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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)**

## (1) DISCLOSEABLE TRANSACTION – ESTABLISHMENT OF A JOINT VENTURE COMPANY
## (2) DISCLOSEABLE TRANSACTION – ACQUISITION OF MINORITY INTERESTS IN SUBSIDIARY
## AND
## (3) CLOSURE OF REGISTER OF MEMBERS

**BACKGROUND**

Reference is made to the announcement of the Company dated 28 December 2017 relating to, among other things, the Framework Agreement in relation to the establishment of the JV Company, the New Restructuring and the Equity Transfer.

On 7 February 2018, further to the Framework Agreement, the Company and Jidong Cement entered into (i) the Joint Venture Agreement in relation to the establishment of the JV Company; (ii) the Performance Compensation Agreement in relation to the performance compensation undertaking provided by the Company to Jidong Cement in respect of the Target Mining Rights and the Target Patents and Software Copyrights; and (iii) the Trademark Licence Agreement.

**LISTING RULES IMPLICATIONS, CIRCULAR AND EXTRAORDINARY GENERAL MEETING**

**Joint Venture Agreement**

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the establishment of the JV Company exceed 5% but are below 25%, the entering into of the Joint Venture Agreement constitutes a discloseable transaction for the

* *For identification purposes only*

Company, which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**Equity Transfer Agreements**

Following the finalization of the valuation result of the equity interest of BBMG Mangrove and the consideration under the Equity Transfer Agreements, as one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Equity Transfer exceed 5% but are below 25%, the entering into of the Equity Transfer Agreements constitutes a discloseable transaction for the Company, which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**Extraordinary General Meeting**

To allow for continuity in the approval process of the proposed business restructuring of the Group since 2016, approval from the Shareholders will be sought at the EGM for the entering into of the Transaction Agreements. A circular containing, among other things, details regarding the Transaction Agreements and the transactions contemplated thereby, and other contents as required by the Listing Rules will be despatched to the Shareholders as soon as practicable and by 9 March 2018.

## CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlements of the Shareholders to vote at the EGM, the register of members for the H shares of the Company will be closed from 24 February 2018 (Saturday) to 26 March 2018 (Monday) (both day inclusive), during which no transfer of shares will be effected. Shareholders whose names appear on the register of members of the Company on 26 March 2018 (Monday) will be entitled to attend and vote at the EGM. In order to attend and vote at the EGM, all transfers accompanied by relevant share certificates must be lodges with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 23 February 2018 (Friday).

## WARNING

**The Transaction Agreements and the transactions contemplated thereby are subject to, among other things, various regulatory approvals and shareholder approval of Jidong Cement and the Company. The transactions contemplated under the Transaction Agreements may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.**

## BACKGROUND

Reference is made to the announcement of the Company dated 28 December 2017 relating to, among other things, the Framework Agreement in relation to the establishment of the JV Company, the New Restructuring and the Equity Transfer.

On 7 February 2018, further to the Framework Agreement, the Company and Jidong Cement entered into (i) the Joint Venture Agreement in relation to the establishment of the JV Company; (ii) the Performance Compensation Agreement in relation to the performance compensation undertaking provided by the Company to Jidong Cement in respect of the Target Mining Rights and the Target Patents and Software Copyrights; and (iii) the Trademark Licence Agreement.

## DISCLOSEABLE TRANSACTION – ESTABLISHMENT OF A JOINT VENTURE COMPANY

The Board is pleased to announce that, on 7 February 2018, the Company and Jidong Cement entered into the Joint Venture Agreement to establish the JV Company in Tangshan, Hebei Province, the PRC. The principal terms of the Joint Venture Agreement are set out below:

### Joint Venture Agreement

**Date:** 7 February 2018

**Parties:**

(a) the Company; and

(b) Jidong Cement

**Registered capital of the JV Company:** The registered capital of the JV Company shall be RMB3,000 million.

**Capital contribution:** The value and means of capital contribution and the respective percentage of capital contribution of the parties are set out below:

| Name of shareholder | Value of capital contribution *(RMB million)* | Amount of subscribed capital contribution *(RMB million)* | Means of capital contribution | Percentage of the capital contribution *(%)* |
|---|---|---|---|---|
| the Company | 7,313.4 | 1,412.7 | Equity interests | 47.09% |
| Jidong Cement | 8,217.4 | 1,587.3 | Equity interests/Assets | 52.91% |
| **Total** | **15,530.8** | **3,000.0** | | **100.00%** |

The respective shareholding of the Company and Jidong Cement was determined based on the valuation of the equity interests of the Injected Companies as at 30 September 2017. The final asset value of the equity interests and assets to be injected is subject to the approval and filing procedures of competent state administration of asset authorities.

The equity interests in the Injected Companies shall be registered under the name of the JV Company and the assets to be injected by Jidong Cement shall be transferred to the JV Company within six months after the approval of the establishment of the JV Company by CSRC.

**Profit and loss during transition period:**

During the period from 30 September 2017 to the date of transfer of the equity interests and assets of the Injected Companies to the JV Company, the profit and loss of the equity interests in the Injected Companies shall be borne by the JV Company.

**Board composition and management structure:**

(i) The board of directors of the JV Company shall comprise three directors, one of whom shall be appointed by the Company and two of whom shall be appointed by Jidong Cement.

(ii) The board of directors of the JV Company shall have one chairman, who shall be appointed by Jidong Cement.

(iii) The supervisory board of the JV Company shall comprise three supervisors. Each of the Company, Jidong Cement and the employees of the JV Company shall be entitled to appoint one supervisor.

(iv) The chairman of the supervisory board of the JV Company shall be chaired by the supervisor appointed by the Company.

**Transfer restrictions:**

Each of Jidong Cement and the Company shall only be entitled to transfer its respective equity interests in the JV Company with the prior written consent of the other party, and the other party, under the same conditions, shall have the right of first refusal to purchase the equity interests.

**Special arrangement:** The parties agree that in the event the Company no longer has effective control over Jidong Cement, the Company shall be entitled to exercise the following interests protection measures within three months subsequent to the occurrence of such event to ensure that the Company actually has effective control over the JV Company and fulfills the requirement to consolidate the JV Company in the Company's financial statements. The Company may implement the following measures, including but not limited to:

(i) unilaterally contributing to the capital of the JV Company in cash or being transferred part of the equity interests in the JV Company held by Jidong Cement with reference to the then appraised value of the JV Company on the benchmark date (i.e. the last day of the latest quarter) to the effect that subsequent to such capital increase or equity transfer, the equity interest held by the Company in the JV Company will be not less than 51%;

(ii) purchasing all the assets of the JV Company at the then appraised value of the JV Company on the benchmark date (i.e. the last day of the latest quarter); and

(iii) amending the articles of association and adjusting the board composition of the JV Company to the effect that the majority of the board members shall be appointed by the Company.

**Effectiveness:** The Joint Venture Agreement will take effect upon the satisfaction of all of the following conditions:

(i) approval of the Joint Venture Agreement by the shareholders' meetings of the Company and Jidong Cement;

(ii) grant of antitrust clearance in relation to the establishment of the JV Company by the Ministry of Commerce of the PRC; and

(iii) the authorization or approval of the New Restructuring by competent authorities including stock exchanges and CSRC.

## Injected Companies

Pursuant to the Joint Venture Agreement, the equity interests and assets of the following Injected Companies are proposed to be injected into the JV Company upon the establishment of the JV Company.

