
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Beijing North Star Company Limited**, you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.



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)

- (1) PROPOSED AUTHORISATION OF PROVISION OF GUARANTEE BY THE COMPANY,
- (2) PROPOSED GRANT OF GENERAL MANDATE FOR ISSUANCE OF SHARES,
- (3) PROPOSED GRANT OF GENERAL MANDATE FOR ISSUANCE OF DEBT FINANCING INSTRUMENTS,
- (4) PROPOSED REGISTRATION AND ISSUANCE OF MEDIUM TERM NOTES OF NOT MORE THAN RMB3 BILLION OF THE COMPANY,
- (5) PROPOSED REGISTRATION AND ISSUANCE OF CORPORATE BONDS OF NOT MORE THAN RMB3 BILLION OF THE COMPANY,
- (6) PROPOSED REMUNERATION OF DIRECTORS AND SUPERVISORS AND
- (7) NOTICE OF 2021 ANNUAL GENERAL MEETING

Beijing North Star Company Limited (the “**Company**”) will convene the 2021 AGM at the Meeting Room One at 12th Floor, Tower A, Hui Xin Building, No.8 Bei Chen Dong Road, Chao Yang District, Beijing, the PRC on Thursday, 12 May 2022 at 9:00 a.m. The notice convening the meeting is set out on pages 22 to 25 of this circular. Whether or not you are able to attend the 2021 AGM, you are requested to complete and return the enclosed proxy form for holders of H Shares in accordance with the instructions printed thereon. The proxy form for holders of H Shares should be returned to the H Share Registrar of the Company, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 24 hours before the time fixed for holding the 2021 AGM (i.e. not later than 11 May 2022 at 9:00 a.m. (Hong Kong time)). Completion and return of the proxy form will not preclude you from attending and voting at the meeting.

In view of the continuing risks of the COVID-19 outbreak, the Company will closely monitor the pandemic conditions and take appropriate precautionary measures in accordance with the relevant requirements on the pandemic prevention and control in Beijing. The Company particularly reminds the Shareholders and participants who intend to attend the 2021 AGM to continue to pay attention to the latest development of the pandemic, adopt proper personal prevention measures and comply with the requirements on the pandemic prevention and control (including the relevant requirements on the pandemic prevention and control in Beijing) for their health and safety.

CONTENTS

	<i>Page</i>
Definitions	ii
Letter from the Board	1
1. Introduction	2
2. Proposed authorisation of provision of guarantee by the Company	2
3. Proposed grant of general mandate for issuance of Shares	7
4. Proposed grant of general mandate for issuance of debt financing instruments	8
5. Proposed registration and issuance of Medium Term Notes of not more than RMB3 billion of the Company	12
6. Proposed registration and issuance of Corporate Bonds of not more than RMB3 billion of the Company	14
7. Proposed remuneration of Directors and Supervisors	18
8. 2021 AGM	19
9. Voting by way of poll	20
10. Recommendation	21
11. General information	21
Notice of 2021 Annual General Meeting	22

DEFINITIONS

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

“2021 AGM”	the 2021 annual general meeting of the Company to be held at the Meeting Room One at 12th Floor, Tower A, Hui Xin Building, No.8 Bei Chen Dong Road, Chao Yang District, Beijing, the PRC on 12 May 2022 at 9:00 a.m.
“2021 AGM Notice”	the notice dated 6 April 2022 in relation to the convening of the 2021 AGM as set out on pages 22 to 25 of this circular
“A Share(s)”	domestic ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each which are listed on the Shanghai Stock Exchange (Stock Code: 601588)
“Articles of Association”	the existing articles of association of the Company
“Board”	the board of Directors
“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 shares are listed on the Stock Exchange and the Shanghai Stock Exchange
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries at the relevant time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	the overseas listed Share(s) in the share capital of the Company with a nominal value of RMB1.00 each which are listed on the Stock Exchange (Stock Code: 588)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“PRC” or “China”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this circular
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Stock Exchange”	the Shanghai Stock Exchange
“Share(s)”	share(s) of nominal value of RMB1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the member(s) of the Supervisory Committee
“Supervisory Committee”	the supervisory committee of the Company

LETTER FROM THE BOARD



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)

The Board

Executive Directors

Mr. LI Wei-Dong

Ms. LI Yun

Mr. YANG Hua-Sen

Ms. ZHANG Wen-Lei

Mr. GUO Chuan

Independent non-executive Directors

Dr. CHOW Wing-Kin, Anthony

Mr. GAN Pei-Zhong

Mr. CHEN De-Qiu

Legal address:

No. 8 Bei Chen Dong Road

Chao Yang District

Beijing

The PRC

Principal place of business in Hong Kong:

26th Floor, Jardine House

1 Connaught Place

Central

Hong Kong

6 April 2022

Dear Sir or Madam,

- (1) PROPOSED AUTHORISATION OF PROVISION OF GUARANTEE BY THE COMPANY,
(2) PROPOSED GRANT OF GENERAL MANDATE FOR ISSUANCE OF SHARES,
(3) PROPOSED GRANT OF GENERAL MANDATE FOR ISSUANCE OF DEBT FINANCING
INSTRUMENTS,
(4) PROPOSED REGISTRATION AND ISSUANCE OF MEDIUM TERM NOTES OF NOT
MORE THAN RMB3 BILLION OF THE COMPANY,
(5) PROPOSED REGISTRATION AND ISSUANCE OF CORPORATE BONDS OF NOT
MORE THAN RMB3 BILLION OF THE COMPANY,
(6) PROPOSED REMUNERATION OF DIRECTORS AND SUPERVISORS
AND
(7) NOTICE OF 2021 ANNUAL GENERAL MEETING

LETTER FROM THE BOARD

1. INTRODUCTION

The main purpose of this circular is to provide you with information on matters in relation to (1) proposed authorisation of provision of guarantee by the Company; (2) proposed grant of general mandate for issuance of Shares; (3) proposed grant of general mandate for issuance of debt financing instruments; (4) proposed registration and issuance of Medium Term Notes of not more than RMB3 billion of the Company; (5) proposed registration and issuance of Corporate Bonds of not more than RMB3 billion of the Company; and (6) proposed remuneration of Directors and Supervisors; and to seek your approval of the special/ordinary resolutions in relation to these matters at the 2021 AGM.

