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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 7 November 2019, Changsha Central Garden, a subsidiary of the Company (as the principal) entered into the General Construction Contract with CCFEB Third Company (as the contractor) in respect of the construction of the Changsha Project, pursuant to which CCFEB Third Company 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**

CCFEB Third Company is an indirect wholly-owned subsidiary of CSCEC and China Construction Second Engineering Bureau Ltd., a wholly-owned subsidiary of CSCEC, is a substantial shareholder of a subsidiary of the Company. Therefore, CCFEB Third Company is a connected person at subsidiary level of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated 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 contemplated 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 7 November 2019, Changsha Central Garden, a subsidiary of the Company, entered into the General Construction Contract with CCFEB Third Company in respect of the construction of the Changsha Project. The principal terms of the General Construction Contract are summarised as follows:

|                              |  |
|------------------------------|--|
| Date:                        | 7 November 2019  |
| Parties:                     | (i) Changsha Central Garden, as the principal<br>(ii) CCFEB Third Company, as the contractor   |
| Project scope:               | Pursuant to the requirements under the General Construction Contract, CCFEB Third Company 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 161,876.83 square meters.  |
| Contract period:             | 822 days   |
| Construction contract price: | <p>The Group invited public tender for the construction works under the General Construction Contract, and selected CCFEB Third 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.</p> <p>The total contract price under the General Construction Contract was approximately RMB324,329,132.55, which was determined on arm's length basis after considering (i) all services required by Changsha Central Garden in respect 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.</p> <p>The total contract price will be funded by internal resources of the Group.</p> |

- 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 Central Garden to CCFEB Third 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: Within seven days after entering into the General Construction Contract, CCFEB Third Company shall submit to Changsha Central Garden a bank performance guarantee in an aggregate amount equivalent to 10% of the contract price and in the form as required by Changsha Central Garden.

## **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 an indirect wholly-owned subsidiary of CSCEC (one of the top 500 enterprises in the world), CCFEB Third 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 CCFEB Third Company 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

CCFEB Third Company is an indirect wholly-owned subsidiary of CSCEC and China Construction Second Engineering Bureau Ltd., a wholly-owned subsidiary of CSCEC, is a substantial shareholder of a subsidiary of the Company. Therefore, CCFEB Third Company is a connected person at subsidiary level of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated 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 contemplated 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). Changsha Century Garden is principally engaged in the development of properties in Changsha, the PRC.

CCFEB Third Company is principally engaged in business such as general contracting of construction 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 and construction engineering; |
| “CCFEB Third Company”     | China Construction Fifth Engineering Bureau Third Construction Co., Ltd. (中建五局第三建设有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of CSCEC;   |
| “Changsha Century Garden” | Changsha Century Garden Real Estate Co., Ltd. (長沙世紀御景房地產有限公司), a subsidiary of the Company;   |

|                                 |   |
|---------------------------------|---|
| “Changsha Land Lot”             | the land lot located at Shuxiang Road, Tianxin District, Changsha City, Hunan Province;   |
| “Changsha Project”              | the construction works of Buildings 28#-47# in Zone E+F2 of Xiangfu Century Residential Community on the Changsha Land Lot, the commercial and supporting house -1 in Zone E, the commercial and supporting house -2 in Zone E, the basement in Zone E, the basement in Zone F2, and the basement and garbage station in Zone F2;               |
| “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 Century Garden (as principal) and CCFEB Third Company (as contractor) in respect of the Changsha Project on 7 November 2019, the details of which are set out in the section headed “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; and |
| “%”              | Percentage.                                  |

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

Beijing, the PRC, 7 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.*