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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)**

**CONTINUING CONNECTED TRANSACTIONS**

The Board announces that, on 11 May 2010, the Company and Sinoma entered into the 2010 Mutual Supply Framework Agreement for a term of three years from 1 January 2010 to 31 December 2012, whereby, the Group and the Sinoma Group has agreed to mutually supply to each other certain cement production related raw materials, equipment and services. The 2010 Mutual Supply Framework Agreement will cover the existing Technical Services Agreement and the Sinoma International Goods Sales Agreement as detailed in the Prospectus and announcement of the Company dated 27 December 2009.

Sinoma is one of the promoters of the Company and therefore is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2010 Mutual Supply Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.10 of the Listing Rules) in respect of each of the Sinoma Annual Caps for the three years ending 31 December 2012 exceed 0.1% but are less than 2.5%, the transactions contemplated under the 2010 Mutual Supply Framework Agreement are only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules, and are exempt from the independent shareholders' approval requirement under Rule 14A.48 of the Listing Rules.

**INTRODUCTION**

In order to better regulate the transactions in relation to the mutual supply of raw materials, equipment and services between the members of the Group and the members of the Sinoma Group, the Board announces that, on 11 May 2010, the Company and Sinoma entered into the 2010 Mutual Supply Framework Agreement for a term of three years from 1 January 2010 to 31 December 2012, whereby, the Group and the Sinoma Group has agreed to supply to each other certain cement production related raw materials, equipment and services. The 2010 Mutual Supply Framework Agreement will cover

the existing Technical Services Agreement and the Sinoma International Goods Sales Agreement as detailed in the Prospectus and announcement of the Company dated 27 December 2009.

## **2010 MUTUAL SUPPLY FRAMEWORK AGREEMENT**

### **Date**

11 May 2010

### **Parties**

- (i) the Company
- (ii) Sinoma

### **Subject matter**

Pursuant to the 2010 Mutual Supply Framework Agreement, members of the Group and members of the Sinoma Group have agreed to mutually provide with each other EPC and sub-contracting services of certain cement production line project and supply to each other certain cement production related raw materials, equipment and parts.

### **Term and termination**

The 2010 Mutual Supply Framework Agreement is for a term of three years commencing from 1 January 2010 and ending on 31 December 2012. Upon expiry, the 2010 Mutual Supply Framework Agreement may, subject to compliance with the relevant requirements under the Listing Rules and agreement of the parties, be renewed for a further term of three years.

### **Price determination**

Under the 2010 Mutual Supply Framework Agreement, the price shall be determined in accordance with the following pricing principles:

- (a) the state-prescribed price;
- (b) where there is no state-prescribed price, then according to the relevant state-recommended price;
- (c) where there is no state-recommended price, then according to the relevant market price; or
- (d) where there is no relevant market price, then according to the contracted price, which shall be determined by reference to the historical figures for preceding years, if any.

## Historical transactions values and historical annual cap

The actual transaction values and the historical annual caps for the transactions contemplated under the Technical Services Agreement and the Sinoma International Goods Sales Agreement for the two years ended 31 December 2009 and the original annual caps for the two years ending 31 December 2010 are set out below:

<b>Transactions</b>	<b>Financial year ended/ending 31 December</b>				
	<b>2008</b>		<b>2009</b>		<b>2010</b>
	<i>RMB</i>		<i>RMB</i>		<i>RMB</i>
	<i>(‘000,000)</i>		<i>(‘000,000)</i>		<i>(‘000,000)</i>
	<i>Original Cap</i>	<i>Historical Amounts</i>	<i>Original Cap</i>	<i>Historical Amounts</i>	<i>Original Cap</i>
Technical Services Agreement	N/A	26.6	59.1	43.0	21.8
Sinoma International Goods Sales Agreement	N/A	37.0	84.1	73.4	210.0

## Proposed Sinoma Annual Caps

The proposed Sinoma Annual Caps for the transactions contemplated under the 2010 Mutual Supply Framework Agreement for the three years ending 31 December 2012 are set out below:

<b>Transactions</b>	<b>Year ending 31 December</b>		
	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(‘000,000)</i>	<i>(‘000,000)</i>	<i>(‘000,000)</i>
Supply of cement production related raw materials, equipment and parts and provision of EPC and sub-contracting services of certain cement production line project to the Group by the Sinoma Group	120	150	180
Supply of cement production related raw materials, equipment and parts and provision of EPC and sub-contracting services of certain cement production line project to the Sinoma Group by the Group	290	290	290

In arriving at the above proposed Sinoma Annual Caps, the Directors have taken into account the following factors:

- (i) the historical figures for the transactions under the Technical Services Agreement and the Sinoma International Goods Sales Agreement for the two years ended 31 December 2009 as disclosed above;
- (ii) the estimated growth in the prices of the relevant raw materials, equipment and parts;
- (iii) the estimated growth of the costs for provision of the relevant sub-contracting services by the Group during the three years ending 31 December 2012;
- (iv) the estimated growth of the demand for the relevant raw materials, equipment and parts by the Group and the Sinoma Group, respectively, during the three years ending 31 December 2012, due to the estimated growth of the relevant segments of business of the Group and the Sinoma Group, respectively;
- (v) the estimated growth of the demand by the Sinoma Group for the relevant sub-contracting services by the Group, during the three years ending 31 December 2012, due to the estimated growth of the relevant segments of business of the Sinoma Group; and
- (vi) an estimate of the economic outlook of the PRC during the three years ending 31 December 2012.

### **Implementation Agreements**

Members of the Group and members of the Sinoma Group have entered into and will enter into, from time to time and as necessary, separate implementation agreements for each of the specific transactions contemplated under the 2010 Mutual Supply Framework Agreement during the term thereof. Each implementation agreement will set out the relevant raw materials, equipment and parts and EPC and the subcontracting services supplied, and the specifications, quantities, prices and other relevant terms thereof.

