

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 GENERAL CONSTRUCTION CONTRACT

On 27 February 2020, Changsha North Star, a subsidiary of the Company (as the principal) entered into the General Construction Contract with CCSEB (as the contractor) in respect of the construction of the Changsha Project, pursuant to which CCSEB agreed to undertake the construction of the Changsha Project, be responsible for the civil works, installation and construction, water supply and drainage, fire protection, electrical engineering and other works under the Changsha Project.

IMPLICATIONS UNDER THE LISTING RULES

CCSEB is a substantial shareholder of Hangzhou North Star, a subsidiary of the Company. Therefore, CCSEB is a connected person at subsidiary level of the Company. Accordingly, the transactions contemplated under the General Construction Contract constitute connected transactions of the Company under Chapter 14A of the Listing Rules. One or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules exceed 5%. However, since the Board has approved the General Construction Contract, and the independent non-executive Directors of the Company have confirmed that the General Construction Contract was entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole, pursuant to Rule 14A.101 of the Listing Rules, the transactions contemplated under the General Construction Contract are exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. GENERAL CONSTRUCTION CONTRACT

On 27 February 2020, Changsha North Star, a subsidiary of the Company, entered into the General Construction Contract with CCSEB in respect of the construction of the Changsha Project. The principal terms of the General Construction Contract are summarised as follows:

Date: 27 February 2020

Parties: (i) Changsha North Star, as the principal
(ii) CCSEB, as the contractor

Project scope: Pursuant to the requirements under the General Construction Contract, CCSEB is responsible for the civil works, installation and construction, water supply and drainage, fire protection, electrical engineering and other works under the Changsha Project, with a GFA of 334,675.75 square meters.

Contract period: 1,126 days

Construction contract price: The Group invited public tender for the construction works under the General Construction Contract, and selected CCSEB 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 General Construction Contract was approximately RMB695,340,550.71, which was determined on arm's length basis after considering (i) all services required by Changsha North Star in terms of the Changsha 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 is expected to 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 Changsha North Star to CCSEB 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: Within seven days after entering into the General Construction Contract, CCSEB shall submit to Changsha North Star a bank performance guarantee in an aggregate amount equivalent to 10% of the contract price and in the form as required by Changsha North Star.

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

It is within the normal business course of the Group to advance the construction of the Changsha Project and develop properties on the Changsha Land Lot. As a wholly-owned subsidiary of China State Construction Engineering Corporation Ltd. (one of the top 500 enterprises in the world), CCSEB 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 as the general contractor of the Changsha Project in accordance with relevant laws. The Group is of the view that, entering into of the General Construction Contract is vital to the advancement of the Changsha 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 General 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 General Construction Contract.

3. IMPLICATIONS UNDER THE LISTING RULES

CCSEB is a substantial shareholder of Hangzhou North Star, a subsidiary of the Company. Therefore, CCSEB is a connected person at subsidiary level of the Company. Accordingly, the transactions contemplated under the General Construction Contract constitute connected transactions of the Company under Chapter 14A of the Listing Rules. One or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules exceed 5%. However, since the Board has approved the General Construction Contract, and the independent non-executive Directors of the Company have confirmed that the General Construction Contract was entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole, pursuant to Rule 14A.101 of the Listing Rules, the transactions contemplated under the General Construction Contract are exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

4. GENERAL INFORMATION

The Company is principally engaged in development properties and investment properties (including hotels). Changsha North Star is principally engaged in the development of properties in Changsha, the PRC.

CCSEB is principally engaged in businesses such as general contracting of housing construction, infrastructure, industrial installation and engineering design.

5. DEFINITIONS

“Board”	the board of Directors of the Company;
“CCSEB”	China Construction Second Engineering Bureau Ltd., a company incorporated in the PRC;
“Changsha North Star”	Changsha North Star Real Estate Development Co., Limited, a subsidiary of the Company;
“Changsha Land Lot”	the land lot located at Xinhe Delta, Kaifu District, Changsha City, Hunan Province (湖南省長沙市開福區新河三角洲);
“Changsha Project”	the construction and installation works of North Star Xinhe Delta project (北辰新河三角洲項目) in Area D4 on the Changsha Land Lot;

“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;
“Director(s)”	the directors of the Company;
“General Construction Contract”	the general contraction contract on construction and installation works entered into between Changsha North Star (as principal) and CCSEB (as contractor) in respect of the Changsha Project on 27 February 2020, the details of which are set out in the section headed “General Construction Contract” in this announcement;
“Group”	the Company and its subsidiaries;
“Hangzhou North Star”	Hangzhou North Star Real Estate Co., Limited (杭州北辰置業有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company;
“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; and
“%”	Percentage.

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

Beijing, the PRC, 27 February 2020

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.