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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)

(Stock Code: 3323)

CONNECTED TRANSACTION

DISPOSAL OF EQUITY INTEREST IN TONGCHENG NEW ENERGY BY CHINA TRIUMPH

On 7 February 2017, China Triumph (a 91% directly-owned subsidiary of the Company), Huaguang Group and Bengbu Institute entered into the Agreement for Asset Acquisition by Share Issuance (the “**Agreement**”) with Luoyang Glass (a subsidiary of the Parent indirectly controlled by the Parent through Triumph Group as to 33.04%). Pursuant to the Agreement, China Triumph, Huaguang Group and Bengbu Institute have conditionally agreed to sell, and Luoyang Glass has conditionally agreed to purchase, an aggregate of 100% equity interest in Tongcheng New Energy at a consideration of RMB247,266,100 (subject to adjustment) which will be satisfied by the allotment and issue of the Consideration Shares by Luoyang Glass.

On 7 February 2017, China Triumph, Huaguang Group and Bengbu Institute also entered into a Profit Guarantee Indemnity Agreement with Luoyang Glass, pursuant to which China Triumph, Huaguang Group and Bengbu Institute have agreed to provide the Profit Guarantee and Asset Impairment Indemnity to Luoyang Glass.

LISTING RULES IMPLICATIONS

As the Parent has a direct and indirect equity interest in 44.25% in aggregate in the Company, it is a substantial shareholder of the Company. As Luoyang Glass is accounted for and consolidated in the audited consolidated accounts of the Parent as a subsidiary, it is a subsidiary of the Parent for the purposes of the Listing Rules. Accordingly, pursuant to the Listing Rules, Luoyang Glass (a subsidiary of the Parent indirectly controlled by the Parent through Triumph Group as to 33.04%) constitutes a connected person at the issuer level of the Company, and thus the Disposal and the Acquisition under the Agreement constitute connected transactions involving a connected person at the issuer level of the Company under Chapter 14A of the Listing Rules. As the Agreement was entered into within 12 months of the signing of the Transfer Contract of State-owned Land Use Rights, which was entered into by China Triumph with Bengbu COE (another subsidiary of Triumph Group), each of the Disposal and the Acquisition will be aggregated with the Past Transaction pursuant to Rule 14A.81 of the Listing Rules. As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal and the Acquisition (in each case, when aggregated with the Past Transaction) exceed 0.1% but all such applicable percentage ratios are less than 5%, the Disposal and the Acquisition are exempt from the circular and shareholders' approval requirements, and are only subject to the announcement and reporting requirements under Rules 14A.35 and 14A.49 of the Listing Rules.

INTRODUCTION

On 7 February 2017, China Triumph (a 91% directly-owned subsidiary of the Company), Huaguang Group and Bengbu Institute entered into the Agreement for Asset Acquisition by Share Issuance (the “**Agreement**”) with Luoyang Glass (a subsidiary of the Parent indirectly controlled by the Parent through Triumph Group as to 33.04%). Pursuant to the Agreement, China Triumph, Huaguang Group and Bengbu Institute have conditionally agreed to sell, and Luoyang Glass has conditionally agreed to purchase, an aggregate of 100% equity interest in Tongcheng New Energy at a consideration of RMB247,266,100 (subject to adjustment) which will be satisfied by the allotment and issue of the Consideration Shares by Luoyang Glass.

On 7 February 2017, China Triumph, Huaguang Group and Bengbu Institute also entered into a Profit Guarantee Indemnity Agreement with Luoyang Glass, pursuant to which China Triumph, Huaguang Group and Bengbu Institute have agreed to provide the Profit Guarantee and Asset Impairment Indemnity to Luoyang Glass.

PRINCIPAL TERMS OF THE AGREEMENT

Date

7 February 2017

Parties

- (1) China Triumph, Huaguang Group and Bengbu Institute, as sellers; and
- (2) Luoyang Glass, as purchaser.

