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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)**

**PROPOSED DISCLOSEABLE TRANSACTION  
PROPOSED SPIN-OFF AND SEPARATE LISTING OF A PUBLICLY  
TRADED REIT FUND ON SHANGHAI STOCK EXCHANGE**

The Board announces that on 1 March 2024, CAMC and CITICS submitted, among others, the application materials on the registration and listing of Publicly Traded REITs to the CSRC and the Shanghai Stock Exchange.

The Company has submitted the PN15 Application to the Stock Exchange in relation to the Proposed Spin-off. The Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off. Further, the Company has also made an application and the Stock Exchange has granted, a waiver from strict compliance with the requirement of paragraph 3(f) of PN15 of the Listing Rules.

Upon completion of the Proposed Spin-off, the Publicly Traded REITs will be held as to 35% and 65% by the Company and other public investors respectively. As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Proposed Spin-off is more than 5% but less than 25%, the Proposed Spin-off will constitute a discloseable transaction of the Company and will be subject to the reporting, announcement requirements under Chapter 14 of the Listing Rules.

**Shareholders and potential investors of the Company should note that the Proposed Spin-off are subject to, among other things, the prevailing market conditions. Accordingly, Shareholders and potential investors of the Company should be aware that the Proposed Spin-off may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## BACKGROUND

The Board announces that on 1 March 2024, CAMC and CITICS submitted, among others, the application materials on the registration and listing of Publicly Traded REITs to the Shanghai Stock Exchange.

The Company proposes to choose the Underlying Assets in the Industrial Park of BBMG Intelligent Manufacturing Workshop in Xisanqi, Haidian District, Beijing (北京市海淀区西三旗金隅智造工场产权一期) as the underlying assets for the issuance of the Publicly Traded REITs.

The Underlying Assets include the house ownership of Buildings Nos. 8, 12, and 13 under the Certificate of House Ownership (XJFQZHZ No. 080659) and (2) the house ownership of Buildings Nos. 1, 2, 3 and 4 under the Certificate of House Ownership (JFQZHGGZ No. 0103006) consisting of intelligent AI manufacturing factories and research facilities. The Underlying Assets have a rentable area of approximately 84,770.20 m<sup>2</sup> with 81,447.94 m<sup>2</sup> being rented out (representing an occupancy rate of approximately 96.08%) as at 30 September 2023. The registered owner of the Underlying Assets is Xisanqi Company which is an indirectly wholly-owned subsidiary of the Company. The value of the Underlying Assets was approximately RMB1.53 billion as at 30 September 2023 and the rental income of the Underlying Assets amounted to approximately RMB11.00 million per month as at 30 September 2023. For the year ended 31 December 2022, the rental income (that is, revenue generated) of the Underlying Assets amounted to approximately RMB82.20 million.

The Company has submitted the PN15 Application to the Stock Exchange in relation to the Proposed Spin-off. The Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

## PROPOSED SPIN-OFF

The Proposed Spin-off will include the following reorganization steps:

- (a) The Company will establish a new wholly-owned project company in the PRC with a registered capital of RMB1 million ("**Project Company**"). This Project Company will acquire the Underlying Assets currently held by Xisanqi Company;

- (b) The Company will establish a wholly-owned special purpose vehicle (“**SPV**”) in the PRC with a registered capital of RMB1 million;
- (c) The manager of publicly offered fund will initiate the establishment of Publicly Traded REITs (“**REITs Manager**”) and raise funds. The Company has proposed to enter into a strategic investment agreement with the REITs Manager to subscribe for 35% of the units of the Publicly Traded REITs before the listing of the units of the Publicly Traded REITs on the Shanghai Stock Exchange (which is expected to be approximately RMB1.531 billion and will not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules). The manager of special scheme (“**Scheme Manager**”) will initiate the establishment of asset-backed special scheme (“**Special Scheme**”). The Publicly Traded REITs will subscribe for all the interests of asset-backed securities under the Special Scheme in full, and Publicly Traded REITs will become the sole owner of asset-backed securities;
- (d) The Company will enter into a transfer agreement with the Scheme Manager (representing the Special Scheme). The 100% equity interests of the SPV held by the Company will be transferred to the Special Scheme, and the capital of SPV will be increased and the Special Scheme will provide shareholder loans to the SPV;
- (e) After the SPV is fully owned by the Special Scheme, the Company will transfer 100% of the equity of the Project Company to the SPV. The SPV shall pay the cash consideration of the transfer in full to the Company within 10 business days from and including the date of the completion of the registration of the transfer of 100% of the equity of the Project Company to the SPV. The consideration shall be based on the amounts of proceeds raised from the Proposed Spin-off and having deducted (i) an amount reserved for the fees and expenses to be incurred in relation to the Publicly Traded REITs, the Special Scheme and the SPV (including but not limited to the expenses for preparation of closing audit and tax arising from the transaction and the initial costs after the establishment of the Publicly Traded REITs); (ii) the existing liabilities of the Project Company owed to connected parties as at the date of the transaction; and (iii) other adjustment items. The SPV will increase the capital of the Project Company with the increased capital and the loans provided by the Special Scheme. The Special Scheme will provide loans to the Project Company. After the Project Company

