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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 IN RELATION TO ENTERING INTO CONSTRUCTION CONTRACT**

On 25 November 2019, Wuhan Chenzhan, 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 as a general contractor, including ground and foundation works, the main structure works, fitting out and decoration works, roofing works, water supply and drainage and heating works, ventilation and air conditioning works, electrical works, intelligent building engineering, energy conservation engineering, elevator engineering, landscaping works, and management of and coordination with material suppliers, etc.

### **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 transaction contemplated under the Construction Contract constitutes a connected transaction 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 transaction contemplated under the Construction Contract is 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 November 2019, Wuhan Chenzhan, 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 November 2019
Parties:	(i) Wuhan Chenzhan, as the principal  (ii) CCSEB First Company, as the contractor
Project scope:	Pursuant to the requirements under the Construction Contract, CCSEB First Company, as a general contractor, is responsible for the construction of the Wuhan Project, including ground and foundation works, the main structure works, fitting out and decoration works, roofing works, water supply and drainage and heating works, ventilation and air conditioning works, electrical works, intelligent building engineering, energy conservation engineering, elevator engineering, landscaping works, and management of and coordination with material suppliers, etc. The Wuhan Project has a gross floor area of 227,717.67 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 into 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 is approximately RMB478,877,641.35, which was determined on arm's length basis after considering (i) all services required by Wuhan Chenzhan 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 Wuhan Chenzhan to CCSEB First Company shall not exceed 97% of the total settlement amount, and the remaining 3%, being the quality guarantee deposit, shall be paid upon expiry of the defect liability period.

Performance guarantee:

Within seven days after entering into the Construction Contract, CCSEB First Company shall submit to Wuhan Chenzhan a bank performance guarantee in an aggregate amount equivalent to 10% of the contract price and in the form as required by Wuhan Chenzhan.

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

It is within the ordinary course of business of the Group to further the construction of Wuhan Project and develop properties on the Wuhan Land Lot. As a wholly-owned subsidiary of CCSEB (a member of China State Construction Engineering Corporation Ltd. which is 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 Wuhan Project in accordance with relevant laws. The Group is of the view that, the entering into of the Construction Contract is vital to the advancement of Wuhan Project and enables the Company to benefit from the development of its major business.

The Directors, including independent non-executive Directors, have confirmed that the terms of the Construction Contract are fair and reasonable, and the transaction 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 transaction 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 transaction contemplated under the Construction Contract constitutes a connected transaction 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 transaction contemplated under the Construction Contract is 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). Wuhan Chenzhan 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;
“CCSEB”	China Construction Second Engineering Bureau Ltd., a company established in the PRC;

“CCSEB First Company”	CCSEB First Construction Engineering Co., Ltd. (中 建 二 局 第 一 建 築 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 for Land Lot P(2018)068 (《P(2018)068 號 地 塊 項 目 施 工 合 同 》) entered into between Wuhan Chenzhan (as principal) and CCSEB First Company (as contractor) in respect of the Wuhan Project dated 25 November 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;

“Wuhan Chenzhan”	Wuhan Chenzhan Real Estate Co. Limited (武漢辰展房地產開發有限公司武), a subsidiary of the Company;
“Wuhan Land Lot”	the land lot 143R2 located at Wuhan Economic & Technological Development Zone, Wuhan City, Hubei Province;
“Wuhan Project”	the construction and installation works on Wuhan Land Lot;
“%”	Percent.

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

Beijing, the PRC, 25 November 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.*