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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)**

**(1) PROPOSED ISSUE AND PLACING OF A SHARES  
(2) CONNECTED TRANSACTION –  
PROPOSED SUBSCRIPTION OF A SHARES BY THE PARENT  
AND  
(3) RESUMPTION OF TRADING**

**PROPOSED ISSUE AND PLACING OF A SHARES**

The Board is pleased to announce that on 26 March 2015, the Board has approved the Proposed Placing, pursuant to which the Company shall issue A Shares to not more than 10 target subscribers (including the Parent) at the Subscription Price, which would raise gross proceeds of up to RMB5,000 million. The Parent has conditionally agreed to subscribe for A Shares to be issued by the Company at a total subscription price of not less than RMB500,000,000 under the Proposed Placing.

The Subscription Price shall not be less than the higher of (i) RMB8.53 per A Share, being 90% of the average trading price of A Shares of the Company during the 20 trading days immediately preceding the Reference Date; and (ii) the latest audited net asset value attributable to the Shareholders per Share prior to the issue date.

The maximum A Shares to be issued under the Proposed Placing, being 587,000,000 Shares, represents (i) approximately 16.24% of the existing issued A Shares and approximately 12.27% of the existing total issued share capital of the Company as at the date of this announcement; and (ii) approximately 13.97% of the enlarged issued A Shares and approximately 10.93% of the enlarged total issued share capital of the Company upon completion of the Proposed Placing.

The Company will issue and place the A Shares pursuant to the Proposed Placing under the specific mandate proposed to be granted to the Board at the AGM. The A Shares to be issued to the Parent are subject to a lock-up period of 36 months commencing from the completion of the Proposed Placing. The A Shares proposed to be issued to the other subscribers are subject to a lock-up period of 12 months commencing from the completion of the Proposed Placing. The Company will apply to the Shanghai Stock Exchange for the listing of, and permission to deal in, the A Shares to be issued.

### **CONNECTED TRANSACTION – PROPOSED SUBSCRIPTION OF A SHARES BY THE PARENT**

As part of the Proposed Placing, the Company entered into the Parent Subscription Agreement pursuant to which the Parent has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue A Shares at the Subscription Price at a total subscription price of not less than RMB500,000,000.

As at the date of this announcement, the Parent holds 2,292,881,099 Shares, representing 47.92% of the total issued share capital of the Company and is a controlling shareholder of the Company and therefore a connected person of the Company. Accordingly, the Parent Subscription constitutes a connected transaction for the Company under the Hong Kong Listing Rules, and is thereby subject to the reporting, announcement and independent shareholders' approval requirements under the Hong Kong Listing Rules.

**Shareholders and potential investors should be cautioned that the Proposed Placing is subject to the conditions precedent as set out in this announcement, and therefore the Proposed Placing may or may not proceed. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

### **GENERAL**

The Independent Board Committee has been formed to advise the Independent Shareholders on the Parent Subscription in accordance with the Hong Kong Listing Rules. In this connection, the Company has appointed Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Parent Subscription.

Resolutions will be proposed at the AGM for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the Proposed Placing, the Parent Subscription Agreement and the transactions contemplated thereunder. The Parent and all parties who are interested in the Proposed Placing will abstain from voting at the AGM on the relevant resolutions. The notice convening the AGM and a form of proxy will be despatched to the Shareholders on or around 26 March 2015.

A circular containing, among other things, (i) further information on the Proposed Placing, the Parent Subscription Agreement and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders on the Parent Subscription; and (iii) a letter from Gram Capital containing their advice to the Independent Board Committee and the Independent Shareholders on the Parent Subscription, is expected to be despatched to the Shareholders on or before 30 April 2015 according to the Hong Kong Listing Rules.

## **RESUMPTION OF TRADING**

Trading in the H Shares of the Company on the Hong Kong Stock Exchange has been suspended with effect from 9:00 a.m. on Wednesday, 19 March 2015, pending the release of this announcement by the Company. An application has been made to the Hong Kong Stock Exchange for the resumption of trading in the H Shares of the Company with effect from 9:00 a.m. on Friday, 27 March 2015.

## **I. PROPOSED ISSUE AND PLACING OF A SHARES**

The Board is pleased to announce that on 26 March 2015, the Board has approved the Proposed Placing, pursuant to which the Company shall issue A Shares to a maximum ten target subscribers including the Parent at the Subscription Price, which would raise gross proceeds of up to RMB5,000 million. Set forth below is the details of the Proposed Placing:

**Class and par value of Shares to be issued:** A Shares with a par value of RMB1.00 each.

**Method and time of the proposed issue of A Shares:** The Proposed Placing will be carried out by way of non-public issue of A Shares to ten target subscribers including the Parent. The Company will complete the proposed issue within six months from obtaining the approval for the Proposed Placing from CSRC.