2. PROPOSED AUTHORISATION OF PROVISION OF GUARANTEE BY THE COMPANY

In order to satisfy the demand of financing and operations of the Company and its subordinate companies and to enhance management efficiency, it is proposed to the 2021 AGM to authorise the Board to consider and approve the following additional guarantees of the Company and its subordinate companies:

1. Type of guarantee: the types of the guarantees provided between the Company and its subordinate companies include, but not limited to, assurances, pledges and charges.
2. Target of guarantee: the targets of the guarantees under this authorisation include guarantees provided by the Company and its subsidiaries (i.e. the wholly-owned or holding companies whose results are incorporated into the consolidated statements of the Company, the same below) to its other subsidiaries or investees, and guarantees provided by subsidiaries to the Company within the aggregate amount of RMB40 billion (excluding the guarantees provided in phases by the Company and its subordinate companies to property purchasers).
3. Allocation of the amounts is as follows:
 - (1) total amount of guarantees provided by the Company and its subsidiaries for wholly-owned companies shall not be more than RMB19 billion, of which the total amount of guarantees provided for a guaranteed party with a gearing ratio below 70% shall not be more than RMB7 billion, and the total amount of guarantees provided for a guaranteed party with a gearing ratio above 70% shall not be more than RMB12 billion;
 - (2) total amount of guarantees provided by the Company and its subsidiaries to non-wholly owned subsidiaries shall not be more than RMB8 billion, of which the total amount of guarantees provided for a guaranteed party with a gearing ratio below 70% shall not be more than RMB2 billion, and the total amount of guarantees provided for a guaranteed party with a gearing ratio above 70% shall not be more than RMB6 billion;
 - (3) total amount of guarantees provided by the Company and its subsidiaries to investees shall not be more than RMB1.5 billion, and the guaranteed parties are all investees with a gearing ratio of more than 70%, and are not related parties of the Company's Directors, Supervisors, senior management, Shareholders holding more than 5% of the shares, controlling Shareholders or de facto controllers;
 - (4) total amount of guarantee provided by the subsidiary to the Company shall not exceed RMB11.5 billion.

LETTER FROM THE BOARD

4. Basic information on the guaranteed parties:

(1) Basic information on the proposed targets of the guarantee business as at 31 December 2021:

Currency: RMB

No.	Company name	Legal representative	Registered capital (<i>'0,000</i>)	Nature of business	Total assets (<i>'0,000</i>)	Net assets (<i>'0,000</i>)	Net profit (<i>'0,000</i>)	Shareholding percentage of the Company (%)	Allocation of guarantee amount provided by the Company to its subordinate companies
									(<i>'00 million</i>)
1	Changsha North Star Real Estate Development Co., Limited (長沙北辰房地產開發有限公司)	HUO Bin-Feng	120,000	Development of real estates	1,458,860	498,858	34,263	100	30
2	Beijing North Star Real Estate Group Limited (北京北辰地產集團有限公司)	CHEN De-Qi	793,159	Development of real estates	1,273,922	1,130,150	77,894	100	40
Sub-total of wholly-owned companies with gearing ratio below 70%					2,732,782	1,629,007	112,157		70
3	Chongqing North Star Liangjiang Investment Co., Limited (重慶北辰兩江置業有限公司)	XIE Xiong	10,000	Development of real estates	557,642	20,765	8,791	100	40
4	Wuhan North Star Chenzhi Real Estate Development Company Limited (武漢北辰辰智房地產開發有限公司)	BIN Ri-Hui	3,000	Development of real estates	160,621	4,848	6,750	100	50
5	Chongqing North Star Heyue Real Estate Co., Limited (重慶北辰合悅置業有限公司)	XIE Xiong	5,000	Development of real estates	193,304	-7,735	-12,429	100	30
Sub-total of wholly-owned companies with gearing ratio over 70%					911,567	17,878	3,112		120
Total of wholly-owned companies					3,644,348	1,646,885	115,268		190

LETTER FROM THE BOARD

No.	Company name	Legal representative	Registered capital (‘0,000)	Nature of business	Total assets (‘0,000)	Net assets (‘0,000)	Net profit (‘0,000)	Shareholding	Allocation
								percentage of the Company (%)	of guarantee amount provided by the Company to its subordinate companies (‘00 million)
6	Hangzhou North Star Real Estate Co., Limited (杭州北辰置業有限公司)	GAO Jiang-Tao	5,000	Development of real estates	40,714	32,728	3,588	80	20
Sub-total of holding companies with gearing ratio below 70%					40,714	32,728	3,588		20
7	Changsha Century Yujing Real Estate Co., Ltd. (長沙世紀御景房地產有限公司)	HUO Bin-Feng	2,041	Development of real estates	174,797	9,344	5,890	51	20
8	Wuhan Optics Valley Creative Culture Technology Park Co., Ltd. (武漢光谷創意文化科技園有限公司)	ZHANG Ji	4,082	Development of real estates	242,192	4,595	13,711	51	25
9	Haikou Chenzhi Real Estate Co., Ltd. (海口辰智置業有限公司)	CHI Song	5,000	Development of real estates	354,386	-60,244	-23,440	70	15
Sub-total of holding companies with gearing ratio over 70%					771,375	-46,305	-3,840		60
Total of holding companies					812,089	-13,578	-251		80