Conditions precedent

The Agreement will become effective after satisfaction of the conditions set forth below (the “**Conditions Precedent**”). If any of the Conditions Precedent is not satisfied, the Agreement will not become effective.

1. the approval of the transaction contemplated under the Agreement by the board of directors of Luoyang Glass;
2. the approval of the transaction contemplated under the Agreement by the non-connected shareholders of Luoyang Glass at the general meeting and A Share class meeting of Luoyang Glass; and the approval of the waiver from the obligation of CLFG and parties acting in concert with it to make a mandatory general offer (according to the laws and regulations of the PRC) in respect of their acquisition of shares of Luoyang Glass by the non-connected shareholders of Luoyang Glass at the general meeting of Luoyang Glass;
3. the approval of the transaction contemplated under the Agreement by the independent shareholders of Luoyang Glass at the general meeting and H Share class meeting of Luoyang Glass; and the approval of the Whitewash Waiver by the independent shareholders of Luoyang Glass at the general meeting of Luoyang Glass;
4. the approval by the Stock Exchange of the circular to be despatched by Luoyang Glass to its shareholders in respect of the transaction contemplated under the Agreement and/or the related reorganisation of Luoyang Glass, and that the transaction contemplated under the Agreement and/or the related reorganisation of Luoyang Glass have not been regarded as a reverse takeover of Luoyang Glass under the Listing Rules before or in the course of the vetting of such circular;
5. the filing of valuation results of Tongcheng New Energy as confirmed in the valuation report of Tongcheng New Energy with the SASAC of the State Council;

6. the approval of the transaction contemplated under the Agreement by the Competent Office(s) of the SASAC;
7. the granting of the Whitewash Waiver by the Executive; and
8. the approval of the transaction contemplated under the Agreement by the CSRC.

None of the above Conditions Precedent is waivable.

Completion

The Target Shares Completion and Consideration Shares Completion shall take place within 12 months from the date of the approval of CSRC in respect of the transaction contemplated under the Agreement. There is no specific deadline for the parties to satisfy the Conditions Precedent under the Agreement.

Consideration

Pursuant to the Agreement, China Triumph, Huaguang Group and Bengbu Institute have conditionally agreed to sell approximately 7.50%, 67.47% and 25.03% of the equity interest in Tongcheng New Energy respectively, representing in aggregate the entire equity interest in Tongcheng New Energy, and Luoyang Glass has conditionally agreed to purchase the equity interest in Tongcheng New Energy held by China Triumph, Huaguang Group and Bengbu Institute at an aggregate consideration of RMB247,266,100 (subject to adjustment), which was determined on arm's length negotiations with reference to the initial indicative valuation of the entire equity interest of Tongcheng New Energy as at 31 October 2016 as appraised by the Valuer. The consideration is subject to adjustment in accordance with the filing result of the valuation report of the Valuer with the Competent Office(s) of the SASAC.

Pursuant to the Agreement, the issue price of the Consideration Shares is RMB23.45 per Consideration Share, which (i) shall not be less than 90% of the ratio of the total turnover over the total volume of the Luoyang Glass A Shares for the last 20 trading days as quoted on the Shanghai Stock Exchange prior to the Price Determination Date; and (ii) is subject to the approval of the general meeting of Luoyang Glass and the CSRC and adjustment in case of ex-rights or ex-dividend during the period from the Price Determination Date to the issue date in accordance with the relevant rules of the CSRC and the Shanghai Stock Exchange.

Based on the consideration in respect of the approximately 7.50% equity interest in Tongcheng New Energy (being approximately RMB18,537,221) and the issue price of the Luoyang Glass A Shares of RMB23.45, an aggregate of 790,499 Consideration Shares will be allotted and issued by Luoyang Glass to China Triumph in consideration of the Disposal. The final number of Consideration Shares to be issued by Luoyang Glass to China Triumph is subject to the final consideration under the Agreement and the approval by the general meeting of Luoyang Glass and the CSRC.