**Number of Shares to be issued:** A maximum of 587,000,000 A Shares will be issued, which represents (i) approximately 16.24% of the existing issued A Shares and approximately 12.27% of the existing total issued share capital of the Company as at the date of this announcement; and (ii) approximately 13.97% of the enlarged issued A Shares and approximately 10.93% of the enlarged total issued share capital of the Company upon completion of the Proposed Placing.

The Board and its authorised persons shall determine the final number of Shares to be issued (subject to the maximum threshold of the number of Shares as mentioned above) based on the market conditions at the time of issue and after discussion with the lead underwriters of the Proposed Placing.

The aggregate nominal value of the A Shares to be issued (with a par value of RMB1.00 each) will be no more than RMB587,000,000.

**Target subscribers:**

The ten target subscribers will be the Parent and other subscribers which are securities investment fund management companies, securities companies, investment trust companies, financial institutions, insurance institutional investors, qualified offshore institutional investors, other onshore legal entities and natural persons etc. which comply with the regulations of the CSRC.

**Subscription price and pricing principles:**

The Subscription Price under the Proposed Placing shall not be less than the higher of (i) RMB8.53 per A Share, being 90% of the average trading price of A Shares of the Company during the 20 trading days immediately preceding the Reference Date; and (ii) the latest audited net asset value attributable to the Shareholders per Share prior to the issue date.

Subject to the above minimum Subscription Price, the final Subscription Price shall be determined by the Board after negotiations with the lead underwriters in accordance with the relevant PRC laws and regulations and the requirements of the CSRC, and based on the price offered by target subscribers. The Parent will not participate in the process for the determination of the Subscription Price, but will undertake to accept the results of the bidding by the target subscribers and subscribe at the same price as offered by other subscribers.

The Subscription Price under the Proposed Placing shall be paid to the Company in cash.

**Conditions precedent of the Proposed Placing:**

The Proposed Placing is conditional upon:

- (i) the passing of the resolutions in respect of the Proposed Placing by the Shareholders at the AGM;
- (ii) the obtaining of the approval from Beijing SASAC; and

(iii) the obtaining of the approval from CSRC.

None of the conditions above may be waived by any party to the Proposed Placing and therefore, if any conditions above cannot be obtained, the Company will not proceed with the Proposed Placing.

**Lock-up period:**

Under the Proposed Placing, all target subscribers (other than the Parent) shall not transfer the A Shares subscribed within 12 months of the date of completion of the Proposed Placing, and the Parent shall not transfer the A Shares subscribed within 36 months of the date of completion of the Proposed Placing.

**Use of proceeds:**

The gross proceeds to be raised from the Proposed Placing will be not more than RMB5,000 million, which are intended to be used as follows:

<b>Project Name</b>	<b>Total investment cost (RMB million)</b>	<b>Proceeds from Proposed Placing to be invested (RMB million)</b>
1. Beijing Chaoyang District Chaoyang North Road residential, secondary and primary school and nursery project (北京朝陽區朝陽北路地塊二類居住、中小學合校及托幼用地項目)	2,216.5	900
2. Beijing Chaoyang District, Dongba Dandian residential and primary school project (北京朝陽區東壩單店二類居住及小學用地項目)	4,263.7	1,700
3. Beijing Haidian District, Xisanqi public residential leasing project (海澱區西三旗公共租賃住房項目)	2,182.2	300
4. Tianjin BBMG Zhongbei Town residential project (天津金隅中北鎮住宅項目)	2,138.5	500
5. Nanjing City Jianye District Xinglong Street North project (南京市建鄴區興隆大街北側項目)	4,540.2	1,000
6. Supplementing working capital	—	600
<b>Total</b>	<b>15,341.1</b>	<b>5,000</b>

The proceeds to be invested in the various projects as mentioned above are estimated amounts only and have not taken into account the applicable costs and expenses in association with the Proposed Placing. The net proceeds from the Proposed Placing (after deduction of the applicable costs and expenses involved) and the net price of each new A Share to be issued will be determined upon completion of the Proposed Placing. Further announcement(s) will be made by the Company in accordance with the Hong Kong Listing Rules.

