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北京金隅集團股份有限公司

BBMG Corporation*

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

(Stock Code: 2009)

**NOTIFIABLE TRANSACTION
AGREEMENT FOR ACQUISITION OF ASSETS
AGREEMENT FOR CAPITAL CONTRIBUTION IN JV COMPANY
AND
TERMINATION OF NEW ENTRUSTMENT AGREEMENT**

Reference is made to the announcement of the Company dated 28 December 2017 relating to amongst other things, (i) the termination of agreements relating to certain asset restructuring; (ii) the framework agreement for the establishment of the JV Company; and (iii) acquisition of minority interests in a subsidiary.

The Board is pleased to announce that on 9 January 2019, after trading hours, the Company entered into the Asset Acquisition Agreement, the JV Company Registered Capital Increase Agreement and the Termination Agreement.

Pursuant to the Asset Acquisition Agreement, the Company has agreed to sell and Jidong Cement has agreed to purchase, the entire equity interests in each of the Target Companies for a total consideration of RMB1,536,867,900 in which the approval from SASAC has already been obtained.

Pursuant to the JV Company Registered Capital Increase Agreement, the Company and Jidong Cement has agreed to contribute to the increase in the registered capital of the JV Company in an amount of RMB1 billion in accordance with their respective shareholding in the JV Company. The Company will contribute by way of injecting Seven Injected Companies whereas Jidong Cement will contribute by way of injecting Five Injected Companies together with a cash payment of RMB2,481,749,700. The way to which contribution to be made by the Company and Jidong Cement has been approved by the SASAC.

* *For identification purposes only*

Pursuant to the Termination Agreement, the Company and Jidong Cement have agreed to terminate the New Entrustment Agreement.

As one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of each of the Agreements is more than 5% but less than 25%, the entering into of the Agreements (and even if the percentage ratios are aggregated in accordance with Rule 14.23 of the Listing Rules (including the previous transactions mentioned in the announcement of the Company dated 28 December 2017), the aggregated percentage ratio will still be more than 5% but less than 25%) will constitute a notifiable transaction which is subject to the reporting and announcement requirements only under Chapter 14 of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 28 December 2017 relating to amongst other things, (i) the termination of agreements relating to certain asset restructuring; (ii) the framework agreement for the establishment of the JV Company; and (iii) acquisition of minority interests in a subsidiary.

The Board is pleased to announce that on 9 January 2019, after trading hours, the Company entered into the Asset Acquisition Agreement, the JV Company Registered Capital Increase Agreement and the Termination Agreement.

Set out below are the principal terms of each of the Asset Acquisition Agreement, the JV Company Registered Capital Increase Agreement and the Termination Agreement.

Asset Acquisition Agreement

Date: 9 January 2019

Parties: (a) the Company; and
(b) Jidong Cement

Subject matter: In order to resolve the issues of competing business between the Company and Jidong Cement, the Company has agreed to sell and Jidong Cement has agreed to purchase, the entire equity interests in each of the Target Companies.

Consideration: Consideration of RMB1,536,867,900 has been based on the valuation result of the equity interests of the Target Companies as determined by an independent valuer using 31 July 2018 as the valuation date in which the valuation has been approved by the SASAC.

Payment of consideration: Jidong Cement shall pay the Company the consideration of RMB1,536,867,900 within 5 working days upon the transfer of the entire equity interests in the Target Companies.

Completion: Completion of the Asset Acquisition Agreement shall take place within 60 working days upon the execution of the Asset Acquisition Agreement.

Effectiveness: Completion of the Asset Acquisition Agreement is subject to the shareholders' approval of Jidong Cement and the board approval of the Company.

JV Company Registered Capital Increase Agreement

Date: 9 January 2019

Parties: (a) the Company; and
(b) Jidong Cement

Subject matter: In order to resolve the issues of competing business between the Company and Jidong Cement and to fulfil the obligations of the Company under the Non-Competition Agreement, the Company and Jidong Cement has agreed to contribute to the increase in the registered capital of the JV Company in an amount of RMB1 billion in accordance with their respective shareholding in the JV Company.

Capital contribution: The Company will contribute by way of injecting Seven Injected Companies whereas Jidong Cement will contribute by way of injecting Five Injected Companies together with a cash payment of RMB2,481,749,700.

The contribution of the Company and Jidong Cement has been based on the valuation result of the equity interests of the Seven Injected Companies and the Five Injected Companies as determined by an independent valuer using 31 July 2018 as the valuation date in which the valuation has been approved by the SASAC.