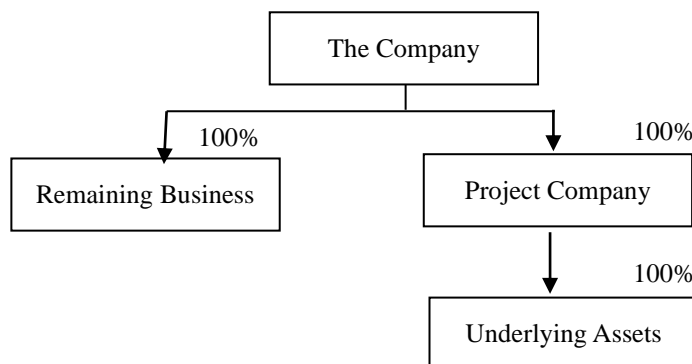
obtains the above capital increase and loans, it will be used to repay existing liabilities; and

- (f) After the Project Company becomes a wholly-owned subsidiary of the SPV, the Project Company will conduct the absorption and the merger of the SPV (i.e. reverse absorption and merger). After the reverse absorption and merger is completed, the original debts of SPV will be inherited by the Project Company, and all the equity interests and creditor's rights of the Project Company will be directly held by the Special Scheme.

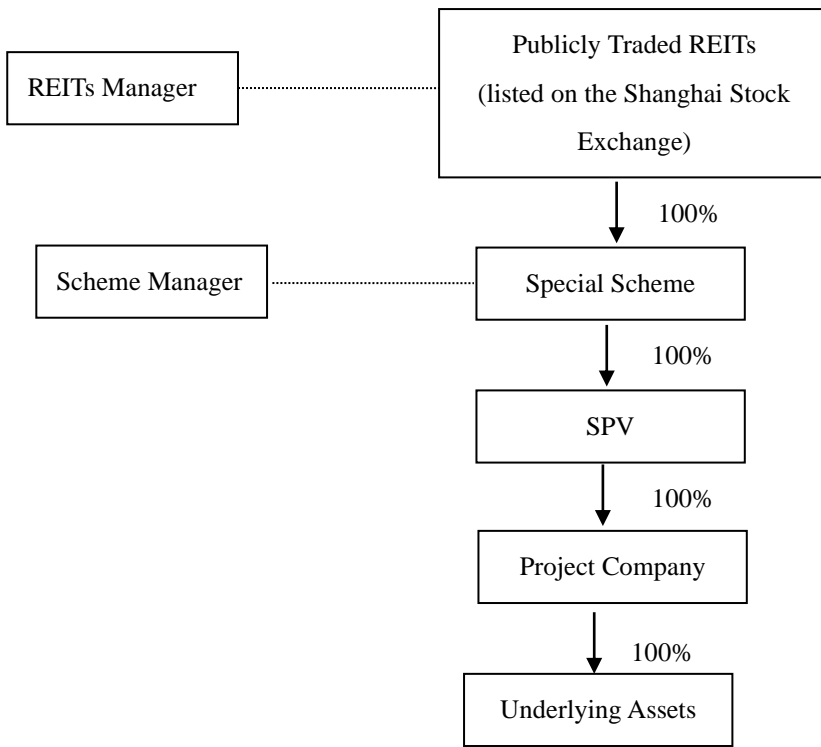
After the above transaction arrangement is completed, the Publicly Traded REITs will hold 100% equity interests of the Project Company through the Special Scheme and indirectly hold the Underlying Assets. The Company will receive the cash of the consideration for the transfer of 100% of the equity of the Project Company, which will be determined based on the mechanism as set out in paragraph (e) above. Considering the Company's indirect control over the Underlying Assets, the financing amount, and the impact on the current asset-liability ratio and net profits as well as opinions of accounts, and the proposed subscription of 35% of the units of the Publicly Traded REITs by the Company, the Publicly Traded REITs will not be consolidated into the consolidated financial statements of the Company. Instead, the financial statements of the Publicly Traded REITs will be treated as investments in listed securities by the Company.