***Injected Companies to be injected by the Company***

| No. | Name of Injected Company to be injected by the Company | Shareholding held by the Company |
|---|---|---|
| 1 | Beijing BBMG Cement Trading Co., Ltd. (北京金隅水泥經貿有限公司) | 100.00% |
| 2 | Hebei BBMG Dingxin Cement Co., Ltd. (河北金隅鼎鑫水泥有限公司) | 100.00% |
| 3 | Handan BBMG Taihang Cement Co., Ltd. (邯鄲金隅太行水泥有限責任公司) | 92.63% |
| 4 | Quyang BBMG Cement Co., Ltd. (曲陽金隅水泥有限公司) | 90.00% |
| 5 | Chengde BBMG Cement Co., Ltd. (承德金隅水泥有限責任公司) | 85.00% |
| 6 | Guangling BBMG Cement Co., Ltd. (廣靈金隅水泥有限公司) | 100.00% |
| 7 | Boai BBMG Cement Co., Ltd. (博愛金隅水泥有限公司) | 95.00% |
| 8 | Siping BBMG Cement Co., Ltd. (四平金隅水泥有限公司) | 52.00% |
| 9 | BBMG Mangrove | 51.00% |
| 10 | Beijing BBMG Cement Energy Saving Technology Co., Ltd. (北京金隅水泥節能科技有限公司) | 100.00% |

***Injected Companies to be injected by Jidong Cement***

| No. | Name of Injected Company to be injected by Jidong Cement | Shareholding held by Jidong Cement |
|---|---|---|
| 1 | Tangshan Jidong Cement Co., Ltd., Tangshan Branch (唐山冀東水泥股份有限公司唐山分公司) | 100.00% |
| 2 | Tangshan Jidong Cement Co., Ltd., Marketing Branch (唐山冀東水泥股份有限公司營銷分公司) | 100.00% |
| 3 | Jidong Cement Luan County Co., Ltd. (冀東水泥灤縣有限責任公司) | 67.59% |
| 4 | Tangshan Jidong Qixin Cement Co., Ltd. (唐山冀東啓新水泥有限責任公司) | 100.00% |
| 5 | Tangshan Jidong Cement Additive Co., Ltd. (唐山冀東水泥外加劑有限責任公司) | 100.00% |
| 6 | Tangshan Jidong Cement Sanyou Co., Ltd. (唐山冀東水泥三友有限公司) | 85.02% |
| 7 | Tianjin Jidong Cement Co., Ltd. (天津冀東水泥有限公司) | 91.00% |
| 8 | Tang County Jidong Cement Co., Ltd. (唐縣冀東水泥有限責任公司) | 100.00% |
| 9 | Laishui Jidong Cement Co., Ltd. (淶水冀東水泥有限責任公司) | 100.00% |
| 10 | Shenzhou Jidong Cement Co., Ltd. (深州冀東水泥有限責任公司) | 100.00% |
| 11 | Lingshou Jidong Cement Co., Ltd. (靈壽冀東水泥有限責任公司) | 59.00% |

| No. | Name of Injected Company to be injected by Jidong Cement | Shareholding held by Jidong Cement |
|---|---|---|
| 12 | Zhangjiakou Jidong Cement Co., Ltd. (張家口冀東水泥有限責任公司) | 66.00% |
| 13 | Datong Jidong Cement Co., Ltd. (大同冀東水泥有限責任公司) | 100.00% |
| 14 | Jidong Haitian Cement Wenxi Co., Ltd. (冀東海天水泥聞喜有限責任公司) | 60.00% |
| 15 | Yangquan Jidong Cement Co., Ltd. (陽泉冀東水泥有限責任公司) | 100.00% |
| 16 | Shanxi Shuangliang Dingxin Cement Co., Ltd. (山西雙良鼎新水泥有限公司) | 60.00% |
| 17 | Chengde Jidong Cement Co., Ltd. (承德冀東水泥有限責任公司) | 100.00% |
| 18 | Pingquan Jidong Cement Co., Ltd. (平泉冀東水泥有限責任公司) | 100.00% |
| 19 | Changli Jidong Cement Co., Ltd. (昌黎冀東水泥有限公司) | 69.00% |
| 20 | Jidong Cement Yongji Co., Ltd. (冀東水泥永吉有限責任公司) | 100.00% |
| 21 | Jidong Cement Panshi Co., Ltd. (冀東水泥磐石有限責任公司) | 100.00% |
| 22 | Jidong Cement Fuyu Co., Ltd. (冀東水泥扶餘有限責任公司) | 100.00% |

**Performance Compensation Agreement**

In connection with the New Restructuring, the valuation of the Target Mining Rights and the Target Patents and Software Copyrights owned by the Injected Companies to be injected by the Company was based on future profit forecast. In accordance with the Administrative Measures on Significant Asset Restructuring of Listed Companies and related regulations of the CSRC, the Company is required to provide performance compensation undertaking for Jidong Cement in relation to the Target Mining Rights and the Target Patents and Software Copyrights under the New Restructuring.

On 7 February 2018, the Company and Jidong Cement entered into the Performance Compensation Agreement, the principal terms of which are set out below:

**Date:** 7 February 2018

**Parties:**
(a) the Company; and

(b) Jidong Cement

*Performance compensation for Target Mining Rights*

**Performance compensation period:** The performance compensation period shall be the three years upon completion of the New Restructuring (inclusive of the year of completion), namely 2018, 2019 and 2020. If completion of the New Restructuring does not take place by 31 December 2018 (inclusive), the performance compensation period will be postponed accordingly.

Completion of the New Restructuring shall mean the date on which the equity interests in the Injected Companies are registered under the name of the JV Company.

**Forecast net profits and guaranteed net profits:**

With regard to the Target Mining Rights, according to the asset valuation report issued by the Valuer, the forecast net profits for the years ending 31 December 2018, 2019 and 2020 are RMB45,085,200, RMB48,186,400 and RMB64,549,700 respectively. Accordingly, if the performance compensation period is the years ending 31 December 2018, 2019 and 2020, the guaranteed net profits for each period are RMB45,085,200, RMB48,186,400 and RMB64,549,700 respectively.

**Determination of actual net profit:**

Jidong Cement shall engage an accountant with relevant qualifications to provide an audit opinion on the actual profits of the Target Mining Rights after the end of each accounting year during the performance compensation period. The financial statements of the companies owning the Target Mining Rights shall be prepared in accordance with the China Accounting Standards for Business Enterprises and other relevant laws and regulations. The accounting policy and the accounting estimate of the financial statements shall be consistent throughout the performance compensation period and shall not be materially different with that of Jidong Cement. Subject to any change of the relevant laws or regulations or the change of accounting policy of Jidong Cement, such companies shall not change the accounting policies and the accounting estimate.

**Approach and formula for performance compensation:**

If the accumulated actual net profits of the Target Mining Rights for a relevant period during the performance compensation period falls short of the accumulated guaranteed net profits for the relevant period, the Company shall compensate Jidong Cement in respect of such shortfall by way of cash.

In respect of the Target Mining Rights, the formula for calculating the compensation amount during the relevant period is as follows:

Compensation amount for the period = (the accumulated guaranteed net profits for the relevant period of the Target Mining Rights – accumulated actual net profits for the relevant period of the Target Mining Rights) ÷ the sum of the guaranteed net profits during the performance compensation period x consideration of the Target Mining Rights – the accumulated amount already compensated in respect of the Target Mining Rights during the relevant period.

The relevant period in the above formula shall mean the period commencing from the start of the performance compensation period to the end of the relevant accounting year.

If the compensation amount calculated from the above formula is below 0, it shall be deemed as 0, which means that there shall be no return of profits used for previous compensation.

**Approach and formula for compensation on impairment:**

Upon the expiry of the performance compensation period, the auditor shall conduct an impairment test on the Target Mining Rights and issue a report on impairment.