Lock-up period

Each of China Triumph, Huaguang Group and Bengbu Institute has undertaken that the Consideration Shares to be issued to it could not be transferred within 36 months after the Consideration Shares Completion.

Profit Guarantee

Pursuant to the Agreement, China Triumph, Huaguang Group and Bengbu Institute have undertaken to provide the Profit Guarantee to Luoyang Glass during the Profit Guarantee Period and enter into the Profit Guarantee Indemnity Agreement to set out details of the Profit Guarantee. Details of the Profit Guarantee Indemnity Agreement are set out in the subsection headed “Principal terms of the Profit Guarantee Indemnity Agreement” below.

Profit or loss of Tongcheng New Energy during transitional period

The parties to the Agreement have agreed that upon the Target Shares Completion, all the profit or loss (as the case may be) of Tongcheng New Energy arising from or incurred during the period from 31 October 2016 to the date of the Target Shares Completion, as shown in the financial accounts of Tongcheng New Energy as prepared by the auditors of Luoyang Glass, will (in case of profit) belong to Luoyang Glass or (in case of loss) be compensated by China Triumph, Huaguang Group and Bengbu Institute to Luoyang Glass in cash pro-rata to their respective shareholdings in Tongcheng New Energy. Each of China Triumph, Huaguang Group and Bengbu Institute will be jointly and severally liable for any such compensation payable by the other parties to Luoyang Glass.

EFFECT OF THE TARGET SHARES COMPLETION ON THE SHAREHOLDING STRUCTURE OF TONGCHENG NEW ENERGY

The shareholding structure of Tongcheng New Energy immediately preceding the signing of the Agreement was as follows:

Name of shareholder	Capital contribution (RMB0'000)	Percentage of shareholding (%)
Huaguang Group	9,000.000	67.47
China Triumph	1,000.000	7.50
Bengbu Institute	3,338.898	25.03
Total	<u>13,338.898</u>	<u>100</u>

The shareholding structure of Tongcheng New Energy immediately following the Target Shares Completion will be as follows:

Name of shareholder	Capital contribution (RMB0'000)	Percentage of shareholding (%)
Luoyang Glass	<u>13,338.898</u>	<u>100</u>

EFFECT OF THE CONSIDERATION SHARES COMPLETION ON THE SHAREHOLDING STRUCTURE OF LUOYANG GLASS

The shareholding structure of Luoyang Glass immediately preceding the signing of the Agreement was as follows:

Name of shareholder	Number of shares	Percentage of shareholding (%)
CLFG	105,018,242	19.94
Bengbu Institute	69,000,000	13.10
Other shareholders	352,748,633	66.96
Total	526,766,875	100

The shareholding structure of Luoyang Glass immediately following the Consideration Shares Completion (assuming that there will be no change in the issued share capital of Luoyang Glass other than as a result of the allotment and issue of the Consideration Shares¹) will be as follows:

Name of shareholder	Number of shares	Percentage of shareholding (%)
CLFG	105,018,242	19.55
Bengbu Institute	71,639,398	13.33
Huaguang Group	7,114,498	1.32
China Triumph	790,499	0.15
Other shareholders	352,748,633	65.65
Total	537,311,270	100

- Reference is made to the announcement of Luoyang Glass of the date hereof, which discloses that Luoyang Glass has entered into transactions, in addition to the transaction contemplated under the Agreement, which may result in further enlargement of the issued share capital of Luoyang Glass. Accordingly, the percentage of shareholding of, among others, China Triumph in Luoyang Glass as shown below may become further diluted upon the completion of such transactions.

PRINCIPAL TERMS OF THE PROFIT GUARANTEE INDEMNITY AGREEMENT

On 7 February 2017, in connection with the transaction contemplated under the Agreement for Asset Acquisition by Share Issuance, China Triumph, Huaguang Group and Bengbu Institute entered into the Profit Guarantee Indemnity Agreement with Luoyang Glass.

