

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



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)

**OVERSEAS REGULATORY ANNOUNCEMENT
ANNOUNCEMENT ON THE PROGRESS OF
TANGSHAN JIDONG CEMENT CO., LTD.'S MERGER OF
BBMG JIDONG CEMENT (TANGSHAN) CO., LTD.
AND OTHER RELATED MATTERS BY BBMG CORPORATION**

This announcement is made by BBMG Corporation* (the “**Company**”) pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

At the 32nd Meeting of the Fifth Session of the Board of Directors of BBMG Corporation (hereinafter referred to as the “**Company**” and “**BBMG Corporation**”) on 31 March 2021, the Resolution on Matters Related to the Merger of BBMG Jidong Cement (Tangshan) Co., Ltd. by Tangshan Jidong Cement Co., Ltd., which agrees with the subscription of the newly issued shares of Tangshan Jidong Cement Co., Ltd. (hereinafter referred to as “**Jidong Cement**”) with 47.09% of equity interests of BBMG Jidong Cement (Tangshan) Co., Ltd. (hereinafter referred to as the “**Joint Venture**” or the “**Target Company**”) held by Company, and Jidong Cement will perform the merger of the Joint Venture (hereinafter referred to as the “**Transaction**” or the “**Merger**”). In addition, in the Merger, the Company or any third party designated by the Company will act as the provider of cash option and cash-settled consideration to the dissenting shareholders of Jidong Cement who have validly declared the exercise of the cash option to acquire the corresponding shares of Jidong Cement. On the same day, the Company signed the conditional Merger Agreement with Jidong Cement and the Joint Venture. For details, please refer to the relevant announcement of the Company disclosed on China Securities Journal,

Shanghai Securities Journal, Securities Times, Securities Daily and at the website of Shanghai Stock Exchange (www.sse.com.cn) on 1 April 2021.

On 25 June 2021, the 2nd Meeting of the Sixth Session of the Board of Directors of the Company considered and approved the Resolution on Matters Related to Tangshan Jidong Cement Co., Ltd.'s Merger of BBMG Jidong Cement (Tangshan) Co., Ltd. the Resolution on Matters in Performance Compensation for Tangshan Jidong Cement Co., Ltd.'s Merger of BBMG Jidong Cement (Tangshan) Co., Ltd., and the Resolution on Confirming the audit reports and appraisal reports involved in Tangshan Jidong Cement Co., Ltd.'s Merger of BBMG Jidong Cement (Tangshan) Co., Ltd., which agree with the specific program of the Merger, performance compensation, confirmation of relevant audit and appraisal reports and other related matters. On the same day, the Company signed the Supplemental Agreement to the Merger Agreement with Jidong Cement and the Joint Venture, and the Performance Compensation Agreement with Jidong Cement.

According to the above resolution and the specific program of the Merger, the Merger can be formally implemented only after obtaining the approval of the general meeting of shareholders of Jidong Cement, the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality and that of China Securities Regulatory Commission. The Transaction's specific program is detailed as follows:

I. About The Transaction Program

In the Transaction, BBMG Corporation will subscribe for the newly issued shares of Jidong Cement with 47.09% of its equity interests in the Joint Venture through the merger of the Joint Venture by Jidong Cement. Upon the completion of the merger, the Joint Venture will be cancelled and ceases to exist as a legal entity, and Jidong Cement, as the surviving entity, will take over all the assets, liabilities, employees, business, contracts and other rights and obligations of the Joint Venture. Details of the program is as follows:

1. Types and par value of issued shares

In the Transaction, the shares newly issued by Jidong Cement to BBMG Corporation are domestically listed ordinary shares denominated in RMB (A Shares) with a par value of RMB1.00 each.

2. Transaction pricing and payment method

According to the asset appraisal report issued by Beijing Tianjian Xingye Asset Evaluation Co., Ltd. and approved by State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality, the appraised value of all shareholders' equity of the Target Company is RMB28,930,403,800, so that 47.09% of equity interests in the Target Company held by BBMG Corporation corresponds to an appraised value of RMB13,623,327,200, with 28 February 2021 as the appraisal base date. The consideration of the Transaction is based on the above appraisal results approved by State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality and has been determined at RMB13,623,327,200 after negotiation between the parties. Jidong Cement paid the transaction consideration of the target assets to BBMG Corporation through issuing shares.