The cash payment of Jidong Cement in the amount of RMB2,481,749,700 represents the shortfall between the valuation of the Five Injected Companies and the total amount payable by Jidong Cement by reference to its 52.91% shareholding in the JV Company.

Injected Companies:

The list of the Seven Injected Companies and Five Injected Companies of which the equity interests will be injected into the JV Company are set out below:

No.	Name of injected company to be injected by the Company	Shareholding held by the Company
1.	Zanhuang BBMG Cement Co., Ltd. (贊皇金隅水泥有限公司)	100%
2.	Beijing BBMG Liushui Environmental Protection Technology Co., Ltd. (北京金隅琉水環保科技有限公司)	100%
3.	Tianjin BBMG Zengxing Environmental Protection Technology Co., Ltd (天津金隅振興環保科技有限公司)	62.09%
4.	Zhuolu BBMG Cement Co., Ltd. (涿鹿金隅水泥有限公司)	100%
5.	Zhangjiakou BBMG Cement Co., Ltd. (張家口金隅水泥有限公司)	100%
6.	Xingtai BBMG Yongning Cement Co., Ltd. (邢台金隅詠寧水泥有限公司)	60%
7.	Hebei Taihang Huaxin Building Materials Co. Ltd. (河北太行華信建材有限責任公司)	100%

No.	Name of injected company to be injected by the Jidong Cement	Shareholding held by Jidong Cement
1.	Linli Jidong Cement Co., Ltd* (臨澧冀東水泥有限公司)	99.28%
2.	Tangshan Jishui Property Service Co., Ltd* (唐山冀水物業服務有限公司)	100%
3.	Jidong Cement Yentai Co., Ltd* (冀東水泥(煙台)有限責任公司)	100%
4.	Jidong Cement Fengxiang Co., Ltd* (冀東水泥鳳翔有限責任公司)	90%
5.	Jidong Cement Heilongjiang Co. Ltd* (冀東水泥黑龍江有限公司)	100%

Injection: The Company and Jidong Cement shall inject the equity interests of the Seven Injected Companies and Five Injected Companies into the JV Company within 60 working days upon execution of the JV Company Registered Capital Increase Agreement respectively. Jidong Cement shall further transfer RMB2,481,749,700 into the bank account of the JV Company within 6 months upon the execution of the JV Company Registered Capital Increase Agreement.

Effectiveness: The JV Company Registered Capital Increase Agreement is subject to the shareholders' approval of Jidong Cement and the board approval of the Company.

Termination Agreement

Date: 9 January 2019

Parties: (a) the Company; and
(b) Jidong Cement

Subject matter: The Company and Jidong Cement have agreed to terminate the New Entrustment Agreement.

The Company has further agreed to pay Jidong Cement an entrustment fee calculated on a pro rata basis with reference to RMB5,000,000 as the annual entrustment fee.

Effectiveness: The Termination Agreement is effective upon the board approval of both the Company and Jidong Cement.

INFORMATION ON PARTIES TO THE AGREEMENTS

Information on the Group

The Company is a joint stock company established under the laws of the PRC with limited liability, the A shares of which are listed on the Shanghai Stock Exchange and the H shares of which are listed on the Main Board of the Stock Exchange. The Company is principally engaged in the manufacture and sale of cement and modern building materials, property development, property investment, and provision of property management services.

Information on Jidong Cement

Jidong Cement is a joint stock company established under the laws of the PRC with limited liability, the A shares of which are listed on the Shenzhen Stock Exchange (stock code: 000401). As at the date of this announcement, Jidong Cement is held by the Company and Jidong Development as to 7.0% and 30.0% respectively. Jidong Cement is a non-wholly owned subsidiary of Jidong Development. Its financial statements are consolidated into the financial statements of Jidong Development. Jidong Development is in turn held by the Company as to 55.0%, and is a non-wholly owned subsidiary of the Company. The principal businesses of Jidong Cement are the manufacturing and sale of cement, clinker and concrete.