For illustration purposes, set out below are (i) the organization chart after reorganization; (ii) the organization chart after the listing of the Publicly Traded REITs; and (iii) the organization chart after all transaction arrangement is completed:

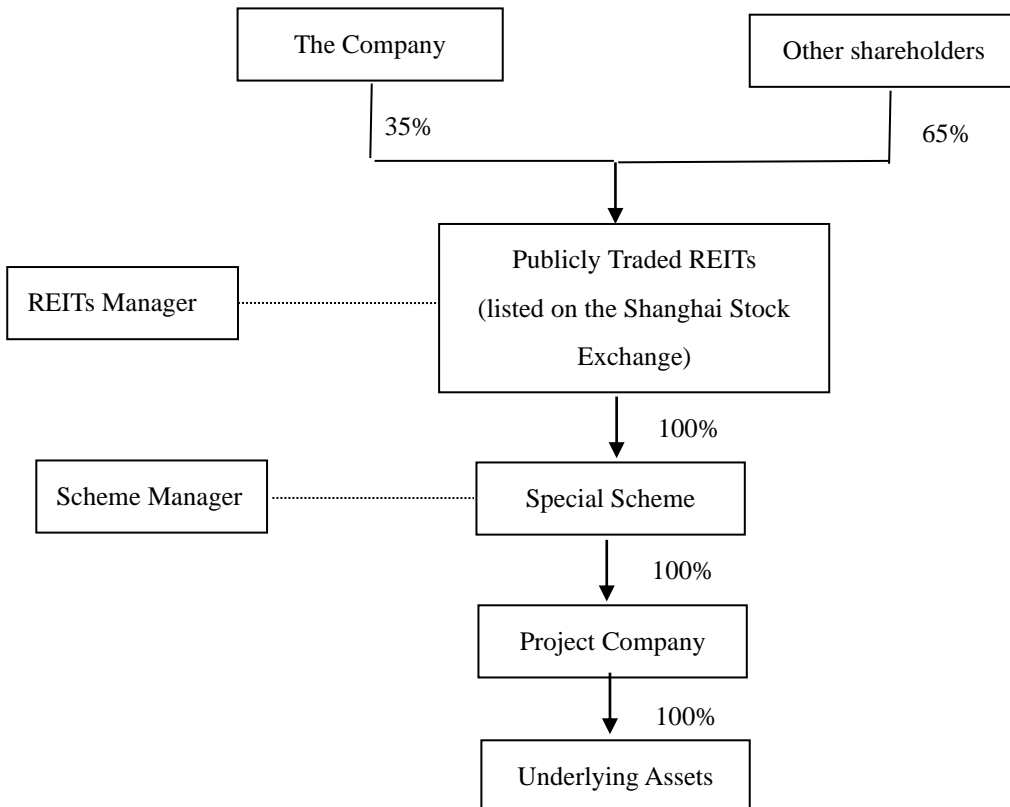
(i) Organization chart after reorganization



(ii) Organization chart upon the listing of the Publicly Traded REITs



(iii) Organization Chart after all transaction arrangement is completed



The Company expects that the Proposed Spin-off only involves the issuance and listing of the units of the Publicly Traded REITs on the Shanghai Stock Exchange. Upon completion of the Proposed Spin-off, the Publicly Traded REITs will be held as to 35% and 65% by the Company and other public investors respectively.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, saved as otherwise disclosed in this announcement, each of the REITs Manager, the Scheme Manager and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

The Proposed Spin-off is subject to the completion of the offering of the units of the Publicly Traded REITs. The Company will make further announcement(s) in relation to the Proposed Spin-off as and when appropriate in accordance with the requirements of the Listing Rules.