LETTER FROM THE BOARD

No.	Company name	Legal representative	Registered capital (‘0,000)	Nature of business	Total assets (‘0,000)	Net assets (‘0,000)	Net profit (‘0,000)	Shareholding percentage of the Company (%)	Allocation of guarantee amount provided by the Company to its subordinate companies
									(‘00 million)
10	Guangzhou Guangyue Real Estate Co., Ltd. (廣州廣悅置業有限公司)	Wu Hao	9,804	Development of real estates	144,765	8,062	-1,041	49	10
11	Beijing Chenxuan Real Estate Co., Ltd. (北京辰軒置業有限公司)	CHEN Ming-Wei	5,000	Development of real estates	144,121	4,304	-696	50	5
Sub-total of shareholding companies					<u>288,886</u>	<u>12,366</u>	<u>-1,737</u>		<u>15</u>
Total					<u>4,745,323</u>	<u>1,645,673</u>	<u>113,280</u>		<u>285</u>

- (2) As the above allocation of guarantee amount is based on the Company’s current business and the forecast on the specific guaranteed parties and the corresponding new guarantee amount to be provided within the next 12 months, the Company is authorised to, based on possible changes, make the following adjustments within the above-mentioned guarantee amount during the term of authorization.

The guarantee amount provided by the Company and its subsidiaries to the wholly-owned/holding company may be adjusted within the corresponding estimated amount of the wholly-owned/holding company. At the time of adjustment, a guaranteed party with a gearing ratio over 70% can only obtain guarantee amount from a guaranteed party with a gearing ratio over 70%.

The guarantee amount provided by the Company and its subsidiaries for the shareholding companies may be adjusted within the estimated amount. When the adjustment takes place, the adjustment amount shall not exceed 10% of the latest audited net assets of the Company; a guaranteed party with gearing ratio over 70% can only obtain guarantee amount adjustment from a guaranteed party with a gearing ratio over 70%, and there is no overdue and outstanding liabilities.

LETTER FROM THE BOARD

5. Scope of authorisation: the 2021 AGM shall authorise the Board to deliberate any aforesaid guarantee to be provided by the Company and its subordinate companies. The scope of authorization shall cover any of the following situations:
 - (1) the amount of a single guarantee exceeding 10% of the audited net assets of the Company for the latest period;
 - (2) provision of guarantee to a guaranteed party with a gearing ratio exceeding 70%;
 - (3) any provision of guarantee after the total external guarantee amount of the Company and its non-wholly owned subsidiaries reaching or exceeding 50% of the audited net assets of the Company for the latest period;
 - (4) any provision of guarantee after the total external guarantee amount of the Company and its non-wholly owned subsidiaries reaching or exceeding 30% of the audited net assets of the Company for the latest period;
 - (5) guarantee reaching or exceeding 30% of the audited net assets of the Company for the latest period based on the principle of the cumulative calculation of the guarantee amount for twelve consecutive months.
6. Term of authorisation: authorisation shall be effective from the date of consideration and approval at the 2021 AGM to the date of the 2022 annual general meeting.
7. If each guarantee provided between the Company and its subordinate companies constitutes a transaction under the Listing Rules, the Company shall seek approval from the Shareholders (if applicable) in compliance with the applicable requirements under the Listing Rules.
8. The Company will require the guaranteed party to provide corresponding counter-guarantee based on its status.
9. The Board is authorized to adjust the specific guarantee amount within the scope of the authorization in accordance with relevant laws, regulations and regulatory rules.

If it is beyond the scope of this authorisation of guarantee, the Company will strictly comply with the relevant regulatory requirements and decision-making procedure for listed companies.

LETTER FROM THE BOARD

3. PROPOSED GRANT OF GENERAL MANDATE FOR ISSUANCE OF SHARES

According to the relevant requirements under the Company Law of the PRC, the Listing Rules and Articles of Association, it is proposed to the 2021 AGM to grant general mandate to the Board to issue Shares. Details are as follows:

- (1) to unconditionally approve the Board to, within the Relevant Period (as defined below), exercise all powers to issue and deal with, either separately or concurrently, the additional A Shares and H Shares, of which the respective amount was not more than 20% of the A Shares and H Shares as at the date of approval of such general mandate at the 2021 AGM (collectively, the “**New Shares**”);
- (2) to authorise the Board to execute or issue offers, agreements and/or options within the Relevant Period according to the approval of the paragraph (1) above, where such offers, agreements and options will require, or might require the New Shares to be allotted within or after the Relevant Period, and to authorise the Board to issue and deal with the New Shares which is required to, or might be required to, be allotted according to such offers, agreements and options;
- (3) to authorise the Board to, after issuing New Shares of the Company according to paragraph (1) of this resolution, increase the Company’s registered capital, to make appropriate and necessary adjustments to the relevant contents of the Articles of Association in relation to the total amount of share capital, share capital structure, registered capital and so on, to carry out statutory approval, registrations and fillings within and outside the PRC, and to take all other necessary actions and execute all necessary procedures to realize the issuance of Shares and increase in the Company’s registered capital under paragraph (1) of this resolution. It is proposed to the 2021 AGM to agree that, under the condition which the above authorisation has been granted, to re-delegate the above authorisation herein to the persons delegated by the Board to sign, execute, modify, complete, submit all agreements, contracts and documents in relation to the allotment and issuance of and dealing with the Shares under the general mandate, unless otherwise stipulated by laws or regulations;
- (4) for the purpose of this special resolution:

“Relevant Period” means the period from the date of approval of this special resolution until the earliest of the following:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the twelve months after the date of passing this special resolution; or
- (iii) the date on which the authorisation granted to the Board in this special resolution being revoked or varied by a special resolution of the Shareholders of the Company at the general meeting.

