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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)

CONNECTED TRANSACTION ACQUISITION OF TARGET EQUITY

ACQUISITION

On 29 April 2024, Jidong Cement (an A-share listed subsidiary of the Company) entered into the Equity Transfer Agreement with China-Africa Development Fund, pursuant to which, Jidong Cement has conditionally agreed to acquire, and China-Africa Development Fund has conditionally agreed to sell the Target Equity held by it at the consideration of approximately RMB200.1 million.

LISTING RULES IMPLICATIONS

As all applicable percentage ratios as defined under Rule 14.07 of the Listing Rules are less than 5%, the Acquisition does not constitute a discloseable transaction of the Company.

As the Target Company is a subsidiary of the Company and China-Africa Development Fund directly holds 40% equity interest in the Target Company, China-Africa Development Fund is a substantial shareholder of the Target Company. Accordingly, China-Africa Development Fund constitutes a connected person of the Company. Therefore, the Acquisition constitutes a connected transaction of the Company.

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 0.1% but is less than 5%, pursuant to Rule 14A.76(2)(a) of the Listing Rules, the Acquisition is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

No Director has a material interest in the Acquisition and none of them is required to abstain from voting on the resolution to approve the Acquisition.

The Acquisition is conditional upon the fulfillment of all conditions to effectiveness, therefore, it may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

ACQUISITION

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PRINCIPAL TERMS OF THE EQUITY TRANSFER AGREEMENT

Date

29 April 2024

Parties

- (1) Jidong Cement (as the purchaser); and
- (2) China-Africa Development Fund (as the seller)

Consideration and Payment Terms

In accordance with the Equity Transfer Agreement, the consideration of the Target Equity was approximately RMB200.1 million, which was determined after arm's length negotiations with the counterparty, after taking reference to the evaluation result of the Target Equity registered with the superior state-owned assets supervision unit on the valuation benchmark date (which is 30 September 2023) (the valuation of net assets being approximately RMB500.3 million) and the shareholding percentage of China-Africa Development Fund in the Target Company.

Pursuant to the Equity Transfer Agreement, the consideration to be paid by Jidong Cement to China-Africa Development Fund shall be settled in the following manners:

- (1) 50% of the consideration for the Target Equity shall be paid by Jidong Cement to the bank account designated by China-Africa Development Fund in one lump through telegraphic transfer within 5 working days from the effective date of the Equity Transfer Agreement; and
- (2) 50% of the consideration for the Target Equity shall be paid by Jidong Cement to the bank account designated by China-Africa Development Fund in one lump through telegraphic transfer within 5 working days from the date of completion of change registration with the relevant administration for industry and commerce; and

Having considered (i) the independence of the valuer; and (ii) the basis and approach for the valuation as well as relevant data for arriving at the evaluation result of the Target Equity, the Directors (including independent non-executive Directors) of the view that the consideration is fair and reasonable.

Debtor-creditor and Profit or Loss Realised During the Transitional Period

The external debtor-creditor relationship of the Target Company remains unchanged. The profit or loss realised by the Target Company during the transitional period commencing from 30 September 2023 to the date of completion (inclusive) will be attributed to or borne by Jidong Cement. Dividends and capital reduction of the Target Company prior to 30 September 2023 (inclusive) are not included in profits or losses generated during the transition period.

Effectiveness of the Equity Transfer Agreement

The Equity Transfer Agreement shall take effect upon fulfillment of following conditions to effectiveness:

- (1) Total equity value of shareholders of the Target Company has completed the state-owned assets assessment and filing procedures of the superior state-owned assets supervision unit;
- (2) China-Africa Development Fund has completed the decision-making approval procedures, agreed to transfer all the equity interest held by China-Africa Development Fund in the Target Company to Jidong Cement and agreed to waive its right of first refusal in respect of the equity interest held by Jidong Development. Jidong Cement has completed the internal approval procedure and issued a resolution (minutes).

Employee Resettlement

The Acquisition does not involve any employment resettlement issues.

Taxes

The taxes arising from the signing and execution of the Equity Transfer Agreement shall be paid by the obligor as explicitly stipulated by laws and regulations.