3. Issue price of the shares

The pricing base date of issuing shares by Jidong Cement to BBMG Corporation in the Transaction is the announcement date of the resolution of the board of directors of Jidong Cement to consider the matters related to the Transaction, i.e. the announcement date of the resolution of the 3rd meeting of the ninth session of the board of directors of Jidong Cement.

According to the relevant provisions of the Administrative Measures for the Material Asset Reorganizations of Listed Companies, the price of shares issued by a listed company shall not be lower than 90% of the market reference price, and the latter is one of the average trading price of Jidong Cement's shares over the 20, 60 or 120 trading days prior to the pricing base date. In accordance with the above-said provisions, the market reference price for the issued shares of Jidong Cement in the Merger is shown in the table below:

Unit: RMB per share

Average stock trading price calculation period	Average trading price	90% of average trading price
20 trading days prior to the pricing base date	15.3806	13.8425
60 trading days prior to the pricing base date	14.7517	13.2765
120 trading days prior to the pricing base date	15.2960	13.7664

Reaching a consensus with Jidong Cement, the issue price of the shares in the Transaction is RMB13.28 per share.

If there are any ex-dividend events such as the distribution of bonus shares, the conversion of share capital, the issuance of new shares, the allotment of shares and the distribution of cash dividends occurred to the shares of Jidong Cement between the pricing base date and the offering date, the issue price of the shares in the Transaction will be adjusted accordingly.

On 2 June 2021, Jidong Cement did ex-dividend on the profit distribution for the year 2020, and paid a cash dividend of RMB0.50 (tax inclusive) per share to all shareholders on record on the registration date, indicating that the issue price of shares for the Merger was adjusted from RMB13.28 per share to RMB12.78 per share accordingly.

4. Quantity of shares issued

Based on the issue price of RMB12.78 per share, the quantity of shares issued by Jidong Cement to BBMG Corporation in the Merger is 1,065,988,043 shares. The final quantity of shares to be issued is subject to the approval of the general meeting of shareholders of Jidong Cement and should be approved by CSRC.

The issue price of the Merger has been adjusted in accordance with the profit distribution of Jidong Cement for the year 2020. In addition to such circumstances, if there are any ex-dividend events such as the distribution of bonus shares, the conversion of share capital, the allotment of shares and the distribution of cash dividends occurred to the shares of Jidong Cement between the pricing base date and the offering date, the quantity of shares to be issued will also be adjusted accordingly in accordance with the adjustment of the issue price.

5. Lock-up period

The newly issued shares of Jidong Cement acquired by BBMG Corporation through this share issuance and merger shall not be transferred in any way, including but not limited to public transfer through the securities market or transfer by agreement, nor shall entrust others to manage the said shares within 36 months from the date of listing of such shares. Within 6 months after the completion of the share issuance and merger, if the closing price of the shares of Jidong Cement is lower than the issue price over 20 consecutive trading days, or if the closing price at the end of the period of 6 months after the completion of the share issuance and merger is lower than the issue price, the lock-up period of the said shares shall be automatically extended for another 6 months.

The shares of Jidong Cement acquired by BBMG Corporation and its concert parties, e.g. Jidong Development Group Co., Ltd., before the Merger shall not be transferred within 18 months after

having completed the issuance of the shares and the Merger, except for the transfer as permitted by applicable laws.

After listing of the shares in this issuance, the shares increased as a result of Jidong Cement's distribution of bonus shares or the conversion of share capital shall also be subject to the above restriction period. After the expiration of the above restriction period, these shares can be implemented in accordance with the relevant regulations of CSRC and Shenzhen Stock Exchange.

6. Profit and loss of the target assets during the transition period

During the transition period from the appraisal base date to the closing date, any increase or decrease in the equity of the target assets arising from operating profit or loss or other reasons shall be enjoyed or borne by Jidong Cement.

7. Cash option

In the Merger, BBMG Corporation or any third party designated by the Company will act as the provider of cash option and pay cash consideration to the dissenting shareholders of Jidong Cement who have validly declared the exercise of the cash option to acquire the corresponding shares of Jidong Cement.

The exercise price of the cash option in the Transaction is 90% of the average trading price of the Company's shares over 60 trading days prior to the pricing base date of the share issuance and merger, i.e. RMB13.28 per share. On 2 June 2021, Jidong Cement did ex-dividend on the profit distribution for the year 2020, and paid a cash dividend of RMB0.50 (tax inclusive) per share to all shareholders on record on the registration date, indicating that the exercise price of the cash option was adjusted from RMB13.28 per share to RMB12.78 per share accordingly.