LETTER FROM THE BOARD

4. PROPOSED GRANT OF GENERAL MANDATE FOR ISSUANCE OF DEBT FINANCING INSTRUMENTS

In order to promote the debt financing of the Company and all of its subsidiary companies in an efficient and orderly way and meet the capital demands in the production and operation of the Company, it is proposed to the 2021 AGM to authorize the Board and the subsidiaries of the Company, and agree the Board to further authorize the chairman of the Board and the general manager of the Company to exercise with full power and authority to deal with the matters in connection with the issuance of debt financing instruments. Details are as follows:

I. Type and principal terms of the issuance

1. *Type of the issuance*

The type of securities to be issued is debt financing instruments, which include but not limited to medium term notes, super short-term commercial paper, short-term commercial paper, privately placed debt financing instruments, corporate bonds, enterprise bonds, perpetual bonds, asset-backed securities, debt financing plans and other types of debt financing instruments as well as other onshore and offshore debt financing instruments denominated in RMB or foreign currencies as permitted to be issued by the regulatory authorities.

2. *Issuers, size and method of issuance*

The Company or its subsidiary companies will be the issuer(s) of the debt financing instruments. The debt financing instruments to be issued shall not exceed an aggregate of RMB6 billion (inclusive) and shall be issued either in a single or multiple tranches through public offering or private placement.

3. *Issue price*

The Company shall determine the pricing method and issue price of the debt financing instruments in accordance with market practices, based on the market conditions at the time of issuance and relevant laws and regulations.

LETTER FROM THE BOARD

4. *Target subscribers*

The target subscribers of the debt financing instruments shall be investors who meet the conditions for subscription. The specific target subscribers will be determined according to relevant laws and regulations, market conditions and other specific matters related to the issuance.

5. *Term and type*

The debt financing instruments to be issued may be one single-term instrument or a portfolio of instruments with various terms. The specific maturity term will be determined by the Board or its authorized persons under the authorization granted at the 2021 AGM.

6. *Use of proceeds*

The Company intends to use the proceeds to be raised from the issuance of debt financing instruments to satisfy the demand of its production and operations, repay the interest-bearing liabilities of the Company and its subsidiaries, replenish its working capital or to finance project investment and construction as well as other uses in compliance with national laws and regulations and permitted by policies.

7. *Guarantee and other credit enhancement arrangements*

Guarantee and other credit enhancement arrangements shall be determined according to the characteristics of the debt financing instruments and issuance needs.

LETTER FROM THE BOARD

II. Authorization

- (I) The Board intends to propose at the 2021 AGM to generally and unconditionally authorize the Board and the subsidiaries of the Company, and agree the Board to further authorize the chairman of the Board and the general manager of the Company to exercise full power to deal with matters relating to the issuance of debt financing instruments based on the specific needs of the Company and other market conditions, including but not limited to:
1. to decide whether to issue , when to issue and to determine, modify and adjust the type, method, size, interest rate of issuance, specific term, instrument and size of issuance, specific arrangements for the use of proceeds, credit enhancement mechanism, debt repayment guarantee measures and other specific terms and conditions and other matters relating to the issuance (including but not limited to all matters in relation to the specific size of the issuance, the currency, the issuance price, the interest and its method for determination, whether there are adjustments to the rate of the bonds during the duration of the bonds, the issuance place, the target subscribers, the issuance time and term, whether they are issued in tranche and the number of tranches, whether there are re-sale and redemption terms, the compensation order, the rating arrangement, credit enhancement mechanism, debt repayment guarantee measures, the term and method of repayment of principle and interest, the proportions of online and offline issuance, the specific subscription method, whether it will be listed or not or be transferred, the use of the proceeds, the specific placing and underwriting arrangement and the listing or being listed of the bonds) based on the specific condition of the Company and the relevant debt market to the extent as permitted by laws and regulations;
 2. to engage, based on actual demands of the issuance of debt financing instruments, intermediaries, including but not limited to lead underwriter, trustee, debt agency, plan administrator, rating agency, law firm and accountants, and to negotiate, execute and revise relevant contracts or agreements, execute all necessary legal documents relevant to the issuance and handle, on behalf of the Company, all necessary procedures for application, registration or filing with the relevant regulatory authorities for each issuance of debt financing instruments as well as information disclosure conducted in accordance with relevant laws and regulations, the formulation of rules on the meetings of bonds holders and other matters in relation to the issuance and trading of debt financing instruments;
 3. to approve, confirm and ratify aforesaid actions and steps undertaken by the Board, its authorized persons or the subsidiaries of the Company in relation to the issuance of debt financing instruments;

LETTER FROM THE BOARD

4. to deal with any information disclosure matters related to the issuance of debt financing instruments in accordance with the applicable laws and regulations and requirements by regulatory authorities, and fulfill the information disclosure obligations in a timely manner;
 5. in case of issuance of corporate bonds, during the duration of such corporate bonds, to determine the protection measures to safeguard repayment of debts, including not to distribute any profit to the Shareholders, as required under the relevant laws and regulations in the event that the Company expects to, or does fail to pay the principal and coupon interests of such bonds as they fall due;
 6. to deal with other matters relating to the issuance of debt financing instruments which are not mentioned above.
- (II) Subject to the approval and authorisation of the above matters at the 2021 AGM, to agree the Board to further authorize the chairman of the Board and the general manager of the Company to implement specific matters related to the issuance of debt financing instruments based on the needs of the Company and other market conditions.
- (III) to authorize the chairman of the Board and the general manager of the Company to approve, sign and publish relevant documents, announcements and circulars, etc., in accordance with the applicable regulatory rules of the place where the company's shares are listed.

III. Validity of the authorization

The authorization referred to in this resolution will be valid from the date of approval at the 2021 AGM until the date of holding the 2022 annual general meeting of the Company.