Representations, Warranties and Commitments

- (1) The Target Company and its overseas subsidiaries formed through overseas investments have committed no major violations of laws and regulations in terms of equity, asset ownership, external liabilities, pending litigation, labor employment, taxation, etc.
- (2) The China-Africa Development Fund has not provided guarantees to third parties for the benefit of the Target Company, nor has the Target Company provided guarantees to third parties.

- (3) The China-Africa Development Fund waives its right of first refusal in respect of the equity of the Target Company sold by Jidong Development.
- (4) The China-Africa Development Fund commits to fulfill its obligations as stipulated in the agreement or upon the reasonable request of Jidong Cement, including but not limited to signing the agreement and other documents and assisting in the completion of the change registration with the relevant administration for industry and commerce, the change of title registration and completion of the Target Equity.
- (5) Jidong Cement commits to fulfill its obligations as stipulated in the agreement or upon the reasonable request of the counterparty, including but not limited to signing this agreement and other documents, and paying the price for the equity transfer.

Completion

From the effective date of the Equity Transfer Agreement, the Target Equity shall be transferred by China-Africa Development Fund to Jidong Cement. From the date of completion of the change of the equity registration, Jidong Cement holds 100% equity interest in the Target Company and is entitled to exercise the right of shareholders. China-Africa Development Fund ceased to hold equity in the Target Company.

On the first business day after the Equity Transfer Agreement takes effect, China-Africa Development Fund shall initiate the corresponding procedures to assist in the transfer of the management right of the Target Company to Jidong Cement. China-Africa Development Fund undertake to promote the transfer of the management right in good faith until completion.

Within ten business days from the effective date of this agreement, the parties shall submit all materials required for the change of industry and commerce registration with respect to the Equity Transfer to the competent authority for market supervision, and assist in handling the change registration with the relevant administration for industry and commerce, the change of title registration and other formalities. If taxes are required to be paid prior to registration of change in the equity interest, the relevant parties shall pay taxes in accordance with laws, regulations and requirements of the tax authority.

Upon completion, the Target Company will remain be a subsidiary of the Company and its financial results shall continue to be consolidated in the financial statements of the Company.

Basis of Consideration

The consideration for the Target Equity is based on the assets appraisal report of the Target Company issued by Beijing Tianjian Xingye Asset Evaluation Co., Ltd., an independent and qualified valuer, and the final consideration is subject to the filing record of the state-owned assets supervision and administration authority. The details are as follows:

1. Valuation approach: Asset-based approach
2. Valuation benchmark date: 30 September 2023.
3. Valuation assumptions
 - A. Trading assumption: Assuming that all the assets to be evaluated have already been in the transaction process, the valuer conducts the valuation based on a simulated market which involves the transaction conditions of assets to be valuated.
 - B. Open market assumption: The open market assumption is an assumption on the conditions of the market in which the asset are intended to enter and the effects that the asset will receive under such market conditions. Open market refers to adequately developed and sound market conditions, and refers to a competitive market with voluntary buyers and sellers. In such market, buyers and sellers are equal and have opportunities and time to obtain sufficient market information. Transactions of both parties are conducted on voluntary, rational, non-compulsory or unrestricted conditions.
 - C. The assumption of continuing use: The assumption of continuing use refers to an assumption on the conditions of the market in which the assets are intended to enter and the status of the assets under such market conditions. First, the valuated assets are in use; secondly, the asset to be assumed in use will continue to be in use. Under the conditions of assumption for continuous use, changes in the purpose or the best utilization conditions of the assets are not taken into consideration. The scope of usage based on the valuation results is subject to limitations.
 - D. The assumption of going concern of the enterprise: It is an assumption made by taking the overall assets of an enterprise as the valuation target. In other words, the enterprise, as an operating entity, will operate as a going concern in accordance with its operation objective under the external environment where it operates. The operator of the enterprise is accountable for and capable of assuming responsibilities. The enterprise conducts lawful operations and is able to acquire appropriate profits to maintain the capability of going concern.