The Profit Guarantee Indemnity Agreement will become effective after satisfaction of, among other things, (i) the Conditions Precedent and (ii) the Agreement has become effective and has completed. If any of the above conditions precedent is not satisfied, the Profit Guarantee Indemnity Agreement will not become effective.

Pursuant to the Profit Guarantee Indemnity Agreement, China Triumph, Huaguang Group and Bengbu Institute have undertaken to Luoyang Glass that the net profit attributable to equity holders of Tongcheng New Energy after deduction of extraordinary profit or loss (in the event that the Target Shares Completion takes place on or before 31 December 2017) for each of the financial years ending 31 December 2017, 2018 and 2019 or (in the event that the Target Shares Completion takes place after 31 December 2017) for each of the financial years ending 31 December 2018, 2019 and 2020 will be not less than the specific Profit Guarantee amounts which will be determined in accordance with the valuation report of Tongcheng New Energy as approved by the Competent Office(s) of the SASAC.

If the net profit attributable to equity holders of Tongcheng New Energy after deduction of extraordinary profit or loss as shown in the audited accounts of the Tongcheng New Energy for a relevant period during the Profit Guarantee Period falls short of the Profit Guarantee for the relevant period, China Triumph, Huaguang Group and Bengbu Institute will compensate Luoyang Glass for the deficiency.

The compensation will be made by way of China Triumph, Huaguang Group and Bengbu Institute transferring, at a total price of RMB1.00, a quantity of Luoyang Glass A Shares to be determined in accordance with the following formulae, to Luoyang Glass.

Quantity of Luoyang Glass A Shares to be compensated for the relevant financial year = Profit Compensation Amount for the relevant financial year in RMB/the issue price of Consideration Shares under the Agreement in RMB

Profit Compensation Amount for the relevant financial year = (the accumulated Profit Guarantee amount as at the end of the relevant financial year of Tongcheng New Energy – the accumulated actual net profits of Tongcheng New Energy as of the end of the relevant financial year) ÷ the sum of the Profit Guarantee amount for Tongcheng New Energy during the Profit Guarantee Period × the acquisition consideration for Tongcheng New Energy – the accumulated compensated amount

If the result of the above formula is below zero (0), the Profit Compensation Amount will be deemed to be zero (0).

Further, if the impairment amount of Tongcheng New Energy as at the end of the Profit Guarantee Period exceeds the accumulated Profit Compensation Amount paid in respect of Tongcheng New Energy, China Triumph, Huaguang Group and Bengbu Institute will make further compensation to Luoyang Glass by way of transferring, at a total price of RMB1.00, a quantity of Luoyang Glass A Shares to be determined in accordance with the following formulae, to Luoyang Glass.

Quantity of Luoyang Glass A Shares to be compensated = Impairment Compensation Amount in RMB/the issue price of Consideration Shares under the Agreement in RMB

Impairment Compensation Amount = the impairment amount of Tongcheng New Energy as at the end of the Profit Guarantee Period – the accumulated Profit Compensation Amount paid in respect of Tongcheng New Energy

If the result of the above formula is below zero (0), the Impairment Compensation Amount will be deemed to be zero (0).

In the event of a capitalization issue by conversion or bonus issue by Luoyang Glass during the Profit Guarantee Period, the quantity of Luoyang Glass A Shares to be compensated under the Profit Guarantee Indemnity Agreement will be correspondingly adjusted.

In the event of any distribution of cash dividend by Luoyang Glass during the Profit Guarantee Period in respect of any Luoyang Glass A Shares which are to be compensated to Luoyang Glass under the Profit Guarantee Indemnity Agreement, such cash dividend will be refunded by China Triumph, Huaguang Group and Bengbu Institute to Luoyang Glass.

In the event that the Consideration Shares of China Triumph, Huaguang Group and Bengbu Institute are insufficient for compensation under the Profit Guarantee Indemnity Agreement, China Triumph, Huaguang Group and Bengbu Institute will settle the shortfall by cash.