In addition, the Board may adjust the above-mentioned order and amount of proceeds to be invested in the projects as appropriate based on the actual conditions of the projects, including the approval process and funding needs.

- Specific mandate to issue A Shares:** The Company will issue the A Shares under the specific mandate proposed to be granted to the Board at the AGM.
- Application for listing of the A Shares to be issued:** The Company will apply to the Shanghai Stock Exchange for the listing of, and permission to deal in, the A Shares to be issued.
- Undistributed profit:** Upon completion of the Proposed Placing, the existing and new shareholders of the Company will be entitled to share in the Company's cumulative undistributed profits prior to the Proposed Placing.

## **II. CONNECTED TRANSACTION – PROPOSED SUBSCRIPTION OF A SHARES BY THE PARENT**

As part of the Proposed Placing, the Company entered into the Parent Subscription Agreement pursuant to which the Parent has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue at the total subscription price of not less than RMB500,000,000 A Shares at the Subscription Price. Set forth below is the major terms of the Parent Subscription Agreement.

- Date:** 26 March 2015.
- Parties:**
- (i) The Company as issuer; and
  - (ii) The Parent as the subscriber.
- Subscription of Shares:** The Parent has agreed to subscribe for A Shares at the total subscription price of not less than RMB500,000,000.

Assuming the subscription is made at the Subscription Price per Share of RMB8.53 per Share (being the higher of (i) RMB8.53 per A Share; and (ii) the audited net asset value attributable to the Shareholders as at 31 December 2014 of RMB6.50 per Share), the total number of A Shares to be subscribed by the Parent will be at least 58,616,647.

**Subscription Price:**

The final total number of A Shares to be subscribed by the Parent shall be determined by the Company and the Parent prior to the submission of proposal for the Proposed Placing to the CSRC.

The minimum Subscription Price shall not be lower than the higher of (i) 90% of the average trading price of A Shares of the Company during the 20 trading days immediately preceding the Reference Date (the average trading price of A Shares during the 20 trading days immediately preceding the Reference Date, being RMB8.53 per A Share, was determined by using the total turnover of A Shares during the 20 trading days immediately preceding the Reference Date divided by the total trading volume of A Shares during the 20 trading days immediately preceding the Reference Date); and (ii) the latest audited net asset value attributable to the Shareholders per Share prior to the issue date.

**Lock-up Undertaking:**

The Parent has undertaken to the Company that it will not, during the period commencing from the completion of the Parent Subscription and ending on the date which is 36 months from the completion, transfer any of the A Shares subscribed by it under the Parent Subscription Agreement.

**Conditions Precedent:**

The Parent Subscription Agreement shall become effective upon the fulfillment of following conditions:

- (i) the approval by the Board and the Independent Shareholders at a general meeting of the Parent Subscription;
- (ii) the obtaining of the approval from Beijing SASAC; and
- (iii) the obtaining of the approval from CSRC.

None of the conditions above may be waived by any party to the Parent Subscription Agreement and therefore, if any conditions above cannot be obtained, the Parent Subscription under the Parent Subscription Agreement will not proceed.

**Completion:** Completion of the Parent Subscription will take place on the seventh business day after the fulfilment of the above conditions precedent or any other date as agreed by the parties.

### **General information on the parties to the Parent Subscription Agreement**

The Company is 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 Hong Kong Stock Exchange and the A Shares of which are listed on the Shanghai Stock Exchange. The Group is principally engaged in the manufacture and sale of cement and modern building materials, property development, property investment, and provision of property management services.

The Parent is a limited liability company established under the laws of PRC on 6 December 1996 and is a wholly-owned subsidiary of the Beijing State-owned Capital Operation and Management Center\* (北京國有資本經營管理中心) which in turn is a collectively-owned enterprise established under the laws of the PRC on 30 December 2008 with registered capital fully paid up by Beijing SASAC. The Parent is principally engaged in, among others, state-owned assets management, building materials manufacturing, sale of building materials and real estate development.

### **Implications under the Hong Kong Listing Rules**

As at the date of this announcement, the Parent holds 2,292,881,099 Shares, representing 47.92% of the total issued share capital of the Company and is a controlling shareholder of the Company and therefore a connected person of the Company. Accordingly, the Parent Subscription constitutes a connected transaction for the Company under the Hong Kong Listing Rules, and is thereby subject to the reporting, announcement and independent shareholders' approval requirements under the Hong Kong Listing Rules.