4. Valuation parameters and its reasonableness

- A. Other receivables: Other receivables included in the valuation scope are dividends receivable from African Rhino Co., Ltd. (非洲犀牛有限公司), a wholly-owned subsidiary of the Target Company. After verification, African Rhino Co., Ltd. (非洲犀牛有限公司) held the board meeting on 28 June 2023 and resolved to pay a dividend of USD5 million (equivalent to RMB35,899,000.00 calculated at the exchange rate of 1:7.1798 on the valuation benchmark date) to shareholders, which will be settled within 12 months. The dividend receivable is true and complete, and the verification results of the accounts, statements and bills matched with the amounts. There are solid proofs to believe that such dividends are recoverable in full amount, therefore the carrying amount after verification is taken as the appraised value.

For the long-term investment in African Rhino Co., Ltd. (非洲犀牛有限公司), a wholly-owned subsidiary of the Target Company, the valuation was performed on the investee as a whole using the enterprise value appraisal approach, and the valuation of the long-term investment would then be calculated according to its shareholding proportion in the investee.

- B. During the period from the valuation benchmark date to the disclosure date of the relevant valuation result, there were no events occurred that would have a significant impact on the valuation conclusion.
- C. Pricing Rationality Analysis

In the valuation, the valuer valued the valuation targets using the asset-based approach. Under the assumption of going concern on the valuation benchmark date, the carrying amount of the total assets of the Target Company was RMB386.6372 million and the appraisal value was RMB556.6741 million, representing an increase of RMB170.0369 million or 43.98%; the carrying amount of the liabilities was RMB56.3642 million and the appraised value was RMB56.3642 million, representing no increase or decrease; the carrying amount of the net assets was RMB330.2730 million and the appraised value was RMB500.3099 million, representing an increase of RMB170.0369 million or 51.48%.

The valuation report adopted the asset-based approach to evaluate the assets and related liabilities of the Target Company included in the valuation scope. After the valuation, the valuation results of certain assets have changed as compared with the carrying amount. The changes and reasons therefor are as follows:

Upon valuation, the carrying amount of the long-term equity investment was RMB320,261,060.07 and the evaluation result was RMB490,298,218.09, representing an increase of RMB170,037,158.02 or 53.09%. The increase in the appraised value was mainly due to the fact that the carrying amount of the long-term equity investment was the original investment cost. The valuation was performed on the subsidiaries at all levels, which was reported to the equity investment of the superior companies by level based on the shareholding ratio. Due to the operational accumulation and increase in net assets of subordinate companies, as well as the adoption of appropriate valuation approach for the equity value of subordinate companies in the valuation, the evaluation result demonstrated an increase in value, which ultimately led to a substantial increase in the value of the long-term equity investment of the Target Company.

Based on the above, the valuation result represented an increase as compared with the carrying amount.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Upon acquisition of the Target Equity, Jidong Cement will hold the equity interest of the Target Company and its subsidiary Mamba Cement Co., Ltd. (“**Mamba Cement**”), which shall enable the management right of Mamba Cement to be consistent with its equity interest, improve management and decision-making efficiency and continuously enhance the layout of overseas business of Jidong Cement and the Company. Meanwhile, the subsidiaries of the Target Company can be used as an overseas investment platform to build new production lines or invest in mergers and acquisitions in the African continent and other countries along the “Belt and Road”, which will benefit the development of overseas cement business of the Group.

In view of the above, the Board (including independent non-executive Directors) considers that the terms of the Acquisition are fair and reasonable, and the Acquisition is entered into in the ordinary and usual course of business of the Group and on normal commercial terms and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE PARTIES AND THE TARGET COMPANY

The Group

The Company is a joint stock company incorporated in the PRC with limited liability and its A shares and H shares were listed on Shanghai Stock Exchange and the Main Board of the Hong Kong Stock Exchange, respectively. The principal activities of the Company are investment holding and property investment. The Group is principally engaged in the manufacture of building materials supplemented by property development and property investment and management.

Jidong Cement

Jidong Cement is a company established under the laws of the PRC with limited liability and its A shares are listed on Shenzhen Stock Exchange (stock code: 000401). It is principally engaged in the manufacture and sales of cement and clinker. Jidong Cement is a non-wholly subsidiary of the Company. As at the date of this announcement, the Company is the controlling shareholder of Jidong Cement, which is directly owned as to approximately 44.34% and 17.22% by the Company and Jidong Development, respectively.