The terms of the Proposed Spin-off are as follows:

Type of fund	:	contractual infrastructure securities investment fund offered to public
Operation of fund	:	Closed-ended operation, with application to be made to the stock exchange
Scale	:	Based on the preliminary assessment results as at the date of this announcement, the proposed scale of fund raised is approximately RMB1.531 billion, which is subject to the final results of the offering
Term of fund	:	The initial term is set to be 24 years (the remaining useful life of the land) and may be extended by the voting at the general meeting of holders, which is subject to the regulatory approval.
Structure of investors	:	In accordance with relevant rules and requirement, the portion of 20% of strategic placing shall be held by the issuer for a period of 60 months, and the portion of over 20% shall be held for a period of no less than 36 months from the listing date. Pledge is not allowed during the holding period of fund shares. Professional investors may participate in the strategic placement and hold the interests for no less than 12 months. Other interests in the fund are available for on-market trades (online and offline) and off-market subscriptions
Income distribution method	:	1. If the distribution conditions are met, the income distribution shall not be less than once per year, and the income distribution ratio shall not be less than 90% of the annual distribution amount of the fund after consolidation.;

		2. Each unit of the Publicly Traded REITs shall enjoy the same distribution rights; 3. Where laws, regulations or regulatory authorities provide otherwise, such provisions shall prevail.
Intended usage of proceeds	:	Used for repaying the loans and consideration for the transfer of equity rights and other fees incurred in the re-organization process

## **PROCEEDS TO BE RAISED FROM THE PROPOSED SPIN-OFF AND INTENDED USE OF PROCEEDS**

Taking into account the expected offer price and number of units to be issued by the Publicly Traded REITs, the proceeds to be raised from the Proposed Spin-off will be approximately RMB1.531 billion. However, investors should be aware that the proceeds to be raised are subject to future business needs of the Project Company and the market conditions closer to the launch of the listing of the Publicly Traded REITs on the Shanghai Stock Exchange and will be determined with reference to the then responses to the price consultation and other method(s) to be agreed between Publicly Traded REITs and the REITs Manager and Scheme Manager. In determining the offer price, the following factors will be taken into account to, including but not limited to, (i) the historical operating results and financial performance of Underlying Assets; (ii) the business prospects of Underlying Assets and the expected return in investment; and (iii) the expansion plan and capital needs of the Project Company. The Company will make further announcement(s) after the offer price has been determined.

The proceeds from the Proposed Spin-off will be mainly used for the investment and construction of other industrial parks.

## **FINANCIAL EFFECTS OF THE PROPOSED SPIN-OFF**

After completion of the Proposed Spin-off, the Publicly Traded REITs will hold 100% equity interests of the Project Company through the Special Scheme and indirectly hold the Underlying Assets. The Company will hold 35% of the units of the Publicly Traded REITs. As such, the Publicly Traded REITs will not be consolidated into the consolidated financial statements of the Company. Instead, the financial statements of the Publicly Traded REITs will be treated as investments in listed securities by the Company.

The overall impact on profit or loss that the Company expects to record from the Proposed Spin-off will include the difference between the consideration for the transfer of the Project Company, which depends on, among other things, the offer price of the Publicly Traded REITs,

and the carrying value of the Project Company in the consolidated accounts of the Company, and the relevant transaction costs.

The actual amount of gain or loss as a result of the Proposed Spin-off will be assessed after the completion of the Proposed Spin-off and will be subject to the review and final audit by the auditors of the Company.

## **REASONS AND BENEFITS OF THE PROPOSED SPIN-OFF**

The Proposed Spin-off will enable the Company to (i) enhance the Company's capital market influence through innovative capital operation models and (ii) broaden investment and financing channels to revitalize existing infrastructure assets.

## **INFORMATION OF THE COMPANY**

The Company is a joint stock company established under the laws of the PRC with limited liability. The A shares of the Company were listed on the Shanghai Stock Exchange (601992.SH) on 1 March 2011 and the H shares of the Company were listed on the Main Board of the Stock Exchange (stock code: 2009) on 29 July 2009. The principal business activities of the Group include green building materials, property development and operation, including cement and related business, trade and logistics business, new materials business, property development business and property operation business, etc.. The Company operates its businesses through two segments, the green building materials segment and property development and operation segment. The green building materials segment mainly engages in cement and related businesses, trade and logistics business, new materials business, concrete business, services and other businesses, while the property development and operation segment covers property development and property operation.

## **INFORMATION OF THE UNDERLYING ASSETS**

Xisanqi Company is the sole registered owner of the Underlying Assets which consists of the house ownership of Buildings Nos. 8, 12, and 13 under the Certificate of House Ownership (XJFQZHZ No. 080659) and (2) the house ownership of Buildings Nos. 1, 2, 3 and 4 under the Certificate of House Ownership (JFQZHGGZ No. 0103006) consisting of intelligent AI manufacturing factories and research facilities. As at the date of this announcement, Xisanqi Company is the sole registered owner of the Underlying Assets.