The aggregate of the Profit Compensation Amount for the entire Profit Guarantee Period and the Impairment Compensation Amount shall not exceed 100% of the total consideration received by China Triumph, Huaguang Group and Bengbu Institute under the Agreement.

FINANCIAL EFFECTS OF THE DISPOSAL

It is preliminarily estimated that the Group will recognise a gain before taxation attributable to the Company's shareholders of approximately RMB8.5369 million from the Disposal, which is calculated based on the consideration for the approximately 7.50% equity interest in Tongcheng New Energy (790,499 Luoyang Glass A Shares with a value of RMB18.5372 million) less the carrying value of the approximately 7.50% equity interest in Tongcheng New Energy recorded in the Group's consolidated financial statements and other related costs and expenses (the relevant net gain on the Disposal is to be recorded in the Company's consolidated financial statements after the completion of audit by the Company's auditor).

INFORMATION OF THE RELATED PARTIES

The Company is a leading building materials company in the PRC with significant operations in the cement, lightweight building materials, glass fibre and composite material and engineering services businesses.

Tongcheng New Energy is principally engaged in the research and development, production and sales of solar photovoltaic glass and further processed glass. Pursuant to the PRC audited accounts of Tongcheng New Energy prepared under the generally accepted accounting principles of the PRC, the unaudited net profit (loss) before taxation of Tongcheng New Energy for 2015 and 2014 were RMB0.8434 million and RMB-7.4357 million, respectively, while the unaudited net profit (loss) after taxation were approximately RMB0.8093 million and RMB-7.2384 million, respectively. The unaudited net assets of Tongcheng New Energy as of 31 December 2015 and 31 December 2014 were RMB76.1936 million and RMB75.3843 million, respectively.

Luoyang Glass is principally engaged in the production and sales of ultra-thin electronic glass. Its scope of business includes manufacturing of glass and relevant sophisticated processing goods, mechanical equipment, electric appliances and accessories, sale of self-produced products, provision of technical consultancy and technical services. Pursuant to the PRC audited accounts of Luoyang Glass prepared under the generally accepted accounting principles of the PRC, the audited net profit before taxation of Luoyang Glass for 2015 and 2014 were approximately RMB-184.9311 million and approximately RMB15.7302 million, respectively, while the audited net profit after taxation were approximately RMB-194.8271 million and RMB5.4974 million, respectively. The audited net assets of Luoyang Glass as of 31 December 2015 and 31 December 2014 were RMB278.3450 million and RMB628.2892 million, respectively.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The transaction facilitates the increase in the asset liquidity and cashability through second class market and the optimization of the asset structure of China Triumph.

The main product of Luoyang Glass is ultra-thin glass substrate, which is relatively more non-substitutable, and has favorable growth prospects along with the development of the whole electronic product market. The transaction will enable China Triumph to share the long-term revenue generated by the development of Luoyang Glass and receive capital gains and dividend income.

The Directors (including independent non-executive Directors) of the Company are of the view that the transaction is conducted in the ordinary course of business of the Group on normal commercial terms or better negotiated on an arm's length basis which are fair and reasonable, and is in the interests of the Company and its shareholders as a whole. Mr. Song Zhiping, Mr. Cao Jianglin, Mr. Peng Shou and Mr. Guo Chaomin (as directors and/or senior management of the Parent and/or its relevant subsidiaries) had abstained from voting in the resolution of the board of directors of the Company approving the above transaction.