If the Board, its authorized persons or the subsidiaries of the Company have decided on issuance within the validity period of the previous and current authorization and the Company and its subsidiaries have obtained approval and permission from and completed registration procedures with competent regulatory authorities in relation to such issuance, the Company and its subsidiary companies may proceed with and complete the relevant issuance within the validity period of such approval, permission or registration.

LETTER FROM THE BOARD

5. PROPOSED REGISTRATION AND ISSUANCE OF MEDIUM TERM NOTES OF NOT MORE THAN RMB3 BILLION OF THE COMPANY

The Company proposed to apply to the National Association of Financial Market Institutional Investors for registration and issuance of medium term notes of not more than RMB3 billion (inclusive) (the “**Medium Term Notes**”) in accordance with the provisions of the Company Law, the Administrative Measures for Debt Financing Instruments of Non-Financial Enterprises in the Inter-bank Bond Market (《銀行間債券市場非金融企業債務融資工具管理辦法》) and other laws and regulations, for the purpose of meeting operation and development needs, further optimizing the asset structure of the Company and ensuring the sustainable development of the Company, details of which are as follows:

I. Issuance Plan

1. Scale of registration and issuance: not more than RMB3 billion (inclusive) (subject to the actual amount of registration and issuance);
2. Maturity: not more than 5 years (inclusive);
3. Method of issuance: in single or multiple tranches;
4. Interest rate of issuance: the interest rate will be determined by the Company through negotiation with lead underwriters by reference to the prevailing market conditions at the time of issuance;
5. Use of proceeds: the proceeds will be used by the Company and its subsidiaries to adjust debt structure, replenish working capital, repay interest-bearing debts or finance project investment, or for other corporate business activities which are in line with the PRC laws, regulations and policies;
6. Method of underwriting: the Medium Term Notes shall be underwritten by an underwriting syndicate formed by the lead underwriter on a standby commitment basis;
7. Validity period of the resolution: After the issuance of the Medium Term Notes is considered and approved at the 2021 AGM, the relevant resolution will remain valid during the validity period of the registration and subsisting of the Medium Term Notes to be issued.

LETTER FROM THE BOARD

II. Authorization

The Company will propose at the 2021 AGM to generally and unconditionally authorize the Board, and agree the Board to further authorize the chairman of the Board and general manager of the Company to exercise full power to deal with matters relating to the issuance of Medium Term Notes, including but not limited to:

1. to determine the specific issuance plan (including but not limited to specific issuance size, interest rate of issuance or its method for determination and whether there are adjustments to the rate during the term of the notes, the issuance method, the issuance place, the target subscribers, the issuance time and term, whether they are issued in tranche and the number of tranches, whether there are re-sale and redemption terms, the compensation order, the rating arrangement, guarantees, term of repayment of principal and interest, making decisions on specific arrangement for the use of proceeds to the extent as authorized at the 2021 AGM, underwriting arrangements and all other matters relating to this issuance);
2. to engage, based on actual demands of the issuance of Medium Term Notes, intermediaries to assist the Company in handling all necessary procedures, including the application to the relevant regulatory authorities for the application, registration or filing and listing of the Medium Term Notes, as well as other relevant matters, and execute all necessary legal documents relevant to the issuance;
3. to make adjustments to relevant matters including revision of the specific plan for each issuance according to the opinions of regulatory authorities in case of changes in regulatory policies or market conditions, save for matters that require re-approval at the general meeting of the Company pursuant to the relevant laws, regulations and the Articles of Association;
4. to make necessary disclosure as required by relevant regulatory provisions;
5. to deal with other matters in relation to the issuance of the Medium Term Notes which are not mentioned above;
6. the authorization above will be valid from the date of consideration and approval at the 2021 AGM until the completion of the implementation of the abovementioned authorized matters.

LETTER FROM THE BOARD

6. PROPOSED REGISTRATION AND ISSUANCE OF CORPORATE BONDS OF NOT MORE THAN RMB3 BILLION OF THE COMPANY

The Company proposed to publicly issue corporate bonds (the “**Bonds**”) to professional investors in accordance with the provisions of the Company Law, the Securities Law, the Administrative Measures for the Issuance and Trading of Corporate Bonds (《公司債券發行與交易管理辦法》) and other laws and regulations, for the purpose of meeting operation and development needs, further optimizing the asset structure of the Company, broadening the financing channels of the Company and reasonably control the overall financing costs of the Company, and ensuring the sustainable development of the Company, details of which are as follows:

I. Issuance Plan

1. *Par value and issue size of the Bonds*

The total par value of the Bonds shall not exceed RMB3 billion (inclusive). It is proposed to the 2021 AGM to authorize the Board or its authorized persons to determine the specific issue size within the above scope according to the capital needs of the Company and the market conditions at the time of issuance.

2. *Maturity period of the Bonds*

The maturity period of the Bonds shall not exceed 10 years (inclusive) and can be either single term or hybrid type with multiple terms. It will be proposed at the 2021 AGM to authorize the Board or its authorized person(s) to determine the specific duration within the above range according to the capital needs of the Company and the market conditions at the time of issuance.

3. *Coupon rate and determination method*

The Bonds are fixed rate bonds, and the coupon rate is determined by the Company and the lead underwriter according to market conditions.

4. *Repayment method of principal and interest*

Interest of the Bonds shall be paid annually and the principal will be repaid together with the interest for the last period.

LETTER FROM THE BOARD

5. *Method of issuance*

Upon completion of the necessary issuance procedures, the Bonds may be issued either in one tranche or in tranches. It is proposed at the 2021 AGM to authorize the Board or its authorized persons to determine the specific number of tranches and issue size of each tranche based on the capital needs of the Company and the market conditions at the time of issuance.

6. *Target subscribers and placing arrangement for existing shareholders of the Company*

The Bonds are proposed to be issued to professional investors who have the ability to identify and bear the corresponding risks and are in compliance with the Administrative Measures for the Issuance and Trading of Corporate Bonds. The Bonds will not be placed to the Shareholders of the Company in priority.