Where the impairment amount of the Target Mining Rights as at the end of the performance compensation period exceeds the compensation amount paid, the Company shall further compensate Jidong Cement an amount calculated based on the following formula:

Additional compensation amount required to be paid by the Company = the impairment amount at the end of the performance compensation period – the accumulated compensation amount paid during the performance compensation period

The Company shall pay the additional compensation by cash.

***Performance compensation for Target Patents and Software Copyrights***

**Performance compensation period:**

The performance compensation period shall be the three years upon completion of the New Restructuring (inclusive of the year of completion), namely 2018, 2019 and 2020. If Completion does not take place by 31 December 2018 (inclusive), the performance compensation period will be postponed accordingly.

Completion of the New Restructuring shall mean the date on which the equity interests in the Injected Companies are registered under the name of the JV Company.

**Forecast revenue and guaranteed revenue:**

With regard to the businesses to which the Target Patents and Software Copyrights belong, according the valuation report issued by the Valuer, the forecast revenue for each of the years ending 31 December 2018, 2019 and 2020 are RMB529,240,500. Accordingly, if the performance compensation period is the years ending 31 December 2018, 2019 and 2020, the guaranteed revenue for each period are RMB529,240,500.

**Determination of actual revenue:**

Jidong Cement shall engage an accountant with relevant qualifications to provide an audit opinion on the actual revenue of the businesses to which the Target Patents and Software Copyrights belong after the end of each accounting year during the performance compensation period. The financial statements of the companies owning the Target Patents and Software Copyrights shall be prepared in accordance with the China Accounting Standards for Business Enterprises and other relevant laws and regulations. The accounting policy and accounting estimate of the financial statements shall be consistent throughout the performance compensation period and shall not be materially different with that of Jidong Cement. Subject to any change of the relevant laws or regulations or the change of accounting policy of Jidong Cement, such companies shall not change the accounting policies and accounting estimate.

**Approach and formula for performance compensation:**

If the accumulated actual revenue of the businesses to which the Target Patents and Software Copyrights belong to for a relevant period during the performance compensation period falls short of the accumulated guaranteed revenue for the relevant period, the Company shall compensate Jidong Cement in respect of such shortfall by way of cash.

In respect of the Target Patents and Software Copyrights, the formula for calculating the compensation amount during the relevant period is as follows:

Compensation amount for the period = (the accumulated guaranteed revenue for the relevant period of the businesses to which the Target Patents and Software Copyrights belong to – accumulated actual revenues for the relevant period of the businesses to which the Target Patents and Software Copyrights belong to) ÷ the sum of the guaranteed revenue during the performance compensation period x consideration of the Target Patents and Software Copyrights – the accumulated amount already compensated in respect of the Target Patents and Software Copyrights during the relevant period.

The relevant period in the above formula shall mean the period commencing from the start of the performance compensation period to the end of the relevant accounting year.

If the compensation amount calculated from the above formula is below 0, it shall be deemed as 0, which means that there shall be no return of profits used for previous compensation.

**Approach and formula for compensation on impairment:**

Upon the expiry of the performance compensation period, the auditor shall conduct an impairment test on the Target Mining Rights and issue a report on impairment.

Where the impairment amount of the Target Patents and Software Copyrights as at the end of the performance compensation period exceeds the compensation amount paid, the Company shall further compensate Jidong Cement an amount calculated based on the following formula:

Additional compensation amount required to be paid by the Company = the impairment amount at the end of the performance compensation period – the accumulated compensation amount paid during the performance compensation period

The Company shall pay the additional compensation by cash.

***Implementation and termination of the Performance Compensation Agreement***

**Implementation of compensation measures:**

After the end of each year during the performance compensation period, based on the audit opinion from the auditor, Jidong Cement shall issue a notice of performance compensation to the Company (with the compensation amount specified) if any of the following events occurs:

(a) the guaranteed net profits in respect of the Target Mining Rights cannot be achieved;

(b) the guaranteed revenues in respect of the Target Patents and Software Copyrights cannot be achieved; or

(c) impairment in respect of the Target Mining Rights or the Target Patents and Software Copyrights exists as at the end of the performance compensation period.

Upon receipt of the notice of performance compensation, the Company is entitled to the right of objection within 10 working days of such receipt. If the Company raises no opposition during the opposition period, the Company shall pay the compensation amount for the period to Jidong Cement by cash within 30 days upon the expiry of the opposition period. If the Company raises an opposition during the opposition period, the Company and Jidong Cement shall settle through negotiation within 30 days, or failing this, any party may file an application to China International Economic and Trade Arbitration Commission for arbitration.

**Effectiveness and termination:** The Performance Compensation Agreement and the Joint Venture Agreement shall take effect on the same date. If the Joint Venture Agreement ceases to be of any effect or is terminated, the Performance Compensation Agreement shall be terminated accordingly.

**Trademark Licence Agreement**

On 7 February 2018, the Company and Jidong Cement also entered into the Trademark Licence Agreement, the principal terms of which are set out below:

**Date:** 7 February 2018

**Parties:**

(a) the Company; and

(b) Jidong Cement

**Subject matter:** The Company agreed to license Jidong Cement and its subsidiaries to use four registered trademarks legally owned by the Company. The scope of usage of the licensed trademarks by Jidong Cement shall be Type 19 cement products.

The term of the Trademark Licence Agreement shall be 10 years, which may be extended upon agreement between the parties.

The Company is entitled to supervise Jidong Cement in relation to the quality of goods or services on which the licensed trademarks are used.

**Effectiveness:** The Trademark Licence Agreement shall take effect upon the satisfaction of all the following conditions:

(i) approval of the Trademark Licence Agreement by the shareholders' meetings of the Company and Jidong Cement; and

(ii) the approval of the New Restructuring by CSRC.

**DISCLOSEABLE TRANSACTION – ACQUISITION OF MINORITY INTERESTS IN SUBSIDIARY**

Reference is made to the Announcement. On 28 December 2017, the Company entered into the Equity Transfer Agreements with the Vendors to purchase the remaining equity interests in BBMG Mangrove not held by it, being 49% of the equity interests in BBMG Mangrove.

Subsequent to the Announcement, the Company and Jidong Cement have agreed that the final valuation result of the equity interests of BBMG Mangrove as determined by the Valuer using 30 September 2017 as the valuation date shall be RMB3,471,652,200. Hence, the consideration for the transfer of the equity interests held by each of the Vendors under the Equity Transfer Agreements has been finalized.

**Equity Transfer Agreements**

The principal terms of the First Equity Transfer Agreement are set forth below:

| | |
|---|---|
| **Date:** | 28 December 2017 |
| **Parties:** | (a) the Company, as purchaser; and<br>(b) the First Vendor and the Second Vendor, as vendors |
| **Subject Matter:** | The First Vendor and the Second Vendor shall sell, and the Company shall purchase, 25.9% and 2.97% equity interests in BBMG Mangrove, respectively. |
| **Consideration:** | Consideration shall be determined based on the valuation result of the equity interests of BBMG Mangrove as determined by an asset appraiser based on the valuation date of 30 September 2017, and subject to approval and filing procedures of competent state administration of asset authorities. |

The Company and Jidong Cement have agreed that the final valuation result of the equity interests of BBMG Mangrove as determined by the Valuer using 30 September 2017 shall be RMB3,471,652,200. Hence, the consideration for the transfer of the equity interests held by the First Vendor and the Second Vendor shall be RMB946,499,100 and RMB108,536,800, respectively.