The implementation agreements only provide for the supply of the relevant raw materials, equipment and parts and subcontracting services as contemplated under the 2010 Mutual Supply Framework Agreement, and therefore do not constitute new categories of connected transactions. Any such implementation agreements will be within the ambit of the 2010 Mutual Supply Framework Agreement and the relevant annual caps, which, if exceeded, the Company will comply with the relevant Listing Rules accordingly.

## **Reasons for entering into the 2010 Mutual Supply Framework Agreement**

The Company is of the view that the 2010 Mutual Supply Framework Agreement enables (i) the Group to secure a stable source of the relevant raw materials, equipment and parts and EPC and subcontracting services from the Sinoma Group in its ordinary course of business on market prices and on normal commercial terms; and (ii) the Group to have Sinoma Group as a stable customer of the relevant raw materials, equipment and parts and EPC and subcontracting services in its ordinary course of business on market prices and on normal commercial terms.

## **Listing Rules Implications**

Sinoma is one of the promoters of the Company, and therefore is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2010 Mutual Supply Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.10 of the Listing rules) in respect of the proposed annual caps for the transactions contemplated under the 2010 Mutual Supply Framework Agreement for the three years ending 31 December 2012, respectively, exceed 0.1% but are less than 2.5%, such transactions are only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirement under Rule 14A.48 of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that (i) the terms of the 2010 Mutual Supply Framework Agreement (a) have been negotiated on an arm's length basis; (b) will be conducted on normal commercial terms, or on terms no less favourable than those available to or from independent third parties under prevailing local market conditions; (c) are entered into in the ordinary and usual course of business of the Group; and (d) are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) that the proposed Sinoma Annual Caps for the three years ending 31 December 2012 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **GENERAL INFORMATION OF THE PARTIES TO THE TRANSACTIONS**

### **The Company**

The Company is principally engaged in (i) production and sales of cement; (ii) production and sales of modern building materials and (iii) property development, property investment and management.

### **The Sinoma Group**

The Sinoma Group is a leading provider of cement equipment and engineering services in the world. The Sinoma Group is also a leading producer of non-metal materials in the PRC with significant market share for glass fiber and high-tech materials as well as for cement in selected regional markets.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“2010 Mutual Supply Framework Agreement”	a mutual supply of raw materials, equipment and parts and cement production line and provision of EPC and sub-contract project framework agreement dated 11 May 2010 and entered into between the Company and Sinoma
“Beijing Liulihe”	Beijing Liulihe Cement Co., Ltd., a wholly-owned subsidiary of the Company
“Beijing Tongda”	北京通達耐火技術股份有限公司(Beijing Tongda Refractory Technology Corporation*), a joint stock company established on 10 May 2006 under the laws of the PRC and directly owned as to 57.0% by the Company, 11.4% by Sinoma International, 9.5% by 北控高科技發展有限公司 (Beijing Enterprises Holding High Tech Development Co., Ltd.*), 6.65% by 唐山中材重型機械有限公司 (Tangshan Sinoma Heavy Machinery Co., Ltd.*), 5.7% by 江蘇中材水泥技術裝備有限公司 (Jiangsu Sinoma Cement Technology and Equipment Co., Ltd.*), 4.75% by 北京國建易創投資有限公司(Beijing Guide Energy Venture Capital Co., Ltd.*) and 5.0% by 鄭州巨龍投資股份有限公司 (Zhengzhou Julong Investment Corporation*)
“Board”	the board of directors of the Company
“Company”	北京金隅股份有限公司(BBMG Corporation*) (Stock Code: 2009), a joint stock company incorporated under the laws of the PRC with limited liability, whose H shares are listed and traded on the Main Board of the Hong Kong Stock Exchange
“Director(s)”	the directors of the Company
“EPC”	engineering, procurement and construction
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“PRC”	the People’s Republic of China, which for the purposes of this announcement only (unless otherwise indicated), excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus issued by the Company dated 17 July 2009 in relation to the listing of the H Shares on the Main Board of the Stock Exchange
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Sinoma”	中國中材股份有限公司(China National Materials Company Limited*) (Stock Code: 1893), a joint stock company incorporated under the laws of the PRC with limited liability, whose H shares are listed and traded on the Main Board of the Hong Kong Stock Exchange
“Sinoma Annual Cap(s)”	the annual maximum total amount of the transactions contemplated under the 2010 Mutual Supply Framework Agreement for each of the three years ending 31 December 2012
“Sinoma Group”	Sinoma and its subsidiaries
“Sinoma International”	中國中材國際工程股份有限公司(Sinoma International Engineering Co., Ltd.*), a joint stock company incorporated under the laws of the PRC, the shares of which are listed on the Shanghai Stock Exchange. It is a 42.46%-owned subsidiary of the Sinoma
“Sinoma International Goods Sales Agreement”	a cooperation agreement entered into between Sinoma International and Beijing Tongda on 8 July 2009 regarding the procurement of refractories and related installation and technical services
“Technical Services Agreement”	a technical cooperation agreement entered into between Sinoma International and Beijing Liulihe on 2 February 2008 regarding the performance test, production and maintenance services in relation to the foreign cement production lines

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

Beijing, the PRC, 11 May 2010

*As at the date of this announcement, the executive Directors are Jiang Weiping, Li Changli, Jiang Deyi, Shi Xijun, Wang Hongjun and Deng Guangjun; the non-executive Director is Zhou Yuxian; and the independent non-executive Directors are Hu Zhaoguang, Xu Yongmo, Zhang Chengfu and Yip Wai Ming.*

*\* English translation denotes for identification purposes only.*