LISTING RULES IMPLICATIONS

As the Parent has a direct and indirect equity interest in 44.25% in aggregate in the Company, it is a substantial shareholder of the Company. As Luoyang Glass is accounted for and consolidated in the audited consolidated accounts of the Parent as a subsidiary, it is a subsidiary of the Parent for the purposes of the Listing Rules. Accordingly, pursuant to the Listing Rules, Luoyang Glass (a subsidiary of the Parent indirectly controlled by the Parent through Triumph Group as to 33.04%) constitutes a connected person at the issuer level of the Company, and thus the Disposal and the Acquisition under the Agreement constitute connected transactions involving a connected person at the issuer level of the Company under Chapter 14A of the Listing Rules. As the Agreement was entered into within 12 months of the signing of the Transfer Contract of State-owned Land Use Rights, which was entered into by China Triumph with Bengbu COE (another subsidiary of Triumph Group), each of the Disposal and the Acquisition will be aggregated with the Past Transaction pursuant to Rule 14A.81 of the Listing Rules. As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal and the Acquisition (in each case, when aggregated with the Past Transaction) exceed 0.1% but all such applicable percentage ratios are less than 5%, the Disposal and the Acquisition are exempt from the circular and shareholders' approval requirements, and are only subject to the announcement and reporting requirements under Rules 14A.35 and 14A.49 of the Listing Rules.

DEFINITIONS

“Acquisition”	the acquisition of 790,499 Luoyang Glass A Shares by China Triumph pursuant to the Agreement
“Agreement for Asset Acquisition by Share Issuance”/“Agreement”	the Agreement on Asset Acquisition by Share Issuance dated 7 February 2017 entered into among China Triumph, Huaguang Group, Bengbu Institute and Luoyang Glass
“Assets Impairment Indemnity”	the assets impairment indemnity under the Profit Guarantee Indemnity Agreements
“Bengbu COE”	蚌埠中光電科技有限公司 (Bengbu China Optoelectronics Technology Co., Ltd.*), a limited liability company incorporated under the laws of the PRC and a subsidiary indirectly owned by the Parent through Triumph Group as to 55%
“Bengbu Institute”	蚌埠玻璃工業設計研究院 (Bengbu Design & Research Institute for Glass Industry*), an enterprise owned by the whole people (全民所有制企業) incorporated under the laws of the PRC and an indirectly wholly-owned subsidiary of the Parent
“China Triumph”	中國建材國際工程集團有限公司 (China Triumph International Engineering Company Limited*), a limited liability company incorporated under the laws of the PRC and a 91% directly-owned subsidiary of the Company
“CLFG”	中國洛陽浮法玻璃集團有限責任公司 (China Luoyang Float Glass (Group) Company Limited*), a limited liability company incorporated under the laws of the PRC and a 72.64% directly and indirectly owned subsidiary of the Triumph Group
“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
“Competent Office(s) of the SASAC”	the competent office(s) of the State-owned Assets Supervision and Administration Commission of the PRC

“Consideration Shares”	Luoyang Glass A Shares to be issued by Luoyang Glass to China Triumph, Huaguang Group and Bengbu Institute as consideration for purchasing the Target Shares pursuant to the Agreement
“Consideration Shares Completion”	the completion of issuance of the Consideration Shares to China Triumph, Huaguang Group and Bengbu Institute by Luoyang Glass pursuant to the Agreement
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the approximately 7.50% equity interest in Tongcheng New Energy by China Triumph to Luoyang Glass pursuant to the Agreement
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
“Group”	the Company and its subsidiaries from time to time
“Huaguang Group”	Anhui Huaguang Photoelectric Materials Technology Group Co., Ltd., a limited liability company incorporated under the laws of the PRC and an indirectly wholly-owned subsidiary of the Parent
“Land”	a parcel of land located at south side of Guxing Road and south side of Qiyang Road, Bengbu City, with a total area of 220,493.6m ² , registered under state-owned land use certificates of Beng Guo Yong (Disposal) No. 08353 and Beng Guo Yong (Disposal) No. 08354
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Luoyang Glass”	洛陽玻璃股份有限公司 (Luoyang Glass Company Limited*), a joint stock limited company incorporated under the laws of the PRC, the H Shares and A Shares of which are listed on the Stock Exchange (stock code: 1108) and the Shanghai Stock Exchange (stock code: 600876) respectively, and a subsidiary of the Parent indirectly controlled by the Parent through Triumph Group as to 33.04%
“Luoyang Glass A Shares”	domestic ordinary shares with a par value of RMB1.00 each in the share capital of Luoyang Glass, which are listed on the Shanghai Stock Exchange and traded in Renminbi
“Parent”	中國建材集團有限公司 (China National Building Materials Group Corporation*), a state-owned limited liability company incorporated under the laws of the PRC and a controlling shareholder of the Company
“Past Transaction”	the transfer of the land use rights of the Land by China Triumph to Bengbu COE pursuant to the Transfer Contract of State-owned Land Use Rights, as disclosed in the Company’s announcement dated 18 January 2017
“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
“Price Determination Date”	the date of the first announcement of the board resolution of Luoyang Glass in relation to the transaction contemplated under the Agreement
“Profit Guarantee”	profit guarantee to be provided by China Triumph, Huaguang Group and Bengbu Institute to Luoyang Glass in respect of the net profit attributable to equity holders of Tongcheng New Energy after deduction of extraordinary profit or loss during each of the three financial years ending 31 December 2017, 31 December 2018 and 31 December 2019 (or, as the case maybe, 31 December 2018, 31 December 2019 and 31 December 2020), details of which are set out in the subsection headed “Principal terms of the Profit Guarantee Indemnity Agreement” in this announcement