Set out below is the audited financial information of the Company and the Underlying Assets for the three years ended 31 December 2020, 2021 and 2022 and the unaudited financial information of the Company and the Underlying Assets for the nine months ended 30 September 2023 prepared in accordance with China Accounting Standards for Business Enterprises:

		<b>For the year ended 31 December</b>			<b>For the nine months</b>
		<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>ended 30 September</b>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<b>2023</b>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
(1)	Net profits of the Underlying Assets (before taxation)	41,673	67,205	38,044	61,807
(2)	Net profits of the Underlying Assets (after taxation)	31,255	50,404	28,533	46,355
(3)	Net profits of the Company (before taxation) (excluding the Jidong Cement Business, the Building Inspection and Testing Business and the Underlying Assets)	4,481,306	5,956,565	1,971,087	152,184
(4)	(1) / (3) (%)	0.93	1.13	1.93	40.61
(5)	Operating Revenue of the Underlying Assets	85,951	116,032	82,202	99,975

(6)	Operating revenue of the Company (excluding the Jidong Cement Business, the Building Inspection and Testing Business and the Underlying Assets)	76,252,818	95,864,534	78,836,145	57,716,047
(7)	(5)/(6) (%)	0.11	0.12	0.10	0.17

The valuation of the Underlying Assets was approximately RMB1.53 billion as at 30 September 2023.

#### **INFORMATION OF THE GROUP AFTER THE PROPOSED SPIN-OFF**

According to the Proposed Spin-off, the Publicly Traded REITs will be subject to relatively strict Chinese laws and regulations (if distribution conditions are met, the income distribution shall not be less than once per year, and the income distribution ratio shall not be less than 90% of the annual distribution amount of the fund after consolidation) and it will only mainly engage in the management of Underlying Assets, and the Company will continue to focus on the two business segments of green building materials and property development and operation.

The Proposed Spin-off will facilitate the Publicly Traded REITs and the Company to focus on their respective principal businesses.

#### **LISTING RULES IMPLICATION**

Upon completion of the Proposed Spin-off, the Publicly Traded REITs will be held as to 35% and 65% by the Company and other public investors respectively. As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Proposed Spin-off is more than 5% but less than 25%, the Proposed Spin-off will constitute a discloseable transaction of the Company and will be subject to the reporting, announcement requirements under Chapter 14 of the Listing Rules. The financial statements of Publicly

Traded REITs will not be consolidated in the financial statements of the Group upon completion of the Proposed Spin-off.

### **WAIVER FROM STRICT COMPLIANCE WITH PARAGRAPH 3(f) OF PN15**

Practice Note 15 paragraph 3(f) states that the Listing Committee expects the Company to have due regard to the interests of its existing shareholders by providing them with an assured entitlement to shares in the Project Company for spin off purposes, either by way of a distribution in specie of existing shares in the Project Company or by way of preferred application in any offering of existing or new shares in the Project Company. The percentage of shares in the Project Company allocated to the assured entitlement tranche would be determined by the directors of Company and by its advisers, and all shareholders of the listed issuer would be treated equally.

As advised by the PRC legal advisers of the Proposed Spin-off, Haiwen & Partners (海問律師事務所), according to relevant laws and regulations of the PRC, units of public funds listed on the Shanghai Stock Exchange can be traded through a securities account or off-exchange account which can only be opened by (i) qualified PRC citizens, general domestic institutional investors and foreigners with PRC permanent resident status, etc.; (ii) residents of Hong Kong, Taiwan and Macao working and residing in the PRC; (iii) qualified PRC institutional investors and products, such as securities companies and its asset management scheme, fund management companies and its asset management scheme, banks and its wealth management products, social security funds, etc.; (iv) qualified foreign institutional investors and Renminbi qualified foreign institutional investors approved by CSRC; and (v) foreign strategic investors approved by the competent authorities ((i) to (v) are collectively referred to as “**Qualified Investors**”).

As at 30 September 2023, 北京國有資本運營管理有限公司 (Beijing State-owned Capital Operation and Management Company Limited\*), the controlling Shareholder of the Company, held approximately 57.53% of the A shares of the Company (and approximately 44.93% of the total issued shares (A shares and H shares) of the Company), and the H shares of the Company accounted to approximately 21.90% of the total issued shares (A shares and H shares) of the Company. The Company is unable to ascertain the identifications of the Shareholders or further assess whether such Shareholders are Qualified Investors. Accordingly, not all, if any, of the existing Shareholders will be entitled to hold the units following the Proposed Spin-off, and thus compliance with paragraph 3(f) of PN15 in relation to the Proposed Spin-off will not be feasible.

