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北京金隅股份有限公司

BBMG Corporation*

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2009)

**FURTHER AGREEMENT IN RELATION TO MAJOR
TRANSACTION - SHARE ISSUANCE AND ASSET PURCHASE
AGREEMENT AND PROPOSED SPIN-OFF**

Reference is made to the announcement of BBMG Corporation* (the “**Company**”) dated 29 June 2016 in relation to a major transaction and proposed spin-off (the “**Announcement**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as defined in the Announcement.

PROFIT COMPENSATION AGREEMENT

In connection with the Asset Restructuring, the valuation of the mining assets of the Target Interests proposed to be transferred by the Company in consideration for the subscription of shares in Jidong Cement (the “**Target Mining Rights**”) 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 profit compensation undertaking for Jidong Cement in relation to the Target Mining Rights under the Asset Restructuring.

On 6 July 2016, the Company entered into the profit compensation agreement (the “**Profit Compensation Agreement**”) with Jidong Cement, the principal terms of which are as follows:

Parties:

- (1) the Company
- (2) Jidong Cement

Profit Compensation Period

The profit compensation period shall be from 1 April 2016 to 31 December 2016 and the years ending 31 December 2017 and 2018 if the Asset Restructuring is completed by 31 December 2016, and the years ending 31 December 2017, 2018 and 2019 if the Asset Restructuring is completed between 1 January 2017 to 31 December 2017 (both days inclusive).

Completion of the Asset Restructuring shall mean the date on which the shares issued by Jidong Cement are registered under the name of the Company.

Forecast Net Profits and Guaranteed Net Profits

According to the asset valuation report and statement issued by Beijing Pan-China Assets Appraisal Co., Ltd., an independent valuer, with regard to the Target Mining Rights of the Target Companies proposed to be acquired by Jidong Cement under the Asset Restructuring, the forecast net profits for the period from 1 April 2016 to 31 December 2016 and the years ending 31 December 2017, 2018 and 2019 are RMB 44,456,600, RMB 70,246,600, RMB 86,131,300 and RMB 85,927,300 respectively.

Based on the above forecast, the Company has guaranteed that the net profits of the Target Mining Rights for the corresponding period during the profit compensation period (the “**Guaranteed Net Profits**”) shall be the forecast net profits for such period.

Determination of Actual Net Profit

Jidong Cement shall engage an accountant with relevant qualifications (the “**Auditor**”) to provide an audit opinion on the actual profits of the Target Mining Rights after the end of each accounting year during the profit compensation period.

Approach and Formula for Profit Compensation

If the accumulated actual net profits of the Target Mining Rights for a relevant period during the profit compensation period falls short of the accumulated Guaranteed Net Profits for the relevant period and the shortfall is not greater than 5% 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.

If the accumulated actual net profits of the Target Mining Rights for a relevant period during the profit compensation period falls short of the accumulated Guaranteed Net Profits for the relevant period and the shortfall greater than 5% of the accumulated Guaranteed Net Profits for the relevant period, the Company shall compensate Jidong Cement in the following manner:

- (1) The Company shall first compensate Jidong Cement with the shares of Jidong Cement acquired under the Asset Restructuring, provided that the aggregate number of shares to be compensated shall be limited to the total amount of shares subscribed for in consideration of the transfer of the Target Mining Rights (which shall be equivalent to the appraised value of the Target Mining Rights as stated in its asset valuation report divided by the Issue Price).

In the event of a bonus issue or conversion of capital reserve to share capital by Jidong Cement during the profit compensation period, the number of shares required for compensation shall be adjusted based on the following formula: the number of shares required for compensation \times (1 + ratio of bonus issue or conversion to share capital).

(2) The formula for calculating the number of shares required for compensation is as follows:

The number of shares required for compensation for the period = (the accumulated Guaranteed Net Profits for the period — the accumulated actual net profits of the Target Mining Rights for the period) ÷ the sum of Guaranteed Net Profits during the profit compensation period × total number of the shares subscribed for as consideration for the transfer of the Target Mining Rights — the accumulated number of shares used for compensation as at the end of the period.

In the case of a cash distribution by Jidong Cement during the profit guaranteed period, the portion of cash distribution received by the Company shall be returned to the account designated by Jidong Cement according to the following formula: Amount to be returned = Cash dividend per share distributed × number of shares compensated calculated according to the above formula.

If the number of shares required for compensation for the relevant year calculated from the above formula is below 0, it shall be deemed as 0, which means that there shall be no return of shares used for previous compensation. If there are any decimal places in the number of shares required for compensation calculated from the above formula, the number shall be rounded up to nearest integral.

If the number of shares subscribed for as consideration for the transfer of the Target Mining Rights then held by the Company falls short of the number of shares required for compensation for the relevant period, the shortfall shall be compensated by way of cash by the Company according to the following formula:

Cash required for compensation for the relevant period = (the number of shares required for compensation for the relevant period — the number of shares which have been used for compensation for the relevant period) × the Issue Price.

Approach and Formula for Compensation on Impairment

Upon the expiry of the profit 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 profit compensation period exceeds the total number of shares used for compensation × the Issue Price + the total cash compensation 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 — the accumulated compensation amount paid.

The Company shall first settle the additional compensation by way of shares in Jidong Cement, and where the shares subscribed by the Company under the Asset Restructuring are insufficient for the settlement of the compensation, the Company shall then settle the remainder of compensation by way of cash.

Implementation of Compensation Measures

After the end of each year during the profit compensation period, based on the audit opinion from the Auditor, if the Guaranteed Net Profits are not achieved or impairment exists as at the end of the profit compensation period, Jidong Cement shall issue a notice of profit compensation to the Company. The

Company has the right of objection within 10 working days after the date of the receipt of such profit compensation notice (the “**Opposition Period**”). If the Company raises no opposition during the Opposition Period, Jidong Cement may repurchase and cancel the shares to be used for compensation at a total consideration of RMB1 within three working days upon the expiry of the Opposition Period, or the Company may settle the cash compensation within ten working days. If the Company raises objection during the Opposition Period, the parties 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.

The shareholder rights of the shares to be used for compensation held by the Company shall cease from the date of the delivery of the profit compensation notice by Jidong Cement to the date of cancellation of such shares.

Effectiveness and Termination

The Profit Compensation Agreement and the Share Issuance and Asset Purchase Agreement shall become effective on the same date. If the Share Issuance and Asset Purchase Agreement terminates or ceases to be of any effect, the Profit Compensation Agreement shall terminate and cease to be of any effect accordingly.

SUPPLEMENTAL NOTICE OF EGM

Reference is made to the notice of the EGM dated 30 June 2016. As the Profit Compensation Agreement is subject to shareholders’ approval, a separate ordinary resolution will be proposed at the EGM for the Shareholders to consider, and if thought fit, approve the Profit Compensation Agreement. A supplemental notice of EGM and supplemental proxy form including such additional ordinary resolution will be despatched to the Shareholders on or around 15 July 2016.

By order of the Board
BBMG Corporation*
Jiang Deyi
Chairman

Beijing, the PRC, 6 July 2016

As at the date of this announcement, the executive directors are Jiang Deyi, Wu Dong, Shi Xijun, Zhang Jianli, Li Weidong and Zang Feng; and the independent non-executive directors are Wang Guangjin, Tian Lihui, Tang Jun and Ngai Wai Fung.

** English translation denotes for identification purposes only*