**Payment of consideration:** The consideration shall be payable in cash in RMB. Subject to the conditions under the First Equity Transfer Agreement, the Company or its nominee shall prepay to the First Vendor and the Second Vendor the amount of RMB546,661,460 and RMB 62,686,680 respectively by 31 December 2017.

Pursuant to the First Equity Transfer Agreement, the Company has prepaid to the First Vendor and the Second Vendor the amount of RMB546,661,460 and RMB62,686,680, respectively, on 29 December 2017.

Upon the completion of the approval and filing of the valuation result with competent state administration of asset authorities, the Company or its nominee shall pay to the First Vendor and the Second Vendor the remainder of the consideration payable by 30 June 2018.

As at the date of this announcement, the Company has not obtained the approval from the competent state administration of asset authorities.

**Dividend payment:** The parties agree to procure management of BBMG Mangrove to complete the distribution of dividend to shareholders by 31 December 2017, of which the First Vendor shall be entitled to a dividend of RMB53,095,000 and the Second Vendor shall be entitled to a dividend of RMB6,088,500.

**Transition period profit and loss arrangement:** Except for the dividend right as stated above, the profit or loss of the relevant equity interests in BBMG Mangrove during the period from 30 September 2017 to the completion of the transfer of the equity interests under the First Equity Transfer Agreement shall be borne by the Company.

The principal terms of the Second Equity Transfer Agreement are set forth below:

**Date:** 28 December 2017

**Parties:**

(a) the Company, as purchaser;

(b) the Third Vendor, the Fourth Vendor and the Fifth Vendor, as vendors

**Subject Matter:**

The Third Vendor, the Fourth Vendor and the Fifth Vendor shall sell, and the Company shall purchase, 12.93%, 5.05% and 2.15% equity interests in BBMG Mangrove, respectively.

**Consideration:**

Consideration shall be determined based on the valuation result of the equity interests of BBMG Mangrove as determined by an asset appraiser based on the valuation date of 30 September 2017, and subject to approval and filing procedures of competent state administration of asset authorities.

The Company and Jidong Cement have agreed that the final valuation result of the equity interests of BBMG Mangrove as determined by the Valuer using 30 September 2017 shall be RMB3,471,652,200. Hence, the consideration for the transfer of the equity interests held by the Third Vendor, the Fourth Vendor and the Fifth Vendor shall be RMB448,884,629, RMB175,318,436 and RMB74,640,522, respectively.

**Payment of consideration:**

The consideration shall be payable in cash in RMB. Subject to the conditions under the Second Equity Transfer Agreement, the Company or its nominee shall prepay to the Third Vendor, the Fourth Vendor and the Fifth Vendor the amount of RMB134,248,050, RMB52,392,113.4 and RMB22,377,750 respectively by 31 December 2017.

Pursuant to the Second Equity Transfer Agreement, the Company has prepaid to the Third Vendor, the Fourth Vendor and the Fifth Vendor the amount of RMB134,248,050, RMB52,392,113.4 and RMB22,377,750, respectively, on 29 December 2017.

Upon the completion of the approval and filing of the valuation result with competent state administration of asset authorities, the Company or its nominee shall pay to the Third Vendor, the Fourth Vendor and the Fifth Vendor the remainder of the consideration payable by 30 June 2018.

As at the date of this announcement, the Company has not obtained the approval from the competent state administration of asset authorities.

| | |
|---|---|
| **Dividend payment:** | The parties agree to procure management of BBMG Mangrove to complete the distribution of dividend to shareholders by 31 December 2017, of which the Third Vendor, the Fourth Vendor and the Fifth Vendor shall be entitled to a dividend of RMB26,506,500, RMB10,352,500 and RMB4,407,500 respectively. |
| **Transition period profit and loss arrangement:** | Except for the dividend right as stated above, the profit or loss of the relevant equity interests in BBMG Mangrove during the period from 30 September 2017 to the completion of the transfer of the equity interests under the Second Equity Transfer Agreement shall be borne by the Company. |

## INFORMATION ON PARTIES INVOLVED IN THE TRANSACTION AGREEMENTS AND THE EQUITY TRANSFER 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 Jidong Development as to 30.0% and 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 subsidiary of the Company. The principal businesses of Jidong Cement are the manufacturing and sale of cement, clinker and concrete.

### Information on the First Vendor

The First Vendor is a limited liability partnership established in the PRC. Its principal business is asset management, investment management and investment consultation.

### Information on the Second Vendor

The Second Vendor is a limited liability partnership established in the PRC. Its principal business is investment management, project investment, asset management (excluding financial assets) and investment consultation.

**Information on the Third Vendor**

The Third Vendor is a company established in the PRC with limited liability. Its principal business is distressed asset management, investment and asset management, as well as financial services.

**Information on the Fourth Vendor**

The Fourth Vendor is a company established in the PRC with limited liability. Its principal business is international economic information consultation and investment management consultation.

**Information on the Fifth Vendor**

The Fifth Vendor is a company established in the PRC with limited liability. Its principal business is equity investment.

To the best knowledge, information and belief of the Directors and after making reasonable enquiries, save as disclosed above, each of Jidong Cement, the Vendors and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules) as at the date of this announcement.

## INFORMATION ON THE INJECTED COMPANIES

**Principal business of the Injected Companies**

Each of the Injected Companies is established in the PRC with limited liability, and their principal businesses are set forth below:

| No. | Injected Company | Principal business |
|---|---|---|
| 1 | Beijing BBMG Cement Trading Co., Ltd. (北京金隅水泥經貿有限公司) | Sale of cement and cement clinker |
| 2 | Hebei BBMG Dingxin Cement Co., Ltd. (河北金隅鼎鑫水泥有限公司) | Manufacturing and sale of cement and cement clinker |
| 3 | Handan BBMG Taihang Cement Co., Ltd. (邯鄲金隅太行水泥有限責任公司) | Manufacturing and sale of cement and cement clinker |
| 4 | Quyang BBMG Cement Co., Ltd. (曲陽金隅水泥有限公司) | Manufacturing and sale of cement and cement clinker |
| 5 | Chengde BBMG Cement Co., Ltd. (承德金隅水泥有限責任公司) | Manufacturing and sale of cement and cement clinker |

| No. | Injected Company | Principal business |
|---|---|---|
| 6 | Guangling BBMG Cement Co., Ltd. (廣靈金隅水泥有限公司) | Manufacturing and sale of cement and cement clinker |
| 7 | Boai BBMG Cement Co., Ltd. (博愛金隅水泥有限公司) | Manufacturing and sale of cement and cement clinker |
| 8 | Siping BBMG Cement Co., Ltd. (四平金隅水泥有限公司) | Manufacturing and sale of cement and cement clinker |
| 9 | BBMG Mangrove | Manufacture and sale of cement and cement clinker, innocuous treatment of industrial wastes, remediation and final treatment of contaminated soil |
| 10 | Beijing BBMG Cement Energy Saving Technology Co., Ltd. (北京金隅水泥節能科技有限公司) | Manufacture and sale of concrete admixtures and cement grinding aids, etc. |

**Valuation of the Injected Companies**

The Valuer adopted the asset-based approach and income-based approach in making valuation of the Injected Companies, and finally selected the asset-based approach as the basis for valuation. According to the valuation results prepared by the independent valuer using 30 September 2017 as the valuation date, the appraised values of the Injected Companies are set forth below:

***Injected Companies to be contributed by the Company***

*RMB'000*

| No. | Equity interests of Injected Company | Book value of net asset A | Appraised value B | Premium / (discount) C=B-A | % of Premium / (discount) D=C/ A*100% |
|---|---|---|---|---|---|
| 1 | 100% equity interest of Beijing BBMG Cement Trading Co., Ltd. (北京金隅水泥經貿有限公司) | 512,236.50 | 516,709.70 | 4,473.10 | 0.87% |
| 2 | 100% equity interest of Hebei BBMG Dingxin Cement Co., Ltd. (河北金隅鼎鑫水泥有限公司) | 1,815,900.90 | 2,114,423.10 | 277,228.90 | 15.09% |
| 3 | 92.63% equity interest of Handan BBMG Taihang Cement Co., Ltd. (邯鄲金隅太行水泥有限責任公司) | 929,396.07 | 1,066,133.40 | 129,240.30 | 13.79% |
| 4 | 90.00% equity interest of Quyang BBMG Cement Co., Ltd. (曲陽金隅水泥有限公司) | 347,174.64 | 363,064.00 | 15,889.30 | 4.58% |

| No. | Equity interests of Injected Company | Book value of net asset A | Appraised value B | Premium / (discount) C=B-A | % of Premium / (discount) D=C/ A*100% |
|---|---|---|---|---|---|
| 5 | 85.00% equity interest of Chengde BBMG Cement Co., Ltd. (承德金隅水泥有限責任公司) | 419,790.35 | 437,177.90 | 17,463.20 | 4.16% |
| 6 | 100% equity interest of Guangling BBMG Cement Co., Ltd. (廣靈金隅水泥有限公司) | 404,866.50 | 388,195.50 | (16,671.00) | (4.12%) |
| 7 | 95.00% equity interest of Boai BBMG Cement Co., Ltd. (博愛金隅水泥有限公司) | 318,004.43 | 411,344.10 | 95,521.40 | 30.25% |
| 8 | 52.00% equity interest of Siping BBMG Cement Co., Ltd. (四平金隅水泥有限公司) | 138,642.35 | 138,707.80 | 65.50 | 0.05% |
| 9 | 51.00% equity interest of BBMG Mangrove | 1,270,771.03 | 1,770,542.70 | 442,450.90 | 33.31% |
| 10 | 100.00% equity interest of Beijing BBMG Cement Energy Saving Technology Co., Ltd. (北京金隅水泥節能科技有限公司) | 91,528.90 | 107,072.70 | 15,543.80 | 16.98% |
| **Total** | | **6,248,311.66** | **7,313,371.00** | **981,205.50** | **15.50%** |

***Injected Companies and Injected Assets to be contributed by Jidong Cement***

*RMB'000*

| No. | Equity interests of Injected Company | Book value of net asset A | Appraised value B | Premium / (discount) C=B-A | % of Premium / (discount) D=C/ A*100% |
|---|---|---|---|---|---|
| 1 | Tangshan Jidong Cement Co., Ltd., Tangshan Branch (唐山冀東水泥股份有限公司唐山分公司) | 1,245,209.40 | 1,982,617.30 | 737,407.90 | 59.22% |
| 2 | Tangshan Jidong Cement Co., Ltd., Marketing Branch (唐山冀東水泥股份有限公司營銷分公司) | 28,557.90 | 97,107.80 | 36,760.60 | 60.92% |
| 3 | 67.5861% equity interest of Jidong Cement Luan County Co., Ltd. (冀東水泥灤縣有限責任公司) | 278,775.77 | 437,026.70 | 158,628.60 | 56.98% |
| 4 | 100.00% equity interest of Tangshan Jidong Qixin Cement Co., Ltd. (唐山冀東啟新水泥有限責任公司) | 322,020.50 | 381,387.70 | 59,367.20 | 18.44% |

| No. | Equity interests of Injected Company | Book value of net asset A | Appraised value B | Premium / (discount) C=B-A | % of Premium / (discount) D=C/ A*100% |
|---|---|---|---|---|---|
| 5 | 100.00% equity interest of Tangshan Jidong Cement Additive Co., Ltd. (唐山冀東水泥外加劑有限責任公司) | 81,735.10 | 86,423.30 | 4,688.40 | 5.74% |
| 6 | 85.02% equity interest of Tangshan Jidong Cement Sanyou Co., Ltd. (唐山冀東水泥三友有限公司) | 306,126.41 | 395,479.90 | 88,832.10 | 28.97% |
| 7 | 91.00% equity interest of Tianjin Jidong Cement Co., Ltd. (天津冀東水泥有限公司) | 81,022.76 | 138,706.10 | 57,683.40 | 71.19% |
| 8 | 100.00% equity interest of Tang County Jidong Cement Co., Ltd. (唐縣冀東水泥有限責任公司) | 443,493.00 | 496,857.70 | 79,084.80 | 18.93% |
| 9 | 100.00% equity interest of Laishui Jidong Cement Co., Ltd. (淶水冀東水泥有限責任公司) | 458,551.70 | 513,026.40 | 54,474.70 | 11.88% |
| 10 | 100.00% equity interest of Shenzhou Jidong Cement Co., Ltd. (深州冀東水泥有限責任公司) | (39,064.60) | – | 39,064.60 | – |
| 11 | 59.00% equity interest of Lingshou Jidong Cement Co., Ltd. (靈壽冀東水泥有限責任公司) | 132,617.13 | 122,209.40 | (10,407.70) | (7.85%) |
| 12 | 66.00% equity interest of Zhangjiakou Jidong Cement Co., Ltd. (張家口冀東水泥有限責任公司) | (4,366.82) | – | 4,366.80 | – |
| 13 | 100.00% equity interest of Datong Jidong Cement Co., Ltd. (大同冀東水泥有限責任公司) | 454,363.20 | 861,033.80 | 372,723.90 | 76.33% |
| 14 | 60.00% equity interest of Jidong Haitian Cement Wenxi Co., Ltd. (冀東海天水泥聞喜有限責任公司) | 272,008.80 | 386,587.60 | 114,578.80 | 42.12% |
| 15 | 100.00% equity interest of Yangquan Jidong Cement Co., Ltd. (陽泉冀東水泥有限責任公司) | 219,222.20 | 276,747.20 | 57,525.00 | 26.24% |
| 16 | 60.00% equity interest of Shanxi Shuangliang Dingxin Cement Co., Ltd. (山西雙良鼎新水泥有限公司) | 288,644.10 | 270,636.20 | (18,007.90) | (6.24%) |
| 17 | 100.00% equity interest of Chengde Jidong Cement Co., Ltd. (承德冀東水泥有限責任公司) | 109,636.50 | 265,728.80 | 156,092.30 | 142.37% |
| 18 | 100.00% equity interest of Pingquan Jidong Cement Co., Ltd. (平泉冀東水泥有限責任公司) | 106,441.60 | 137,154.30 | 31,417.70 | 29.71% |
| 19 | 69.00% equity interest of Changli Jidong Cement Co., Ltd. (昌黎冀東水泥有限公司) | (38,866.25) | – | 38,866.30 | – |
| 20 | 100.00% equity interest of Jidong Cement Yongji Co., Ltd. (冀東水泥永吉有限責任公司) | 487,772.10 | 546,988.40 | 59,216.30 | 12.14% |

| No. | Equity interests of Injected Company | Book value of net asset A | Appraised value B | Premium / (discount) C=B-A | % of Premium / (discount) D=C/ A*100% |
|---|---|---|---|---|---|
| 21 | 100.00% equity interest of Jidong Cement Panshi Co., Ltd. (冀東水泥磐石有限責任公司) | 524,811.20 | 707,391.80 | 182,580.60 | 34.79% |
| 22 | 100.00% equity interest of Jidong Cement Fuyu Co., Ltd. (冀東水泥扶餘有限責任公司) | 68,839.20 | 114,325.30 | 45,486.10 | 66.08% |
| **Total** | | **5,827,550.90** | **8,217,435.70** | **2,350,430.30** | **40.06%** |

*Note:* The book values of net asset and the valuations of Shenzhou Jidong Cement Co., Ltd. (深州冀東水泥有限責任公司), Zhangjiakou Jidong Cement Co., Ltd. (張家口冀東水泥有限責任公司) and Changli Jidong Cement Co., Ltd. (昌黎冀東水泥有限公司) are negative. The consideration is nil when Jidong Cement contributes with its equity interests, and accordingly, the appraised value will be nil and the premium and percentage of premium will not be measured.