8. Performance commitment and compensation arrangement

The Company intends to sign the Performance Compensation Agreement with Jidong Cement in respect of 41 mining rights (hereinafter referred to as "Target Mining Rights"), which are assets owned by the Joint Venture and are appraised using the method based on the expectation of future income. The main contents are as follows:

The performance compensation period of the target mining rights will last three years after the completion of the implementation of the Merger (including the year when the Merger is

completed), i.e. FY2021, FY2022 and FY2023. If the Merger cannot be completed on and before 31 December 2021, the performance compensation period will be extended accordingly.

Based on the asset appraisal results, the projected net profits of the target mining rights for FY2021, FY2022, FY2023 and FY2024 are RMB381,701,900, RMB470,580,800, RMB471,408,400 and RMB469,553,800, respectively. Based on the above forecast, the committed net profits of the target mining rights for each year during the performance compensation period is the projected net profits for the year, i.e. the committed net profits of the target mining rights for the years 2021, 2022 and 2023 are RMB381,701,900, RMB470,580,800 and RMB471,408,400, respectively, and if the performance compensation period is extended, the committed net profits for 2024 will be RMB469,553,800.

Jidong Cement shall engage an accounting firm qualified in securities and futures related business (the "Auditor") to issue a special audit opinion on the actual earnings performance of the target mining rights after the end of each fiscal year during the performance compensation period.

During the performance compensation period, the net profits of the target mining rights for each period shall be subject to the special audit opinion. If the actual cumulative net profits of the target mining rights during the performance compensation period by the end of each fiscal year does not reach the cumulative committed net profits, BBMG Corporation shall fulfill the performance compensation obligations of the mining rights in accordance with the Performance Compensation Agreement and compensate Jidong Cement in the form of shares.

Upon the expiration of the performance compensation period, the auditor shall conduct the impairment test of the target mining rights and issue the Report on Impairment Testing. In case of impairment, BBMG Corporation shall separately make share-based compensation to Jidong Cement as agreed in the Performance Compensation Agreement.

After the completion of the Merger, Jidong Cement will raise matching funds by way of non-public offering of shares to no more than 35 qualified specific investors including Beijing State-owned Capital Operation and Management Center. The total amount of matching funds to be raised will not exceed RMB 5.00 billion and will not exceed 100% of the transaction price of the merger by way of share issuance in the Transaction, the quantity of shares to be issued will not exceed 30% of the total share capital of Jidong Cement before the issuance, and the issue price will not be less than 80% of the average trading price of Jidong Cement's shares over 20 trading

days prior to the first day of the issuance period for raising the matching funds, and will not be less than the latest audited net asset value per share of Jidong Cement. BBMG Corporation will not participate in the subscription of the matching funds this time. It is estimated that the raising of matching funds by Jidong Cement will not affect BBMG Corporation's control of Jidong Cement.

II. Relevant Agreements Signed by the Company and Commitments Made In Relation To The Transaction

In order to implement the Transaction, in addition to the conditional Merger Agreement on 31 March 2021, the Company signed the Supplemental Agreement to the Merger Agreement with Jidong Cement and the Joint Venture, and the Performance Compensation Agreement with Jidong Cement on 25 June 2021.

In addition, as the Transaction involves a major asset reorganization of Jidong Cement, according to the current laws, administrative regulations and regulatory requirements of CSRC, the Company, as the controlling shareholder of Jidong Cement and its counterparty, is required to make explanations and commitments on the following matters, including truthfulness, accuracy and completeness of the materials provided or information disclosed, integrity over the last five years, no circumstances that being prohibited from the participation in major asset reorganization of listed companies, lock-up of shares, share reduction plan, avoidance of competition with Jidong Cement in the same industry, standardization of related transactions with Jidong Cement; maintaining independence of Jidong Cement; ownership of the Joint Venture; remedial measures regarding dilution of returns for the current period.