INFORMATION OF THE TARGET COMPANIES

Set out below are the principal business of each of the Target Companies in which each of the Target Company is established in the PRC with limited liability:

No.	Name of company	Principal business	Shareholding held by the Company
1.	Zhuoquan BBMG Cement Co., Ltd (左權金隅水泥有限公司)	Manufacturing and sale of cement and cement clinker	100%
2.	Lingchuan BBMG Cement Co., Ltd. (陵川金隅水泥有限公司)	Manufacturing and sale of cement and cement clinker	100%
3.	Baoding Taihang Heyi Cement Co., Ltd. (保定太行和益水泥有限公司)	Manufacturing and sale of cement and cement clinker	75%
4.	Handan Shexian BBMG Cement Co., Ltd. (邯鄲涉縣金隅水泥有限公司)	Manufacturing and sale of cement and cement clinker	91%
5.	Qinyang BBMG Cement Co., Ltd. (沁陽市金隅水泥有限公司)	Manufacturing and sale of cement and cement clinker	86.6%
6.	Lanxian BBMG Cement Co., Ltd. (嵐縣金隅水泥有限公司)	Manufacturing and sale of cement and cement clinker	80%
7.	Xuanhua BBMG Cement Co., Ltd. (宣化金隅水泥有限公司)	Manufacturing and sale of cement and cement clinker	65%

Key information of the Target Companies

Set out below is the key financial information of each of the Target Companies based on the audited financial statements prepared in accordance with the China Accounting Standards for Business Enterprises:

		<i>RMB'000</i>					
No.	Name of company	Net profit before taxation for the year ended 31 December 2017	Net profit/ (loss) before taxation for the year ended 31 December 2016	Net profit after taxation for the year ended 31 December 2017	Net profit/ (loss) after taxation for the year ended 31 December 2016	Total assets as at 31 December 2017	Total assets as at 31 December 2016
1.	Zhuoquan BBMG Cement Co., Ltd (左權金隅水泥有限公 司)	26,207.93	(29,589.35)	59,801.92	(29,589.35)	853,230.69	805,779.35
2.	Lingchuan BBMG Cement Co., Ltd. (陵川金隅水泥有限公 司)	50,776.82	(28,829.83)	62,627.33	(28,829.83)	607,672.06	516,770.88
3.	Baoding Taihang Heyi Cement Co., Ltd. (保定太行和益水 泥有限公司)	60,627.42	15,770.28	53,279.49	11,355.71	587,338.37	660,722.64
4.	Handan Shexian BBMG Cement Co., Ltd. (邯鄲涉 縣金隅水泥有限公司)	20,527.54	(15,961.78)	25,895.28	(15,961.78)	602,455.04	587,388.32
5.	Qinyang BBMG Cement Co., Ltd. (沁陽市金隅水泥有限 公司)	9,332.75	(28,952.69)	16,765.50	(28,953.69)	488,570.77	503,044.80
6.	Lanxian BBMG Cement Co., Ltd. (嵐縣金隅水泥有限公 司)	1,108.26	(20,275.13)	6,223.31	(20,275.13)	327,913.70	320,069.27
7.	Xuanhua BBMG Cement Co., Ltd. (宣化金隅水泥有限公 司)	23,694.33	(35,777.41)	38,250.50	(35,777.41)	504,776.80	498,607.25

INFORMATION OF THE INJECTED COMPANIES

Set out below are the principal business of each of the Injected Companies in which each of the Injected Company is established in the PRC with limited liability:

No.	Name of company	Principal business
1.	Zanhuang BBMG Cement Co., Ltd. (贊皇金隅水泥有限公司)	Manufacturing and sale of cement and cement clinker
2.	Beijing BBMG Liushui Environmental Protection Technology Co., Ltd. (北京金隅琉水環保科技有限公司)	Manufacturing and sale of cement and cement clinker
3.	Tianjin BBMG Zengxing Environmental Protection Technology Co., Ltd (天津金隅振興環保科技有限公司)	Manufacturing and sale of cement and cement clinker
4.	Zhuolu BBMG Cement Co., Ltd. (涿鹿金隅水泥有限公司)	Manufacturing and sale of cement and cement clinker
5.	Zhangjiakou BBMG Cement Co., Ltd. (張家口金隅水泥有限公司)	Manufacturing and sale of cement and cement clinker
6.	Xingtai BBMG Yongning Cement Co., Ltd. (邢台金隅詠寧水泥有限公司)	Manufacturing and sale of cement and cement clinker
7.	Hebei Taihang Huaxin Building Materials Co. Ltd. (河北太行華信建材有限責任公司)	Exploitation of limestone
8.	Linli Jidong Cement Co., Ltd* (臨澧冀東水泥有限公司)	Manufacturing and sale of cement and cement clinker
9.	Tangshan Jishui Property Service Co., Ltd* (唐山冀水物業服務有限公司)	Manufacturing and sale of cement and cement clinker
10.	Jidong Cement Yentai Co., Ltd* (冀東水泥(煙台)有限責任公司)	Manufacturing and sale of cement and cement clinker
11.	Jidong Cement Fengxiang Co., Ltd* (冀東水泥鳳翔有限責任公司)	Manufacturing and sale of cement and cement clinker
12.	Jidong Cement Heilongjiang Co. Ltd* (冀東水泥黑龍江有限公司)	Manufacturing and sale of cement and cement clinker