7. *Use of proceeds*

The proceeds will be used for repayment of various interest-bearing debts, replenishment of working capital, project construction, mergers and acquisitions and other purposes permitted by laws and regulations. The specific use of proceeds will be determined by the Board or its authorized persons according to the capital needs of the Company as authorized at the 2021 AGM.

8. *Underwriting method*

The Bonds will be underwritten by the lead underwriter on a standby commitment basis.

9. *Collateral and other credit enhancement arrangements*

The Bonds are unsecured and without other credit enhancement arrangements.

10. *Redemption or repurchase terms*

It is proposed at the 2021 AGM to authorize the Board or its authorized persons to determine whether the terms of redemption or repurchase and the specific contents of the relevant terms of the Bonds are in accordance with the relevant requirements and market conditions.

LETTER FROM THE BOARD

11. *Bond trading*

Upon completion of the issuance of the Bonds, it is proposed to the 2021 AGM to authorize the Board or its authorized persons to deal with the trading and circulation matters of the Bonds in accordance with the relevant requirements of the CSRC and the SSE.

12. *Measures to secure repayment*

After the issuance of the Bonds, in the event that it is expected that the principal and interest of the Bonds cannot be repaid on time or the principal and interest of the Bonds cannot be repaid on time when due, it is agreed that the Company shall at least take the following measures, and it is proposed to the 2021 AGM to authorize the Board or its authorized persons to handle all matters in relation to the following measures:

- (1) no dividends will be distributed to Shareholders;
- (2) suspend the implementation of capital expenditure projects such as material external investments, acquisitions and mergers;
- (3) reduction or suspension of the salary and bonus of Directors and senior management;
- (4) No transfer of key responsible persons.

13. *Validity period of the resolution*

The resolution of the Bonds shall be valid for 24 months from the date of approval at the 2021 AGM.

LETTER FROM THE BOARD

II. Authorization

In order to ensure the successful issuance of the public issuance of corporate bonds to professional investors, it is proposed at the 2021 AGM to authorize the Board to handle all matters in relation to the public issuance of corporate bonds to professional investors, including but not limited to:

1. To the extent permitted by laws and regulations and based on the specific conditions of the Company and the market, to formulate the specific plan for the issuance of the Bonds, and to amend and adjust the terms of the issuance of the Bonds, including but not limited to the specific issue size, maturity of the Bonds, interest rate of the Bonds or its determination method, timing of the issue, whether to issue in tranches and the number of tranches and issue size of each tranche, term and method of repayment of principal and interest, trading and circulation after the issuance of the Bonds and to determine the specific use of proceeds and all other matters relating to the issuance of the Bonds;
2. determining the engagement of underwriters and other intermediaries to provide services for the Bonds issue, and negotiating, signing and amending relevant contracts or agreements;
3. selecting the bond trustee, signing the Bonds Trustee Management Agreement and formulating the Rules for Bondholders' Meetings;
4. to deal with the reporting, filing, issuance and trading and circulation matters of the Bonds after issuance, including but not limited to signing, executing, amending and completing all necessary documents, contracts, agreements and contracts (including but not limited to prospectus, underwriting agreements, bond trustee management agreements, various announcements and other legal documents, etc.) in relation to the application, filing, issuance and trading and circulation of the Bonds after issuance, and to make appropriate disclosure of information in accordance with laws, regulations and other regulatory documents;
5. The Board is authorized to determine whether to proceed with the issuance of the bonds and make corresponding adjustments to the specific issuance plan of the bonds and other relevant matters in accordance with the new policies and opinions of regulatory authorities or new market conditions if there are changes in the policies of regulatory authorities on the issuance of corporate bonds or changes in market conditions, except for matters that require re-approval at the general meeting in accordance with the relevant laws, regulations and the Articles of Association;
6. handling other matters related to the Bonds;

LETTER FROM THE BOARD

7. The authorization shall be valid from the date of approval at the 2021 AGM of the Company to the date of completion of the above authorization matters.

The Board proposes to the 2021 AGM to approve the Board to delegate the above authorization to the Chairman of the Board and the general manager of the Company, subject to obtaining the above authorization, unless otherwise provided by relevant laws and regulations, to deal with matters relating to the Bonds. Such delegation shall be effective from the date on which the Board obtains the above authorization until the date on which the relevant authorization matters are completed.

7. PROPOSED REMUNERATION OF DIRECTORS AND SUPERVISORS

The remunerations of the Directors paid by the Company in 2021 were as follows: the remuneration of Mr. LI Wei-Dong (chairman of the Board) was RMB1,165,011; the remuneration of Ms. LI Yun (Director) was RMB1,053,698; the remuneration of Ms. ZHANG Wen-Lei (Director) was RMB1,028,683; the remuneration of Mr. GUO Chuan (Director) was RMB968,479; the remuneration of each of Dr. CHOW Wing-Kin, Anthony and Mr. CHEN De-Qiu (appointed on 13 May 2021) being independent non-executive Directors, was RMB95,402 and RMB0, respectively; the remuneration of Mr. GAN Pei-Zhong (independent non-executive Directors), was RMB150,000.

The remuneration of the Directors in 2022 shall be determined with reference to the standard of the remuneration of Directors in 2021, subject to the approval and confirmation at the 2022 annual general meeting of the Company.

The remuneration of Supervisors paid by the Company in 2021 were as follows: the remuneration of Ms. LI Xue-Mei (Supervisor representing the Shareholders) was RMB804,540; the remuneration of Mr. MO Fei (Supervisor representing the Shareholders) was RMB621,760; the remuneration of Ms. DU Yan (Supervisor representing the Shareholders, being appointed on 13 May 2021) was RMB392,239; the remuneration of Mr. TIAN Zhen-Hua (Supervisor representing staff and workers) was RMB466,300; and the remuneration of Ms. LV Yi-Hong (Supervisor representing staff and workers, being appointed on 18 March 2021) was RMB475,740.

