability company established under the laws of the PRC. Before the Equity Transfer, it is a company owned as to approximately 30.18% by Zhongfu Lianzhong and is not a subsidiary of the Company
“Zhongfu Lianzhong”	Lianyungang Zhongfu Lianzhong Composites Group Co., Ltd.* (連雲港中復連眾複合材料集團有限公司), a limited liability company incorporated under the laws of the PRC and a subsidiary of the Company

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

Beijing, the PRC
9 June 2023

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

** For identification purposes only*