“Profit Guarantee Indemnity Agreement”	the profit guarantee indemnity agreement dated 7 February 2017 entered into among China Triumph, Huaguang Group, Bengbu Institute and Luoyang Glass in respect of the Profit Guarantee and Assets Impairment Indemnity
“Profit Guarantee Period”	the profit guarantee period of three financial years under the Profit Guarantee
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SASAC of the State Council”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Shares”	an aggregate of 100% equity interest in Tongcheng New Energy to be disposed by China Triumph, Huaguang Group and Bengbu Institute and to be purchased by Luoyang Glass pursuant to the Agreement
“Target Shares Completion”	the completion of the transfer of the Target Shares to Luoyang Glass from China Triumph, Huaguang Group and Bengbu Institute pursuant to the Agreement
“Tongcheng New Energy”	中國建材桐城新能源材料有限公司 (CNBM (Tongcheng) New Energy Materials Company Limited*), a limited liability company incorporated under the laws of the PRC, the equity interest in which is held by Huaguang Group, Bengbu Institute and China Triumph as to approximately 67.47%, 25.03% and 7.50%, respectively
“Transfer Contract of State-owned Land Use Rights”	the contract in relation to the transfer of land use rights of the Land dated 18 January 2017 entered into between China Triumph and Bengbu COE
“Triumph Group”	凱盛科技集團公司 (Triumph Technology Group Company), an enterprise owned by the whole people (全民所有制企業) incorporated under the laws of the PRC and a directly wholly-owned subsidiary of the Parent

“Valuer”

Beijing Pan-China Assets Appraisal Co. Ltd., an independent professional valuer in the PRC engaged by Luoyang Glass for the purpose of the transaction contemplated under the Agreement

“Whitewash Waiver”

a waiver from the Executive pursuant to Note 1 on the dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Parent, CLFG, Bengbu Institute, Huaguang Group, China Triumph and Triumph Group to make a mandatory general offer under Rule 26 of the Takeovers Code for all the securities of Luoyang Glass as a result of the issue of, among others, the Consideration Shares

By order of the Board
China National Building Material Company Limited*
Chang Zhangli
Secretary of the Board

Beijing, the PRC
7 February 2017

As at the date of this announcement, the board of directors of the Company comprises Mr. Song Zhiping, Mr. Cao Jianglin, Mr. Peng Shou, Mr. Cui Xingtai and Mr. Chang Zhangli as executive directors, Mr. Guo Chaomin, Mr. Chen Yongxin and Mr. Tao Zheng as non-executive directors and Mr. Sun Yanjun, Mr. Liu Jianwen, Mr. Zhou Fangsheng, Mr. Qian Fengsheng and Ms. Xia Xue as independent non-executive directors.

* *For identification purpose only*