Key information of the Injected Companies

Set out below is the key financial information of each of the Injected Companies based on the audited financial statements prepared in accordance with the China Accounting Standards for Business Enterprises:

		<i>RMB'000</i>					
No.	Name of company	Net profit/ (loss) before taxation for the year ended 31 December 2017	Net profit/ (loss) before taxation for the year ended 31 December 2016	Net profit/ (loss) after taxation for the year ended 31 December 2017	Net profit/ (loss) after taxation for the year ended 31 December 2016	Total assets as at 31 December 2017	Total assets as at 31 December 2016
1.	Zanhuang BBMG Cement Co., Ltd. (贊皇金隅水泥有限公司)	163,384.55	10,712.93	131,776.99	10,712.93	1,684,826.50	1,625,563.12
2.	Beijing BBMG Liushui Environmental Protection Technology Co., Ltd. (北京金隅疏水環保科技有限公司)	21,037.05	101,802.55	6,182.96	90,987.42	1,432,947.66	1,457,681.46
3.	Tianjin BBMG Zengxing Environmental Protection Technology Co., Ltd (天津金隅振興環保科技有限公司)	(998.21)	1,208.02	206.60	242.29	1,057,495.84	1,089,778.31
4.	Zhuolu BBMG Cement Co., Ltd. (涿鹿金隅水泥有限公司)	116,463.04	29,125.36	87,559.51	29,125.36	898,468.23	841,661.32
5.	Zhangjiakou BBMG Cement Co., Ltd. (張家口金隅水泥有限公司)	18,955.17	(25,526.95)	26,204.54	(25,526.95)	499,839.76	530,142.84
6.	Xingtai BBMG Yongning Cement Co., Ltd. (邢合金隅詠寧水泥有限公司)	65,013.55	(8,683.40)	51,258.21	(8,683.40)	660,280.80	617,122.87
7.	Hebei Taihang Huaxin Building Materials Co. Ltd. (河北太行華信建材有限責任公司)	(6,281.40)	23,541.53	(7,873.61)	17,704.15	200,736.13	211,531.25
8.	Linli Jidong Cement Co., Ltd* (臨澧冀東水泥有限公司)	88,928.05	118,085.66	66,403.99	88,281.01	662,042.49	721,351.81

No.	Name of company	Net profit/ (loss) before taxation for the year ended 31 December 2017	Net profit/ (loss) before taxation for the year ended 31 December 2016	Net profit/ (loss) after taxation for the year ended 31 December 2017	Net profit/ (loss) after taxation for the year ended 31 December 2016	Total assets as at 31 December 2017	Total assets as at 31 December 2016
9.	Tangshan Jishui Property Service Co., Ltd* (唐山冀水物業服務有限公司)	163.36	(6,910.19)	121.21	(5,313.38)	425,513.00	419,732.30
10.	Jidong Cement Yentai Co., Ltd* (冀東水泥(煙台)有限責任公司)	10,935.54	49,475.72	6,258.68	34,255.45	952,184.46	986,290.38
11.	Jidong Cement Fengxiang Co., Ltd* (冀東水泥鳳翔有限責任公司)	51,397.00	80,181.81	44,319.09	68,130.44	723,700.13	724,776.84
12.	Jidong Cement Heilongjiang Co. Ltd* (冀東水泥黑龍江有限公司)	(10,172.40)	(42,329.92)	(10,172.40)	(42,329.92)	1,218,631.31	1,625,234.40

REASONS FOR AND BENEFITS OF THE AGREEMENTS

The Agreements will be beneficial to the Company in terms of enhancement of access to capital markets to finance the future growth and expansion of business operations. The Agreements further resolve the issue of competing business between the Company and Jidong Cement. The Agreements further provide an opportunity for the Company to continue to cooperate with Jidong Cement on various aspects and will be a win-win situation to both the Company and Jidong Cement.