III. Impact Of The Transaction On The Company

According to the price of the target assets and that of the shares to be issued in the Transaction, the changes in the shareholding structure of Jidong Cement before and after the completion of the Transaction are as follows:

Items	Before the Transaction		After the Merger (Before raising the matching funds)		After the Transaction (After raising the matching funds)	
	Quantity of shares held (Shares)	Shareholding ratio	Quantity of shares held (Shares)	Shareholding ratio	Quantity of shares held (Shares)	Shareholding ratio
BBMG Corporation	106,835,822	7.56%	1,172,823,865	47.30%	1,172,823,865	40.39%
Jidong Development Group Co., Ltd.	457,868,301	32.39%	457,868,301	18.47%	457,868,301	15.77%
Beijing State-owned Capital Operation and Management Center	-	-	-	-	42,409,464	1.46%
Other specific investors	-	-	-	-	381,685,179	13.14%
Other shareholders of A shares	848,944,688	60.05%	848,944,688	34.24%	848,944,688	29.24%
Total	1,413,648,811	100.00%	2,479,636,854	100.00%	2,903,731,497	100.00%

Note: 1. Assuming to cap the number of shares issued to raise the matching funds, i.e. 30% of the total share capital of Jidong Cement before the Transaction; 2. As the convertible bonds issued by Jidong Cement started to be converted on 11 May 2021, the share capital of Jidong Cement is in a state of constant change, the measurement was conducted using the data of Jidong Cement as of 31 May 2021 before the Transaction.

Assuming that the number of shares issued to raise the matching funds is 30% of the total share capital of Jidong Cement before the Transaction, without considering the effect of the conversion of the remaining convertible bonds of Jidong Cement, the direct shareholding of Jidong Cement by BBMG Corporation is expected to reach 40.39% after the completion of this transaction, and the shareholding of Jidong Cement by Jidong Development Group Co., Ltd. is expected to reach 15.77%. It means that BBMG Corporation owns 56.16% of Jidong Cement directly and indirectly, making it the controlling shareholder of Jidong Cement, and the ultimate actual controller of Jidong Cement is still the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.

At the same time, through the merger of the Joint Venture, Jidong Cement took over all the assets and business of the Joint Venture, which on the one hand is beneficial to Jidong Cement as a cement business platform under BBMG Corporation to make it stronger and bigger, and on the other hand can help BBMG Corporation to streamline its shareholding structure and improve the management efficiency.

Both Jidong Cement and the Joint Venture are within the scope of consolidated statements of BBMG Corporation, so that it is expected that the Merger will have no significant effect on the condition of assets and operating performance of BBMG Corporation.

IV. Considerations At The Meeting

The Company held the 2nd Meeting of the Sixth Session of the Board of Directors on 25 June 2021. 11 directors should attend the meeting and actually 11 directors were present. The meeting was held in line with the relevant provisions of the Company Law and the Articles of Association of the Company. With the vote results of 11 approving votes, 0 rejecting vote and 0 abstaining vote, the following resolutions were considered and approved: the Resolution on Matters Related to Tangshan Jidong Cement Co., Ltd.'s Merger of BBMG Jidong Cement (Tangshan) Co., Ltd. the Resolution on Matters in Performance Compensation for Tangshan Jidong Cement Co., Ltd.'s Merger of BBMG Jidong Cement (Tangshan) Co., Ltd., and the Resolution on Confirming the Audit Reports and Appraisal Reports involved in Tangshan Jidong Cement Co., Ltd.'s Merger of BBMG Jidong Cement (Tangshan) Co., Ltd.

V. Arrangements For Follow-up Work

The Company will perform its information disclosure obligation in strict accordance with the requirements of relevant laws and regulations and make timely announcement on the progress of this matter. The information released by the Company shall be subject to the announcements published in designated information disclosure media such as China Securities Journal, Shanghai Securities Journal, Securities Times, Securities Daily and at the website of Shanghai Stock Exchange (www.sse.com.cn). Please pay attention to the relevant announcements and the investment risk.

For details of the Transaction, please refer to the Report on Tangshan Jidong Cement Co., Ltd.'s Merger of BBMG Jidong Cement (Tangshan) Co., Ltd. and Raising of Matching Funds and Related Transaction (Draft) released by Jidong Cement at www.cninfo.com.cn on 26 June 2021.

It is hereby announced the above.

By order of the Board
BBMG Corporation*
Zeng Jin
Chairman

Beijing, the PRC, 25 June 2021

As at the date of this announcement, the executive directors of the Company are Zeng Jin, Jiang Yingwu, Wu Dong and Zheng Baojin; the non-executive directors of the Company are Wang Zhaojia and Gu Tiemin; and the independent non-executive directors of the Company are Yu Fei, Liu Taigang, Li Xiaohui, Hong Yongmiao and Tam Kin Fong.

** English translation denotes for identification purposes only*