After due and careful consideration of the terms of the Proposed Spin-off and having taken into account the requirements of the applicable PRC laws and regulations, the Company is of the view that no assured entitlement is to be provided to the Shareholders under the Proposed Spin-off and considers that the Proposed Spin-off and the non-provision of the assured entitlement in relation to the Proposed Spin-off are fair and reasonable, and in the interest of the Company and its Shareholders as a whole for the following principal reasons:

- (i) the Project Company and the Company should comply with the requirements under PRC laws;
- (ii) The units of the Publicly Traded REITs will only be listed on the Shanghai Stock Exchange;
- (iii) the Project Company will not be a subsidiary of the Company and the results of which will not continue to be consolidated into the accounts of the Company immediately upon completion of the Proposed Spin-off;
- (iv) the Proposed Spin-off will only constitute a discloseable transaction of the Company which would not require shareholders' approval under the Listing Rules; and
- (v) Given that after enquiries made by the Board through an inspection of the register of members of the Company, a substantial number of Shareholders do not fall within the scope of Qualified Investors and that the investors of REITs (and in the present Proposed Spin-off, the Publicly Traded REITs) are prohibited from being provided with a preferential allocation of the units on the ground that all investors shall be treated equal, there are legal restrictions pursuant to PRC laws for the Company to provide its Shareholders with an assured entitlement under the Proposed Spin-off.

In addition, a written confirmation has been provided by the board of the Company to the Company that the Proposed Spin-off and the Waiver in respect of the assured entitlement requirement are fair and reasonable and in the interests of the Company and its shareholders as a whole. Accordingly, the Company has also made an application and the Stock Exchange has granted, a waiver from strict compliance with the requirement of paragraph 3(f) of PN15 of the Listing Rules.

**Shareholders and potential investors of the Company should note that the Proposed Spin-off are subject to, among other things, the prevailing market conditions. Accordingly, Shareholders and potential investors of the Company should be aware that the Proposed Spin-off may or may not proceed. Shareholders and potential investors of the Company are advised 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 follows:

"Board"	the board of directors of the Company;
"Building Inspection and Testing Business"	the proposed spin-off currently undertaken by the Company in respect of its building inspection and testing business as at the date of this announcement;
"CAMC"	China Asset Management Co., Ltd* (華夏基金管理有限公司);
"CITICS"	CITIC Securities Co., Ltd* (中信証券股份有限公司);
"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);
"CSRC"	the China Securities Regulatory Commission;
"Group"	the Company and its subsidiaries;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Jidong Cement Business"	the business of Tangshan Jidong Cement Co., Ltd* (唐山冀東水泥股份有限公司)

	pursuant to the Company's then solicitors Messrs. Paul Hastings' PN15 submissions in February and March 2018 which was fully completed in October 2019;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"PN15"	Practice Note 15 to the Hong Kong Listing Rules;
"PN15 Application"	the application made by the Company to the Stock Exchange pursuant to PN15 on the Proposed Spin-off;
"PRC"	the People's Republic of China;
"Proposed Spin-off"	the proposed spin-off and separate listing of the units of the Publicly Traded REITs;
"Publicly Traded REITs"	The infrastructure REITs fund established under the pilot program of the China Securities Regulatory Commission and the National Development and Reform Commission;
"RMB"	Renminbi, the lawful currency of the PRC;
"Shareholders"	shareholders of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Underlying Assets"	the house ownership of Buildings Nos. 8, 12, and 13 under the Certificate of House Ownership (XJFQZHZ No. 080659) and (2) the house ownership of Buildings Nos. 1, 2, 3 and 4 under the Certificate of House Ownership (JFQZHGGZ No. 0103006) consisting of intelligent AI manufacturing factories and research facilities;
"Xisanqi Company"	北京西三旗高新建材經營開發有限公司 (Beijing Xisanqi High Tech New Building Material City Management and Development Co., Ltd*), a company established in the PRC and is an indirectly wholly-owned subsidiary of the Company as at the date of this

announcement;

"% "

per cent.

By order of the Board  
**BBMG Corporation\***  
**Jiang Yingwu**  
*Chairman*

Beijing, the PRC, 1 March 2024

*As at the date of this announcement, the executive directors of the Company are Jiang Yingwu, Gu Yu, Jiang Changlu and Zheng Baojin; the non-executive directors of the Company are Gu Tiemin and Hao Liwei; and the independent non-executive directors of the Company are Yu Fei, Liu Taigang, Hong Yongmiao and Tam Kin Fong.*

*\* English translation denotes for identification purposes only*