The transactions under the Agreements are not expected to have any material adverse effect on the Company's operating results. The value of contribution to the increase in registered capital of the JV Company by the Company and Jidong Cement under the JV Company Registered Capital Increase Agreement and the consideration payable by Jidong Cement to the Company under the Asset Acquisition Agreement were determined based on arm's length negotiations between the parties and based on the valuation results of the respective equity interests of the Target Companies and Injected Companies as at 31 July 2018 by independent valuer(s) in which all such valuations have been approved by SASAC.

The Board considers that the terms of the Agreements are fair and reasonable and in the interests of the Shareholders as a whole.

Upon completion of the Agreements, the Target Companies shall cease to be directly owned subsidiaries of the Company. The Injected Companies shall become indirectly owned subsidiaries of the Company.

LISTING RULES IMPLICATION

As one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of each of the Agreements is more than 5% but less than 25%, the entering into of the Agreements (and even if the percentage ratios are aggregated in accordance with Rule 14.23 of the Listing Rules (including the previous transactions mentioned in the announcement of the Company dated 28 December 2017), the aggregated percentage ratio will still be more than 5% but less than 25%) will constitute a notifiable transaction which is subject to the reporting and announcement requirements only under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context requires otherwise, capitalized terms used in this announcement shall have the meanings as follows:

“Agreements”	collectively, the Asset Acquisition Agreement, the JV Company Registered Capital Increase Agreement and the Termination Agreement;
“Asset Acquisition Agreement”	the asset acquisition agreement dated 9 January 2019 entered into between the Company and Jidong Cement for the transfer of equity interests in the Target Companies;
“Board”	the board of directors of the Company;
“Company”	北京金隅集團股份有限公司 (BBMG Corporation*), a joint stock company established under the laws of the PRC with limited liability, the H shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 02009) and the A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601992);
“Five Injected Companies”	the five companies to be injected by Jidong Cement to the JV Company pursuant to the JV Company Registered Capital Increase Agreement, the details of which are set out in the section headed “Information of the Injected Companies” in this announcement;
“Injected Company(ies)”	collectively, the Five Injected Companies and the Seven Injected Companies;

“Jidong Cement”	Tangshan Jidong Cement Co., Ltd.* (唐山冀東水泥股份有限公司), a joint stock company established under the laws of the PRC with limited liability and the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 000401);
“Jidong Development”	Jidong Development Group Co., Ltd.* (冀東發展集團有限責任公司), a company established under the laws of the PRC with limited liability;
“JV Company”	BBMG Jidong Cement (Tangshan) Company Limited* (金隅冀東水泥(唐山)有限責任公司), a joint venture company established under the laws of the PRC owned as to 47.09% and 52.91% by the Company and Jidong Cement;
“JV Company Registered Capital Increase Agreement”	the JV Company registered capital increase agreement dated 9 January 2019 entered into between the Company and Jidong Cement in relation to the contribution of both parties to the increase in registered capital of the JV Company from RMB3 billion to RMB4 billion;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“New Entrustment Agreement”	the equity entrustment agreement dated 28 December 2017 entered into between the Company and Jidong Cement in respect of the entrusted companies (as defined therein);
“Non-Competition Agreement”	the non-competition agreement dated 28 December 2017 entered into between the Company and Jidong Cement;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“SASAC”	State-owned Assets Supervision and Administration Commission (國務院國有資產監督管理委員會);
“Seven Injected Companies”	the seven companies to be injected by the Company to the JV Company pursuant to the JV Company Registered Capital Increase Agreement, the details of which are set out in the section headed “Information of the Injected Companies” in this announcement;
“Shareholders”	shareholders of the Company;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Termination Agreement”	the termination agreement of Equity Entrustment Agreement dated 9 January 2019 entered into between the Company and Jidong Cement in relation to the termination of the New Entrustment Agreement;
“Target Companies”	the companies the equity interests of which will be transferred from the Company to Jidong Cement pursuant to the Asset Acquisition Agreement, the details of which are set out in the section headed “Information of the Target Companies” in this announcement;
“%”	per cent.

By order of the Board
BBMG Corporation*
Jiang Deyi
Chairman

Beijing, the PRC, 9 January 2019

As at the date of this announcement, the executive Directors of the Company are Mr. Jiang Deyi, Mr. Wu Dong and Mr. Zheng Baojin; the non-executive Directors of the Company are Mr. Guo Yanming and Mr. Xue Chunlei; and the independent non-executive Directors of the Company are Mr. Wang Guangjin, Mr. Tian Lihui, Mr. Tang Jun and Mr. Ngai Wai Fung.

* *English translation denotes for identification purposes only*