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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 GENERAL CONSTRUCTION CONTRACT

On 5 September 2019, Chengdu North Star, a subsidiary of the Company (as the principal) entered into the General Construction Contract with CCSEB First Company (as the contractor) in respect of the construction of Chengdu Project, pursuant to which CCSEB First Company agreed to undertake the construction of Chengdu Project, be responsible for the civil works, installation and construction, water supply and drainage, fire protection, electrical engineering and other works under Chengdu 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 is a connected person at subsidiary level of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions under the General 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 under the General 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. GENERAL CONSTRUCTION CONTRACT

On 5 September 2019, Chengdu North Star, a subsidiary of the Company, entered into the General Construction Contract with CCSEB First Company in respect of the construction of Chengdu Project. The main terms of the General Construction Contract are summarised as follows:

Date: 5 September 2019

Parties: (i) Chengdu North Star, as the principal
(ii) CCSEB First Company, as the contractor

Project scope: Pursuant to the requirements under the General Construction Contract, CCSEB First Company is responsible for the civil works, installation and construction, water supply and drainage, fire protection, electrical engineering and other works under Chengdu Project, with a GFA of 227,071.87 square meters.

Contract period: 579 days

Construction contract price: The Group invited public tender for the construction works under the General 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 General Construction Contract was RMB466,276,290.37, which was determined on arm's length basis after considering (i) all services required by Chengdu North Star in respect of Chengdu 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 Chengdu North Star 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.

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 Chengdu Project and develop properties on the Chengdu Land Lot. As a wholly-owned subsidiary of China State Construction Engineering Corporation Ltd. (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 Chengdu 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 Chengdu Project and enables the Company to benefit from the development of its major business.

Directors, including independent non-executive Directors, have confirmed that the terms of the General Construction Contract are fair and reasonable, and the transactions 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 First Company is a wholly-owned subsidiary of CCSEB and CCSEB is a substantial shareholder of a subsidiary of the Company. Therefore, CCSEB is a connected person at subsidiary level of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions under the General 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 under the General 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). Chengdu North Star is principally engaged in the development of properties in Chengdu, 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 incorporated in the PRC, which is principally engaged in businesses such as general contracting of housing construction, infrastructure, industrial installation, and engineering design;
“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;
“Chengdu Land Lot”	the land lot 2018-B-017 located at Xiehe Sub-district, Shuangliu District, Chengdu City, Sichuan Province;
“Chengdu North Star”	Chengdu North Star Tianchen Properties Co., Ltd. (成都北辰天辰置业有限公司), a subsidiary of the Company;
“Chengdu Project”	the construction and installation works on Chengdu 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 Chengdu North Star (as principal) and CCSEB First Company (as contractor) in respect of Chengdu Project on 5 September 2019, the details of which are set out in the section “General Construction Contract” in this announcement;
“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;
“%”	Percentage.

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

Beijing, the PRC, 5 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.