## Key financial information of the Injected Companies

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

### *Injected Companies to be contributed by the Company*

*RMB'000*

| Name of company | Net profit/ (loss) before taxation for the 9 months ended 30 September 2017 | Net profit/ (loss) before taxation for the year ended 31 December 2016 | Net profit/ (loss) before taxation for the year ended 31 December 2015 | Net profit/ (loss) after taxation for the 9 months ended 30 September 2017 | Net profit/ (loss) after taxation for the year ended 31 December 2016 | Net profit/ (loss) after taxation for the year ended 31 December 2015 | Total assets as at 30 September 2017 | Net assets as at 30 September 2017 |
|---|---|---|---|---|---|---|---|---|
| Beijing BBMG Cement Trading Co., Ltd. (北京金隅水泥經貿有限公司) | 35,945.53 | 7,936.30 | 1,291.28 | 26,254.56 | 6,502.88 | (3,402.66) | 4,503,492.98 | 512,236.59 |

| Name of company | Net profit/ (loss) before taxation for the 9 months ended 30 September 2017 | Net profit/ (loss) before taxation for the year ended 31 December 2016 | Net profit/ (loss) before taxation for the year ended 31 December 2015 | Net profit/ (loss) after taxation for the 9 months ended 30 September 2017 | Net profit/ (loss) after taxation for the year ended 31 December 2016 | Net profit/ (loss) after taxation for the year ended 31 December 2015 | Total assets as at 30 September 2017 | Net assets as at 30 September 2017 |
|---|---|---|---|---|---|---|---|---|
| Hebei BBMG Dingxin Cement Co., Ltd. (河北金隅鼎鑫水泥有限公司) | 355,029.75 | 45,194.84 | 934.52 | 267,058.11 | 36,097.19 | 2,575.14 | 3,602,288.66 | 1,837,194.24 |
| Handan BBMG Taihang Cement Co., Ltd. (邯鄲金隅太行水泥有限責任公司) | 182,620.17 | 13,758.60 | (1,619.24) | 141,287.85 | 8,186.66 | (7,900.34) | 2,264,102.75 | 1,011,435.98 |
| Quyang BBMG Cement Co., Ltd. (曲陽金隅水泥有限公司) | 90,197.66 | 18,099.18 | 892.64 | 67,625.79 | 11,494.24 | 557.30 | 879,966.27 | 385,749.63 |
| Chengde BBMG Cement Co., Ltd. (承德金隅水泥有限責任公司) | 65,373.60 | 31,627.37 | 15,215.64 | 49,119.11 | 23,555.36 | 15,215.64 | 1,253,916.88 | 493,782.01 |
| Guangling BBMG Cement Co., Ltd. (廣靈金隅水泥有限公司) | 91,976.23 | 17,982.88 | 82.13 | 68,007.74 | 13,435.99 | 29.94 | 794,559.51 | 404,866.43 |
| Boai BBMG Cement Co., Ltd. (博愛金隅水泥有限公司) | 20,287.74 | 11,163.87 | (6,839.75) | 15,176.94 | 9,528.16 | (6,911.00) | 589,100.01 | 332,444.93 |
| Siping BBMG Cement Co., Ltd. (四平金隅水泥有限公司) | (2,631.54) | (27,806.70) | (18,901.16) | (2,631.54) | (27,839.57) | (18,904.34) | 452,936.93 | 266,619.93 |
| BBMG Mangrove | 60,396.85 | 67,731.05 | 100,414.78 | 42,323.29 | 51,341.98 | 86,443.67 | 3,563,769.24 | 2,604,101.56 |

| Name of company | Net profit/ (loss) before taxation for the 9 months ended 30 September 2017 | Net profit/ (loss) before taxation for the year ended 31 December 2016 | Net profit/ (loss) before taxation for the year ended 31 December 2015 | Net profit/ (loss) after taxation for the 9 months ended 30 September 2017 | Net profit/ (loss) after taxation for the year ended 31 December 2016 | Net profit/ (loss) after taxation for the year ended 31 December 2015 | Total assets as at 30 September 2017 | Net assets as at 30 September 2017 |
|---|---|---|---|---|---|---|---|---|
| Beijing BBMG Cement Energy-saving Technology Co., Ltd. (北京金隅水泥節能科技有限公司) | 36,849.60 | 17,791.50 | 24,152.60 | 31,465.02 | 15,103.60 | 20,499.42 | 247,592.45 | 91,528.84 |

***Injected Companies to be contributed by Jidong Cement***

*RMB'000*

| Name of company | Net profit/ (loss) before taxation for the 9 months ended 30 September 2017 | Net profit/ (loss) before taxation for the year ended 31 December 2016 | Net profit/ (loss) before taxation for the year ended 31 December 2015 | Net profit/ (loss) after taxation for the 9 months ended 30 September 2017 | Net profit/ (loss) after taxation for the year ended 31 December 2016 | Net profit/ (loss) after taxation for the year ended 31 December 2015 | Total assets as at 30 September 2017 | Net assets as at 30 September 2017 |
|---|---|---|---|---|---|---|---|---|
| Tangshan Jidong Cement Co., Ltd., Tangshan Branch (唐山冀東水泥股份有限公司唐山分公司) | 275,567.76 | 300,220.52 | 171,717.27 | 191,384.00 | 224,337.58 | 128,789.92 | 3,488,540.26 | 1,245,209.43 |
| Tangshan Jidong Cement Co., Ltd., Marketing Branch (唐山冀東水泥股份有限公司營銷分公司) | 7,165.14 | (9,727.92) | (33,414.41) | 912.61 | 1,835.92 | (33,232.20) | 1,335,141.45 | 60,347.14 |
| Jidong Cement Luan County Co., Ltd. (冀東水泥灤縣有限責任公司) | 13,632.21 | (31,503.27) | (82,728.38) | 9,619.86 | (25,416.75) | (64,532.74) | 1,056,699.20 | 411,916.30 |