The remuneration of the Supervisors in 2022 shall be determined with reference to the standard of the remuneration of Supervisors in 2021, subject to the approval and confirmation at the 2022 annual general meeting of the Company.

LETTER FROM THE BOARD

8. 2021 AGM

The 2021 AGM Notice is set out on pages 22 to 25 of this circular for consideration of the resolutions relating to, inter alia, the following:

1. To consider and approve “The resolution on authorisation in relation to provision of guarantee” of the Company.
2. To consider and approve “The resolution on grant of general mandate for issuance of Shares” of the Company.
3. To consider and approve “The resolution on grant of general mandate for issuance of debt financing instruments” of the Company.
4. To consider and approve “The resolution on the Company’s registration and issuance of Medium Term Notes in an amount of not more than RMB3 billion” of the Company.
5. To consider and approve “The resolution on the Company’s registration and issuance of Corporate Bonds in an amount of not more than RMB3 billion” of the Company.
6. To consider and approve the financial report of the Company for the year of 2021 prepared in accordance with the PRC accounting standards and Hong Kong generally accepted accounting principles respectively.
7. To consider and approve the report of the Board of the Company for the year of 2021 prepared in accordance with the relevant regulations and requirements of the PRC and Hong Kong for disclosure in annual report respectively.
8. To consider and approve the report of the Supervisory Committee of the Company for the year of 2021.
9. To consider and approve the scheme of profit distribution and capital reserve fund conversion of the Company for the year of 2021.

LETTER FROM THE BOARD

10. To consider and approve “The resolution on remuneration of the Directors” of the Company.
11. To consider and approve “The resolution on remuneration of the Supervisors” of the Company.
12. To consider and approve “The resolution on the re-appointment of the auditors for the year of 2022” of the Company.

The Company will convene the 2021 AGM at the Meeting Room One at 12th Floor, Tower A, Hui Xin Building, No. 8 Bei Chen Dong Road, Chao Yang District, Beijing, the PRC on Thursday, 12 May 2021 at 9:00 a.m. Proxy forms for use at the 2021 AGM are enclosed with this circular.

Shareholders whose names appear in the register of Shareholders after the close of the office hours, i.e. 4:30 p.m. on Friday, 6 May 2022 are entitled to attend and vote at the 2021 AGM. The register of Shareholders of the Company will be closed from Friday, 6 May 2022 to Thursday, 12 May 2022 (both days inclusive), during which no transfer of the Shares will be registered. In order to determine the holders of H Shares entitled to attend and vote at the meeting, the holders of H Shares whose transfers have not been registered shall deposit the transfer documents together with the relevant share certificates at the Company’s H Share Registrar, Hong Kong Registrars Limited at Rooms 1712–16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 5 May 2022.

Whether or not you intend to attend the 2021 AGM, you are requested to complete and return the proxy forms to the Company’s H Share registrar, Hong Kong Registrars Limited at 17M Floor Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 24 hours before the time fixed for holding the 2021 AGM (i.e. not later than 11 May 2022 at 9:00 a.m. (Hong Kong time)).

9. VOTING BY WAY OF POLL

Pursuant to Article 86 of the Articles of Association, voting in the Shareholders’ general meeting shall be conducted by way of poll in registered form.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the Shareholders’ general meeting will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Company will announce the results of the poll in the manner prescribed under Rules 13.39(5) and 13.39(5A) of the Listing Rules.

LETTER FROM THE BOARD

10. RECOMMENDATION

The Board believes that the resolutions set out in the 2021 AGM Notice are all in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends all the Shareholders to vote in favour of the relevant resolutions set out in the 2021 AGM Notice.

11. GENERAL INFORMATION

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

Yours faithfully,

By order of the Board

BEIJING NORTH STAR COMPANY LIMITED

LI Wei-Dong

Chairman

NOTICE OF 2021 ANNUAL GENERAL MEETING



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)

NOTICE OF 2021 ANNUAL GENERAL MEETING

Notice is hereby given that the 2021 annual general meeting (the “**2021 AGM**”) of Beijing North Star Company Limited (the “**Company**”) will be held at the Meeting Room One at 12th Floor, Tower A, Hui Xin Building, No. 8 Bei Chen Dong Road, Chao Yang District, Beijing, the People's Republic of China (the “**PRC**”) on Thursday, 12 May 2022 at 9:00 a.m. for the following purpose:

SPECIAL RESOLUTIONS

1. To consider and approve “The resolution on authorisation in relation to provision of guarantee” of the Company.
2. To consider and approve “The resolution on grant of general mandate for issuance of Shares” of the Company.
3. To consider and approve “The resolution on grant of general mandate for issuance of debt financing instruments” of the Company.
4. To consider and approve “The resolution on the Company's registration and issuance of Medium Term Notes in an amount of not more than RMB3 billion” of the Company.
5. To consider and approve “The resolution on the Company's registration and issuance of Corporate Bonds in an amount of not more than RMB3 billion” of the Company.

NOTICE OF 2021 ANNUAL GENERAL MEETING

ORDINARY RESOLUTIONS

6. To consider and approve the financial report of the Company for the year of 2021 prepared in accordance with the PRC accounting standards and Hong Kong generally accepted accounting principles respectively.
7. To consider and approve the report of the Board of the Company for the year of 2021 prepared in accordance with the relevant regulations and requirements of the PRC and Hong Kong for disclosure in annual report respectively.
8. To consider and approve the report of the Supervisory Committee of the Company for the year of 2021.
9. To consider and approve the scheme of profit distribution and capital reserve fund conversion of the Company for the year of 2021.