### **III. DIRECTORS' CONFIRMATION**

The Directors (excluding the independent non-executive Directors who will form their view on the Parent Subscription after considering advice from Gram Capital) are of the view that the terms of the Proposed Placing and the Parent Subscription Agreement (including the minimum Subscription Price which is subject to the Price Adjustment) are fair, reasonable and on normal commercial terms, and are in the interests of the Company and the Shareholders as a whole.

The executive Director, Jiang Weiping, who is also a director of the Parent, is materially interested in the Parent Subscription. Mr. Jiang Weiping had abstained from voting on the relevant Board resolutions approving the Proposed Placing and the Parent Subscription Agreement. Save as disclosed above, none of the Directors has a material interest in the Proposed Placing and/or the Parent Subscription Agreement or is required to abstain from



voting on the Board resolutions for considering and approving the Proposed Placing and the Parent Subscription Agreement pursuant to the Hong Kong Listing Rules and/or the articles of association of the Company.

#### IV. EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below for illustration purposes is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Proposed Placing (assuming there is no change in the total issued share capital of the Company since the date of this announcement to up to completion of the Proposed Placing based on the maximum number of 587,000,000 to be issued under the Proposed Placing):

Name of Shareholder	Shareholding as the date of this announcement			Shareholding immediately after completion of the Proposed Placing		
	Number of Shares	Approx. % of the issued share capital	Approx. % of the total issued share capital	Number of Shares	Approx. % of the issued share capital	Approx. % of the total issued share capital
The Parent ( <i>note</i> )	2,292,881,099	63.42%	47.92%			
Other target subscribers	-	-	-	2,879,881,099	68.53%	53.61%
Other public holders of A Shares	1,322,376,750	36.58%	27.64%	1,322,376,750	31.47%	24.62%
Other public holders of H Shares	<u>1,169,382,435</u>	<u>-</u>	<u>24.44%</u>	<u>1,169,382,435</u>	<u>-</u>	<u>21.77%</u>
<b>Total</b>	<b><u>4,784,640,284</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>5,371,640,284</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>

*Note:* The actual shareholding percentages of the Parent and other subscribers will be finalized after the determination of the final Subscription Price and the actual number of Shares to be subscribed by the Parent upon closing of the Proposed Placing. Under the Parent Subscription Agreement, the total subscription amount of the Parent shall be at least RMB500,000,000. The Parent has confirmed to the Company that the Parent will not subscribe for Shares under the Proposed Placing to such an extent that the shareholding percentage in the Company held by the Parent and parties acting in concert with it (as defined in the Code on Takeovers and Mergers) upon completion of the Proposed Placing would represent an increase of more than 2% from the lowest percentage holding of the Parent and parties acting in concert with it in the 12-month period ending on (and including) the date of the completion.

The Company has no outstanding warrants, options or securities convertible into Shares as at the date of this announcement.

## **V. EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not conducted any equity fund raising activities in the past 12 months before the date of this announcement.

## **VI. REASONS FOR THE PROPOSED PLACING AND THE PARENT SUBSCRIPTION**

The gross proceeds from the Proposed Placing will be up to RMB5,000 million. The net proceeds (after deduction of applicable costs and expenses associated with the Proposed Placing) will be used to finance the resident and commercial property development projects of the Group in Beijing, Nanjing and Tianjin and to supplement the working capital of the Group, as detailed in the section headed “I. Proposed Issue and Placing of A Shares – Use of proceeds” above. The Board believes that the completion of the Proposed Placing will assist the Group in its development of property development projects and enhance the Group’s competitiveness in its core businesses, which would overall improve its business structure, financial conditions, results of operation, profit generation, cash inflows from operating activities, debt ratio and capital structure by laying a healthy, stable and solid development foundation, which are in the best interests of the Company and its Shareholders as a whole.

In addition, the Parent Subscription also demonstrates the confidence the Parent places in the Company and its support to the development of the Company’s business, which is conducive to enhancing the market image of the Company.

## **VII. GENERAL**

The Independent Board Committee has been formed to advise the Independent Shareholders on the Parent Subscription in accordance with the Hong Kong Listing Rules. In this connection, the Company has appointed Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Parent Subscription.

Resolutions will be proposed at the AGM for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the Proposed Placing, the Parent Subscription Agreement and the transactions contemplated thereunder. The Parent and all parties who are interested in or involved in the Proposed Placing will abstain from voting at the AGM on the relevant resolutions. The notice convening the AGM and a form of proxy are expected to be despatched to the Shareholders on or around 26 March 2015.