| Name of company | Net profit/ (loss) before taxation for the 9 months ended 30 September 2017 | Net profit/ (loss) before taxation for the year ended 31 December 2016 | Net profit/ (loss) before taxation for the year ended 31 December 2015 | Net profit/ (loss) after taxation for the 9 months ended 30 September 2017 | Net profit/ (loss) after taxation for the year ended 31 December 2016 | Net profit/ (loss) after taxation for the year ended 31 December 2015 | Total assets as at 30 September 2017 | Net assets as at 30 September 2017 |
|---|---|---|---|---|---|---|---|---|
| Tangshan Jidong Qixin Cement Co., Ltd. (唐山冀東啟新水泥有限責任公司) | 38,358.32 | 16,835.89 | 10,648.86 | 28,749.94 | 11,509.48 | 6,564.18 | 774,716.45 | 322,020.46 |
| Tangshan Jidong Cement Additive Co., Ltd. (唐山冀東水泥外加劑有限責任公司) | 13,158.86 | 41,261.84 | 36,007.96 | 9,863.73 | 30,917.84 | 26,851.96 | 182,024.75 | 81,734.99 |
| Tangshan Jidong Cement Sanyou Co., Ltd. (唐山冀東水泥三友有限公司) | 34,207.07 | (458.36) | (60,706.82) | 34,795.05 | (13,194.17) | (45,198.44) | 832,701.63 | 360,677.32 |
| Tianjin Jidong Cement Co., Ltd. (天津冀東水泥有限公司) | 3,427.85 | 4,689.97 | 761.84 | 3,220.70 | 3,626.12 | (272.10) | 169,604.01 | 89,036.07 |
| Tang County Jidong Cement Co., Ltd. (唐縣冀東水泥有限責任公司) | 111,899.90 | 74,414.31 | 4,071.19 | 82,999.26 | 54,450.42 | 1,882.31 | 867,114.17 | 417,772.87 |
| Laishui Jidong Cement Co., Ltd. (淶水冀東水泥有限責任公司) | 106,082.25 | 34,815.16 | (22,399.78) | 79,770.44 | 26,360.09 | (15,216.28) | 1,178,060.48 | 458,551.78 |
| Shenzhou Jidong Cement Co., Ltd. (深州冀東水泥有限責任公司) | (927.79) | (13,219.56) | (17,586.96) | (927.79) | (13,219.56) | (17,586.96) | 83,930.13 | (39,064.58) |
| Lingshou Jidong Cement Co., Ltd. (靈壽冀東水泥有限責任公司) | 3,830.09 | (55,238.46) | (76,076.81) | 3,830.09 | (55,238.46) | (98,848.08) | 819,907.16 | 224,774.89 |

| Name of company | Net profit/ (loss) before taxation for the 9 months ended 30 September 2017 | Net profit/ (loss) before taxation for the year ended 31 December 2016 | Net profit/ (loss) before taxation for the year ended 31 December 2015 | Net profit/ (loss) after taxation for the 9 months ended 30 September 2017 | Net profit/ (loss) after taxation for the year ended 31 December 2016 | Net profit/ (loss) after taxation for the year ended 31 December 2015 | Total assets as at 30 September 2017 | Net assets as at 30 September 2017 |
|---|---|---|---|---|---|---|---|---|
| Zhangjiakou Jidong Cement Co., Ltd. (張家口冀東水泥有限責任公司) | (13,645.43) | (8,666.29) | (27,484.58) | (22,404.36) | 92.64 | (32,529.75) | 186,292.93 | (6,616.39) |
| Datong Jidong Cement Co., Ltd. (大同冀東水泥有限責任公司) | 64,929.87 | 1,114.02 | (155,412.54) | 97,513.84 | (58,385.69) | (116,252.37) | 1,278,683.92 | 488,309.93 |
| Jidong Haitian Cement Wenxi Co., Ltd. (冀東海天水泥聞喜有限責任公司) | 36,150.40 | (4,067.42) | (55,084.84) | 25,334.60 | (5,361.80) | (41,029.29) | 756,965.90 | 453,348.16 |
| Yangquan Jidong Cement Co., Ltd. (陽泉冀東水泥有限責任公司) | 29,267.09 | (8,009.67) | (111,165.20) | 29,267.09 | (8,009.67) | (150,973.02) | 1,123,026.17 | 219,222.07 |
| Shanxi Shuangliang Dingxin Cement Co., Ltd. (山西雙良鼎新水泥有限公司) | 6,948.32 | 1,174.38 | (24,259.99) | 3,993.37 | 289.76 | (18,780.44) | 534,587.38 | 481,073.44 |
| Chengde Jidong Cement Co., Ltd. (承德冀東水泥有限責任公司) | (27,505.72) | (50,564.81) | (52,591.17) | (50,815.73) | (27,254.80) | (64,979.20) | 765,671.38 | 109,636.46 |
| Pingquan Jidong Cement Co., Ltd. (平泉冀東水泥有限責任公司) | 5,589.35 | (20,793.82) | (60,930.52) | 5,342.00 | (19,476.72) | (96,452.22) | 759,653.96 | 105,736.64 |
| Changli Jidong Cement Co., Ltd. (昌黎冀東水泥有限公司) | (13,349.97) | (42,306.22) | (56,735.27) | (24,153.90) | (31,502.29) | (77,029.67) | 698,661.99 | (56,327.87) |

| Name of company | Net profit/ (loss) before taxation for the 9 months ended 30 September 2017 | Net profit/ (loss) before taxation for the year ended 31 December 2016 | Net profit/ (loss) before taxation for the year ended 31 December 2015 | Net profit/ (loss) after taxation for the 9 months ended 30 September 2017 | Net profit/ (loss) after taxation for the year ended 31 December 2016 | Net profit/ (loss) after taxation for the year ended 31 December 2015 | Total assets as at 30 September 2017 | Net assets as at 30 September 2017 |
|---|---|---|---|---|---|---|---|---|
| Jidong Cement Yongji Co., Ltd. (冀東水泥永吉有限責任公司) | 99,867.30 | 173,068.85 | 124,426.80 | 73,119.88 | 130,014.26 | 86,743.87 | 1,221,756.85 | 487,772.13 |
| Jidong Cement Panshi Co., Ltd. (冀東水泥磐石有限責任公司) | 67,824.45 | 68,012.48 | 20,119.32 | 50,418.68 | 50,360.39 | 15,739.19 | 1,028,365.89 | 524,811.22 |
| Jidong Cement Fuyu Co., Ltd. (冀東水泥扶餘有限責任公司) | 2,212.63 | 676.98 | (9,877.53) | 1,785.19 | 278.39 | (7,851.08) | 107,587.04 | 68,839.22 |

## INFORMATION ON BBMG MANGROVE

BBMG Mangrove is a company established in the PRC with limited liability. As at the date of this announcement, it is held as to 51% by the Company and 49% by five other minority shareholders. Upon completion of the Equity Transfer, BBMG Mangrove will be held as to 100% by the Company.

Set forth below is the valuation of BBMG Mangrove:

*RMB'000*

| Book value of net asset A | Appraised value B | Premium C=B-A | % of Premium D=C/A*100% |
|---|---|---|---|
| 2,491,707.90 | 3,471,652.20 | 979,944.30 | 39.33% |

The Valuer adopted the asset-based approach and income-based approach in conducting the valuation of BBMG Mangrove, and finally selected the asset-based approach as the basis for valuation. According to the valuation results prepared by the Valuer using 30 September 2017 as the valuation date, the valuation of BBMG Mangrove's net asset is RMB3,471,652,200.

Set forth below is the key financial information of BBMG Mangrove based on the audited financial statements prepared in accordance with the China Accounting Standards for Business Enterprises:

*RMB'000*

| Net profit before taxation for the 9 months ended 30 September 2017 | Net profit before taxation for the year ended 31 December 2016 | Net profit before taxation for the year ended 31 December 2015 | Net profit after taxation for the 9 months ended 30 September 2017 | Net profit after taxation for the year ended 31 December 2016 | Net profit after taxation for the year ended 31 December 2015 | Total assets as at 30 September 2017 | Net assets as at 30 September 2017 |
|---|---|---|---|---|---|---|---|
| 48,155.30 | 67,731.05 | 100,414.78 | 40,864.70 | 51,341.98 | 86,443.67 | 2,913,653.40 | 2,491,707.90 |

## REASONS FOR AND BENEFITS OF THE TRANSACTION AGREEMENTS AND THE EQUITY TRANSFER AGREEMENTS

The Transaction 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. In addition, there will be more defined business focus between the Company and Jidong Cement and an increase in management focus and efficiency in resource allocation. The entering into of the Transaction Agreements can enhance the Company's return on investment as the future returns from the Company's indirect investment in Jidong Cement as a result of the above factors. The Equity Transfer Agreements will allow the Company to acquire the remaining 49% equity interests in BBMG Mangrove, and facilitate the injection of 100% equity interest in BBMG Mangrove to the JV Company.