China-Africa Development Fund

China-Africa Development Fund is a company established under the laws of the PRC with limited liability, and principally engaged in investment in Chinese enterprises which carry out economic and trade activities in Africa, the enterprises and projects in Africa which are invested by Chinese enterprises and other projects jointly carried out by China and Africa through equity, quasi-equity, creditor's rights (including shareholders loans, bond investment and other methods), fund investment, etc. (taking debt investment as a supplement); providing management, consultancy, asset restructure, merger and acquisition, project financing, wealth management and finance advisory services for different kinds of enterprises; other business permitted by laws, regulations and the state. China-Africa Development Fund is owned as to approximately 85.0% and approximately 15.0% by China Development Bank Capital Corporation Ltd. and Buttonwood Investment Platform Ltd., respectively. As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as disclosed above, China-Africa Development Fund and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Target Company

The Target Company is a non-wholly owned subsidiary of the Company and a company established under the laws of the PRC with limited liability. It is principally engaged in investment activities with its own funds.

According to the audited financial statements of the Target Company prepared in accordance with the China Accounting Standards for Business Enterprises, the key financial information of the Target Company for its two financial years ended 31 December 2023 and 31 December 2022 is as follows:

	For the year ended 31 December	
	2023	2022
	<i>RMB million</i>	<i>RMB million</i>
	(Audited)	(Audited)
Net profit (before taxation and extraordinary items)	35.95	36.19
Net profit (after taxation and extraordinary items)	27.31	27.71

According to the audited financial statements of the Target Company, the net asset value of the Target Equity as at 31 December 2023 was approximately RMB462.75 million.

FINANCIAL EFFECT OF THE ACQUISITION

The Group does not expect to record any gain or loss in relation to the Acquisition.

LISTING RULES IMPLICATIONS

As all applicable percentage ratios as defined under Rule 14.07 of the Listing Rules are less than 5%, the Acquisition does not constitute a discloseable transaction of the Company.

As the Target Company is a subsidiary of the Company and China-Africa Development Fund directly holds 40% equity interest in the Target Company, China-Africa Development Fund is a substantial shareholder of the Target Company. Accordingly, China-Africa Development Fund constitutes a connected person of the Company. Therefore, the Acquisition constitutes a connected transaction of the Company.

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 0.1% but is less than 5%, pursuant to Rule 14A.76(2)(a) of the Listing Rules, the Acquisition is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

No Director has a material interest in the Acquisition and none of them is required to abstain from voting on the resolution to approve the Acquisition.

The Acquisition is conditional upon the fulfillment of all conditions to effectiveness, therefore, it may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

“Acquisition”	Jidong Cement’s acquisition of the Target Equity held by China-Africa Development Fund pursuant to the Equity Transfer Agreement
“Board”	the board of Directors
“China-Africa Development Fund”	China-Africa Development Fund Co., Ltd., a company established under the laws of the PRC with limited liability
“Company”	BBMG Corporation* (北京金隅集團股份有限公司), 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(s)”, “substantial shareholder(s)”, “percentage ratio(s)” and “subsidiary(ies)”	shall have the meaning ascribed thereto in the Listing Rules
“Directors”	directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 29 April 2024 in respect of the transfer of the Target Equity entered into by Jidong Cement and China-Africa Development Fund
“Group”	the Company and its subsidiaries
“Jidong Cement”	Tangshan Jidong Cement Co., Ltd., a joint stock company established under the laws of the PRC with limited liability and a non-wholly owned subsidiary of the Company, the shares of which are listed on Shenzhen Stock Exchange (stock code: 000401)
“Jidong Development”	Jidong Development Group Co., Ltd., a company established under the laws of the PRC with limited liability and a non-wholly owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“PRC”	the People’s Republic of China and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	China-Africa Jidong Building Materials Investment Co., Ltd. (中非冀東建材投資有限責任公司), a company established under the laws of the PRC with limited liability and a non-wholly owned subsidiary of the Company
“Target Equity”	40% of equity interest in the Target Company to be purchased by Jidong Cement under the Equity Transfer Agreement
“%”	per cent

By Order of the Board
BBMG Corporation*
Jiang Yingwu
Chairman

Hong Kong, 29 April 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 the independent non-executive directors of the Company are Yu Fei, Liu Taigang, Hong Yongmiao and Tam Kin Fong.

* *For identification purposes only*