A circular containing, among other things, (i) further information on the Proposed Placing, and the Parent Subscription Agreement and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders on the Parent Subscription; and (iii) a letter from Gram Capital containing their advice to the Independent Board Committee and the Independent Shareholders on the Parent Subscription, is expected to be despatched to the Shareholders on or before 30 April 2015 according to the Hong Kong Listing Rules.

**Shareholders and potential investors should be cautioned that the Proposed Placing is subject to the conditions precedent as set out in this announcement, and therefore the Proposed Placing may or may not proceed. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **VIII. RESUMPTION OF TRADING**

Trading in the H Shares of the Company on the Hong Kong Stock Exchange has been suspended with effect from 9:00 a.m. on Wednesday, 19 March 2015, pending the release of this announcement by the Company. An application has been made to the Hong Kong Stock Exchange for the resumption of trading in the H Shares of the Company with effect from 9:00 a.m. on Friday, 27 March 2015.

## **IX. DEFINITIONS**

In this announcement, unless the context otherwise requires, the expressions below shall have the following meanings:

“A Share(s)”	ordinary shares in the share capital of the Company with a par value of RMB1.00 each, which are listed on the Shanghai Stock Exchange (stock code: 601992)
“AGM”	the annual general meeting of the Company to be convened on 27 May 2015 to consider and if thought fit, approve, among other things, the Proposed Placing and the Parent Subscription Agreement
“Beijing SASAC”	the State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality
“Board”	the board of Directors of the Company
“Company” or “BBMG”	北京金隅股份有限公司 (BBMG Corporation*), a joint stock company established under the laws of the PRC with limited liability on 22 December 2005, 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 Hong Kong Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Hong Kong listing Rules
“CSRC”	China Securities Regulatory Commission

“Directors”	the directors of the Company
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Parent Subscription
“Group”	the Company and its subsidiaries
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Share(s)”	the overseas listed foreign invested shares in the share capital of the Company, with a par value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange (stock code: 2009)
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors formed to advise Independent Shareholders on the Parent Subscription in accordance with the Hong Kong Listing Rules
“Independent Shareholders”	the shareholders other than the Parent and all parties who are interested in or involved in the Proposed Placing and/or the Parent Subscription
“Parent”	北京金隅集團有限責任公司 (BBMG Group Company Limited*), a limited liability company established under the laws of the PRC on 6 December 1996, a wholly-owned subsidiary of the Beijing SASAC and the controlling shareholder of the Company
“Parent Subscription”	the subscription of A Shares of a subscription amount of not less than RMB500,000,000 by the Parent pursuant to the Parent Subscription Agreement
“Parent Subscription Agreement”	the conditional subscription agreement dated 26 March 2015 entered between the Company and the Parent in relation to the Parent Subscription

“PRC”	the People’s Republic of China
“Price Adjustment”	the adjustment which may be made to the Subscription Price where there occurs any ex-dividend or ex-rights event (such as distribution of dividend, bonus issue or capitalization of capital reserves) to the Company between the Reference Date and the date of the proposed issue of A Shares
“Proposed Placing”	the proposed non-public issue and placing of A Shares at the Subscription Price by the Company to up to ten target subscribers, including the Parent, which would raise gross proceeds of up to RMB5,000 million
“Reference Date”	27 March 2015, i.e. the date of the A Share announcement of the resolution of the Board in respect of the Proposed Placing
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	A Share(s) and H Shares(s)
“Shareholder(s)”	holders of the A Share(s) and the H Share(s)
“Subscription Price”	the subscription price per A Share under the Proposed Placing, which shall not be less than the higher of (i) RMB8.53 per A Share, being 90% of the average trading price of A Shares of the Company during the 20 trading days immediately preceding the Reference Date; and (ii) the latest audited net asset value attributable to the Shareholders per Share prior to the issue date (subject to the Price Adjustment)
“trading day(s)”	a day on which the Shanghai Stock Exchange is open for dealing or trading in securities
“%”	per cent.

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

Beijing, the PRC, 26 March 2015

*As at the date of this announcement, the executive Directors are Jiang Weiping, Jiang Deyi, Shi Xijun, Zang Feng, Wang Hongjun and Wang Shizhong; the non-executive Director is Yu Kaijun; and the independent non-executive Directors are Zhang Chengfu, Xu Yongmo, Yip Wai Ming and Wang Guangjin.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any of the statements in this announcement misleading.*

*\* for identification purpose only*