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北京北辰實業股份有限公司
BEIJING NORTH STAR COMPANY LIMITED

(A sino-foreign joint venture joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 588)

CONNECTED TRANSACTION
ENTERING INTO CONSTRUCTION CONTRACT

On 25 September 2019, WHCF, a subsidiary of the Company (as the principal) entered into the Construction Contract with CCSEB First Company (as the contractor) in respect of the construction of the Wuhan Project, pursuant to which CCSEB First Company agreed to undertake the construction of the Wuhan Project, be responsible for the civil works, installation and construction, water supply and drainage, heating, electrical engineering and other works under the Wuhan Project.

IMPLICATIONS UNDER THE LISTING RULES

CCSEB First Company is a wholly-owned subsidiary of CCSEB and CCSEB is a substantial shareholder of a subsidiary of the Company. Therefore, CCSEB First Company is a connected person at subsidiary level of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Construction Contract constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules exceed 1% but are less than 5%, the transactions contemplated under the Construction Contract are subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

1. CONSTRUCTION CONTRACT

On 25 September 2019, WHCF, a subsidiary of the Company, entered into the Construction Contract with CCSEB First Company in respect of the construction of the Wuhan Project. The principal terms of the Construction Contract are summarised as follows:

Date: 25 September 2019

Parties: (i) WHCF, as the principal
(ii) CCSEB First Company, as the contractor

Project scope: Pursuant to the requirements under the Construction Contract, CCSEB First Company is responsible for the civil works, installation and construction, water supply and drainage, heating, electrical engineering and other works under the Wuhan Project, with a GFA of 180,885.96 square meters.

Contract period: 891 days

Construction contract price: The Group invited public tender for the construction works under the Construction Contract, and selected CCSEB First Company as the tender winner after conducting relevant evaluation procedures and taking consideration of various factors, including technical experience, professional qualifications, business reputation, project management abilities of all the tenderers, total expenses and other relevant factors.

The total contract price under the Construction Contract was RMB392,510,881.39, which was determined on arm's length basis after considering (i) all services required by WHCF in respect of the Wuhan Project and (ii) relevant design, procurement and prevailing market conditions of each construction project. The Board is of the view that the total contract price is fair and reasonable.

The total contract price will be funded by internal resources of the Group.

- Payment terms: The total contract price shall be payable on a monthly basis based on construction progress. However, after the construction project is completed, accepted and settled, the payment made by WHCF to CCSEB First Company shall not exceed 97% of the total settlement amount, and the remaining 3%, as the quality guarantee deposit, shall be paid upon expiry of the defect liability period.
- Performance guarantee: CCSEB First Company shall submit to WHCF a bank performance guarantee with total amount equivalent to 10% of the contract price and in a form as required by to WHCF within 7 days after the execution of the Construction Contract.

2. REASONS FOR AND BENEFITS OF ENTERING INTO OF THE CONSTRUCTION CONTRACT

It is within the normal business course of the Group to advance the construction of the Wuhan Project and develop properties on the Wuhan Land Lot. As a wholly-owned subsidiary of CCSEB which is a group member of CSCEC (one of the top 500 enterprises in the world), CCSEB First Company possesses special-grade qualification as general contractor for construction of housing projects issued by the Ministry of Housing and Urban-Rural Development of the People's Republic of China. After due and careful consideration and comprehensive evaluation of the tenderers in terms of project quotation, qualification, experience and project quality, the Group selected CCSEB First Company as the general contractor of the Wuhan Project in accordance with relevant laws. The Group is of the view that, entering into of the Construction Contract is vital to the advancement of the Wuhan Project and enables the Company to benefit from the development of its principal business.

The Directors, including independent non-executive Directors, have confirmed that the terms of the Construction Contract are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms or better in the ordinary and usual course of business of the Group, and in the interests of the Company and its shareholders as a whole. No Director has any material interest in the transactions contemplated under the Construction Contract.

3. IMPLICATIONS UNDER THE LISTING RULES

CCSEB First Company is a wholly-owned subsidiary of CCSEB and CCSEB is a substantial shareholder of a subsidiary of the Company. Therefore, CCSEB First Company is a connected person at subsidiary level of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Construction Contract constitute connected transactions of the Company under

Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules exceed 1% but are less than 5%, the transactions contemplated under the Construction Contract are subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

4. GENERAL INFORMATION

The Company is principally engaged in development properties and investment properties (including hotels). WHCF is principally engaged in the development of properties in Wuhan, the PRC.

CCSEB First Company is principally engaged in businesses such as fabrication of steel structure, steel template, steel plate, metal movable house and fabrication of concrete components; contracting of various general industrial and civil engineering construction and installation; undertaking municipal engineering, decoration engineering; elevator installation; metal doors and windows and radiators; technical consulting; general contracting, construction, installation, technical consulting and project management of overseas construction and civil engineering.

5. DEFINITIONS

“Board”	the board of Directors of the Company;
“CSCEC”	China State Construction Engineering Corporation Ltd., a company incorporated in the PRC, which is principally engaged in businesses such as survey, design, construction, installation and consultation of domestic and overseas civil engineering and construction works;
“CCSEB”	China Construction Second Engineering Bureau Ltd., a company incorporated in the PRC, which is principally engaged in businesses such as general contracting of housing construction, infrastructure, industrial installation, and engineering design, and a wholly-owned subsidiary of CSCEC;
“CCSEB First Company”	CCSEB First Construction Engineering Co., Ltd. (中建二局第一建筑工程有限公司), a company established in the PRC and a wholly-owned subsidiary of CCSEB;

“Company”	Beijing North Star Company Limited (北 京 北 辰 實 業 股 份 有 限 公 司), a sino-foreign joint venture joint stock limited company incorporated in the PRC, whose A shares and H shares are listed and traded on the Shanghai Stock Exchange and the Stock Exchange respectively;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Construction Contract”	the construction contract on the project on the land lot P(2018)067 entered into between WHCF (as the principal) and CCSEB First Company (as the contractor) in respect of the Wuhan Project on 25 September 2019, the details of which are set out in the section headed “Construction Contract” in this announcement;
“Director(s)”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“WHCF”	Wuhan Chenfa Real Estate Co. Limited, a subsidiary of the Company;
“Wuhan Land Lot”	the land lot 141R2 in Wuhan Economic and Technology Development Zone in Wuhan, Hubei Province;

“Wuhan Project” the construction project on the construction and installation works located on the Wuhan Land Lot; and

“%” Percentage.

By order of the Board
BEIJING NORTH STAR COMPANY LIMITED
GUO Chuan
Executive Director and Company Secretary

Beijing, the PRC, 25 September 2019

As at the date of this announcement, the Board comprises nine directors, of whom six are executive directors, namely, Mr. HE Jiang-Chuan, Mr. LI Wei-Dong, Ms. LI Yun, Mr. CHEN De-Qi, Ms. ZHANG Wen-Lei and Mr. GUO Chuan and three are independent non-executive directors, namely, Mr. FU Yiu-Man, Mr. DONG An-Sheng and Mr. WU Ge.

Should there be any differences between the Chinese and English versions of this announcement, the Chinese version shall prevail.