As audited by PricewaterhouseCoopers Zhong Tian LLP, net profit attributable to holders of ordinary shares of the Company for the year of 2021 amounted to RMB64,876,976, and 10% of the net profit as shown in the financial statement of the parent company, i.e. RMB20,324,183, was appropriated to the statutory surplus reserve. As at the end of 2021, a profit of RMB2,124,197,014 of the parent company is available to be distributed. A cash dividend of RMB0.1 (tax inclusive) per ten shares is proposed to be distributed to the holders of ordinary shares for 2021. Based on the total share capital of the Company of 3,367,020,000 shares as at 31 December 2021, the aggregate cash dividend proposed to be distributed amounted to RMB33,670,200 (tax inclusive), accounting for 51.90% of the net profit attributable to the holders of ordinary shares of the Company. A separate announcement will be issued in respect of the specific date and method for distribution of the dividends. During the year, the Company did not implement the scheme of capital reserve fund conversion.

In the event of a change in the total share capital of the Company before the entitlement record date for payment of the cash dividend, the distribution ratio will remain unchanged and the total amount for distribution will be adjusted accordingly. A further announcement will be issued on the details of the adjustment.

NOTICE OF 2021 ANNUAL GENERAL MEETING

10. To consider and approve “The resolution on remuneration of the Directors” of the Company.
11. To consider and approve “The resolution on remuneration of the Supervisors” of the Company.
12. To consider and approve “The resolution on the re-appointment of the auditors for the year of 2022” of the Company.

As PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers performed their duties in a strict, objective, fair and independent way for the Company’s audit work in 2021, which demonstrated their excellent professional standards and professional ethics, it was proposed to re-appoint PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the domestic and international auditors of the Company for the year 2022; their remuneration for the year 2022 shall not exceed the total remuneration paid by the Company for the year 2021 if the scope of audit remains the same as that in 2021, and shall be determined through negotiation between the Company and the auditors if there is any change in the scope of audit.

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

Beijing, PRC, 6 April 2022

Notes:

1. Any shareholder of the Company (the “**Shareholder**”) entitled to attend and vote at the meeting mentioned above is entitled to appoint one or more proxies to attend and vote at the meeting on his/her behalf in accordance with the articles of association of the Company. A proxy need not be a Shareholder of the Company.
2. In order to be valid, the proxy form for H Shareholders and, if such proxy form is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or authority shall be deposited with the Company’s H share registrar, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 24 hours before the time fixed for holding the meeting (i.e. not later than 11 May 2022 at 9:00 a.m. (Hong Kong time)) or 24 hours before the time appointed for taking the poll.

NOTICE OF 2021 ANNUAL GENERAL MEETING

3. A Shareholder or his proxy shall produce his own identity proof documentation when attending the meeting. A Shareholder attending the meeting in person shall produce (i) the document of his identity; and (ii) the evidence of his shareholding. A proxy who has been appointed to attend the meeting on behalf of others shall produce (i) the document of his identity; (ii) the proxy form; and (iii) the evidence of shareholding.

A corporate Shareholder shall be represented at the meeting by its legal representative, or the proxy appointed by the legal representative, or a proxy appointed by the board of directors or other governance body. If a corporate Shareholder appoints its legal representative to attend the meeting, the legal representative shall produce (i) the document of his identity; (ii) valid proof of his identity as a legal representative; and (iii) the evidence of shareholding. Where a proxy is appointed by the legal representative to attend the meeting on his behalf, the proxy shall produce (i) the document of his identity; (ii) the written proxy form duly issued by the legal representative of the corporate Shareholder; and (iii) the evidence of shareholding. Where a proxy is appointed to attend the meeting by the board of directors or other governance body of the corporate Shareholder, the proxy shall produce (i) the document of his identity; (ii) a notarially certified copy of the resolution or power of attorney of the corporate Shareholder; and (iii) the evidence of shareholding.

4. The register of Shareholders of the Company will be closed from Friday, 6 May 2022 to Thursday, 12 May 2022 (both days inclusive), during which no transfer of the Company's shares will be registered. In order to be eligible to attend and vote at the 2021 AGM, all completed transfer documents relating to H shares, accompanied by the relevant share certificates, must be lodged with the H share registrar of the Company, Hong Kong Registrars Limited at Shops 1712–16, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 5 May 2022.
5. Shareholders whose names appear in the register of Shareholders on Friday, 6 May 2022 are entitled to attend and vote at the meeting.
6. Subject to the approval of the Shareholders at the annual general meeting, the proposed final dividend will be payable to the Shareholders whose names appear on the register of Shareholders of the Company after the close of the office hours, i.e. 4:30 p.m. on Wednesday, 25 May 2022. The register of Shareholders of the Company will be closed from Wednesday, 18 May 2022 to Wednesday, 25 May 2022 (both days inclusive), during which no transfer of the Company's shares will be registered. In order to be qualified for the proposed final dividend, all completed transfer documents, accompanied by the relevant share certificates, must be lodged with the H share registrar of the Company, Hong Kong Registrars Limited at Shops 1712–16, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 17 May 2022.
7. Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), all votes at the Shareholders' general meeting will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Company will announce the results of the poll in the manner prescribed under Rules 13.39(5) and 13.39(5A) of the Listing Rules.
8. The 2021 AGM is not expected to take more than half a day. Shareholders or their proxies shall be responsible for their own travel and accommodation expenses.
9. Should there be any discrepancies between the Chinese and English versions of this notice, the Chinese version shall prevail.
10. As at the date of this notice, the Board comprises eight directors, of which Mr. LI Wei-Dong, Ms. LI Yun, Mr. YANG Hua-Sen, Ms. ZHANG Wen-Lei and Mr. GUO Chuan are executive Directors and Dr. CHOW Wing-Kin, Anthony, Mr. GAN Pei-Zhong and Mr. CHEN De-Qiu are independent non-executive Directors.