The transactions under the Transaction Agreements are not expected to have any material adverse effect on the Company's financial results for the year ended 31 December 2017.

The value of contribution to the JV Company by the Company and Jidong Cement under the Joint Venture Agreement and the consideration payable by the Company to the Vendors under the Equity Transfer Agreements were determined based on arm's length negotiations between the parties and based on the valuation results of the respective equity interests in the target companies as at 30 September 2017 conducted by the Valuer.

The Company will finance the consideration payable under the Equity Transfer Agreements from internal financial resources.

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

Upon completion of the transactions contemplated under the Transaction Agreements, each of the Injected Companies and BBMG Mangrove will continue to be subsidiaries of the Company.

## LISTING RULES IMPLICATIONS, CIRCULAR AND EXTRAORDINARY GENERAL MEETING

### Joint Venture Agreement

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the establishment of the JV Company exceed 5% but are below 25%, the entering into of the Joint Venture Agreement constitutes a discloseable transaction for the Company, which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### Equity Transfer Agreements

Following the finalization of the valuation result of the equity interest of BBMG Mangrove and the consideration under the Equity Transfer Agreements, as one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Equity Transfer exceed 5% but are below 25%, the entering into of the Equity Transfer Agreements constitutes a discloseable transaction for the Company, which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### Extraordinary General Meeting

To allow for continuity in the approval process of the proposed business restructuring of the Group since 2016, approval from the Shareholders will be sought at the EGM for the entering into of the Transaction Agreements. A circular containing, among other things, details regarding the Transaction Agreements and the transactions contemplated thereby, and other contents as required by the Listing Rules will be despatched to the Shareholders as soon as practicable and by 9 March 2018.

## CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlements of the Shareholders to vote at the EGM, the register of members for the H shares of the Company will be closed from 24 February 2018 (Saturday) to 26 March 2018 (Monday) (both day inclusive), during which no transfer of shares will be effected. Shareholders whose names appear on the register of members of the Company on 26 March 2018 (Monday) will be entitled to attend and vote at the EGM. In order to attend and vote at the EGM, all transfers accompanied by relevant share certificates must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 23 February 2018 (Friday).

## WARNING

**The Transaction Agreements and the transactions contemplated thereby are subject to, among other things, various regulatory approvals and shareholder approval of Jidong Cement and the Company. The transactions contemplated under the Transaction Agreements may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

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

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|---|---|
| "Announcement" | the announcement of the Company dated 28 December 2017 in relation to, among other things, the New Restructuring and the Equity Transfer |
| "BBMG Mangrove" | BBMG Mangrove Environment Protection Technology Co., Ltd.* (北京金隅紅樹林環保技術有限責任公司), a company established under the laws of the PRC with limited liability, which is held as to 51% by the Company as at the date of this announcement |
| "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) |
| "connected person" | has the meaning ascribed to it under the Listing Rules |
| "CSRC" | China Securities Regulatory Commission (中國證券監督管理委員會) |
| "Director(s)" | director(s) of the Company |
| "EGM" | the extraordinary general meeting of the Company proposed to be held on Monday, 26 March 2018 for the Shareholders to consider, and if thought fit, approve the Transaction Agreements |
| "Equity Transfer" | the transfer of the equity interests in BBMG Mangrove from the Vendors to the Company under the Equity Transfer Agreements |

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| "Equity Transfer Agreements" | collectively, the First Equity Transfer Agreement and the Second Equity Transfer Agreement |
| "First Equity Transfer Agreement" | the equity transfer agreement dated 28 December 2017 entered into by the Company, the First Vendor and the Second Vendor in respect of the transfer of equity interests in BBMG Mangrove |
| "First Vendor" | Beijing Equity Interests Investment and Development Center II* (北京股權投資發展中心二期) |
| "Fifth Vendor" | Cinda Equity Investment Company Limited* (信達股權投資有限公司) |
| "Fourth Vendor" | Huajian International Industrial (Shenzhen) Co., Ltd.* (華建國際實業(深圳)有限公司) |
| "Framework Agreement" | the framework agreement dated 28 December 2017 entered into between the Company and Jidong Cement in relation to, among other things, the establishment of the JV Company, the details of which are set out in the Announcement |
| "Group" | the Company and its subsidiaries |
| "Injected Companies" | the companies the equity interests of which will be injected into the JV Company by the Company and Jidong Cement pursuant to the Joint Venture Agreement, the details of which are set out in the section headed "Joint Venture Agreement – Injected Companies" of this announcement |
| "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 |
| "Joint Venture Agreement" | the joint venture agreement dated 7 February 2018 entered into between the Company and Jidong Cement in relation to, among other things, the establishment of the JV Company |
| "JV Company" | BBMG Jidong Cement (Tangshan) Co., Ltd.* (金隅冀東水泥(唐山)有限責任公司), a joint venture company to be established in the PRC by the Company and Jidong Cement pursuant to the terms of the Joint Venture Agreement |

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| "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, the details of which are set out in the Announcement |
| "New Restructuring" | the restructuring involving the Company and Jidong Cement, the details of which are set out in the Announcement |
| "Non-Competition Agreement" | the non-competition agreement dated 28 December 2017 entered into between the Company and Jidong Cement, the details of which are set out in the Announcement |
| "PRC" | the People's Republic of China |
| "Performance Compensation Agreement" | the Performance compensation agreement dated 7 February 2018 entered into between the Company and Jidong Cement |
| "RMB" | Renminbi, the lawful currency of the PRC |
| "Second Equity Transfer Agreement" | the equity transfer agreement dated 28 December 2017 entered into by the Company, the Third Vendor, the Fourth Vendor and the Fifth Vendor in respect of the transfer of equity interests in BBMG Mangrove |
| "Second Vendor" | Beijing Equity Interests Investment and Development Center* (北京股權投資發展中心) |
| "Shareholders" | shareholders of the Company |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Target Mining Rights" | the mining rights owned by the Injected Companies to be injected by the Company into the JV Company pursuant to the Joint Venture Agreement |
| "Target Patents and Software Copyrights" | the patents and software copyrights owned by the Injected Companies to be injected by the Company into the JV Company pursuant to the Joint Venture Agreement |
| "Third Vendor" | China Cinda Asset Management Co., Ltd.* (中國信達資產管理股份有限公司) |
| "Trademark Licence Agreement" | the trademark licence agreement dated 7 February 2018 entered into between the Company and Jidong Cement |

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| "Transaction Agreements" | collectively, the Joint Venture Agreement, the New Entrustment Agreement, the Non-Competition Agreement, the Performance Compensation Agreement and the Trademark Licence Agreement |
| "Valuer" | Pan-China Assets Appraisal Co., Ltd. (天健興業資產評估有限公司), an independent valuer |
| "Vendors" | collectively, the First Vendor, the Second Vendor, the Third Vendor, the Fourth Vendor and the Fifth Vendor |
| "%" | per cent |

By order of the Board
**BBMG Corporation***
**Jiang Deyi**
*Chairman*

Beijing, the PRC, 7 February 2018

*As at the date of this announcement, the executive directors of the Company are Jiang Deyi, Zeng Jin, Wu Dong and Zheng Baojin; the non-executive directors of the Company are Guo Yanming and Yu Zhongfu; and the independent non-executive directors of the Company are Wang Guangjin, Tian Lihui, Tang Jun and Ngai Wai Fung.*

* *For identification purposes only*