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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)

OVERSEAS REGULATORY ANNOUNCEMENT

This announcement is made pursuant to the disclosure requirements under Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Set out below is the announcement to be published by Beijing North Star Company Limited (the “**Company**”) on certain newspapers in the People's Republic of China (“**PRC**”) (if applicable) and on the website of the Shanghai Stock Exchange (www.sse.com.cn) (stock code: 601588) on 22 September 2017. The following announcement is also published on the website of the Company (www.beijingns.com.cn).

By order of the board of directors
BEIJING NORTH STAR COMPANY LIMITED
GUO Chuan
Company Secretary

Beijing, PRC, 21 September 2017

As at the date of this announcement, the board of directors of the Company comprises nine directors, of whom Mr. HE Jiang-Chuan, Mr. LI Wei-Dong, Mr. LI Chang-Li, Ms. ZHAO Hui-Zhi, Mr. LIU Jian-Ping and Mr. LIU Huan-Bo are executive directors, and Mr. FU Yiu-Man, Mr. DONG An-Sheng and Mr. WU Ge are independent non-executive directors.

Stock code: 601588

Stock short name:

Announcement

North Star

No.: Lin 2017-052

Debenture code: 122348

Debenture short name: 14 North Star 01

Debenture code: 122351

Debenture short name: 14 North Star 02

Debenture code: 135403

Debenture short name: 16 North Star 01

**BEIJING NORTH STAR COMPANY LIMITED
ANNOUNCEMENT ON CAPITAL CONTRIBUTION FOR
THE PARTICIPATION IN THE ESTABLISHMENT OF BEIJING
SHUIMU MODERN STATE-OWNED ENTERPRISES RESEARCH
INSTITUTE (北京水木現代國有企業研究院)**

The board of directors of the Company and all directors confirmed that this report contains no false representation, misleading statements or material omissions, and jointly and severally accepts full responsibility for the truthfulness, accuracy and completeness of the contents of this report.

I. OVERVIEW

In order to carry through a range of new reform objectives and requirements including building a modern system for state-owned enterprises with Chinese characteristics, making state-owned enterprises stronger, better and bigger, and strengthening supervision over state-owned assets with a focus on capital management, promoting strategic adjustment to state-owned capital, studying and exploring the path for in-depth reform and development of state-owned assets and state-owned enterprises, and building a new type of think tank with Chinese characteristics, after the consideration and approval at the 119th meeting of the seventh session of the board of directors of the Company, the Company proposed to make a capital contribution of RMB10 million with its own funds for the participation in the establishment of Beijing Shuimu Modern State-Owned Enterprises Research Institute (北京水木現代國有企業研究院) (the “**Institute**”). The Institute will be registered with Beijing Civil Affairs Bureau (北京市民政局) with its business subject to the administration by the State-owned Assets Supervision and Administration Commission of the People’s Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會).

On 21 September 2017, the Company convened the 119th meeting of the seventh session of the board of directors, at which the Proposal in relation to Participation in the Establishment of Beijing Shuimu Modern State-Owned Enterprises Research Institute (關於參與舉辦北京水木現代國有企業研究院的議案) was considered and passed.

In accordance with the relevant provisions under the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and the Articles of Association of the Company, the contribution of capital falls within the scope of authority of the board of directors and is thus not subject to consideration at the general meeting, and the cooperation does not constitute a connected transaction or a material asset restructuring.

II. BASIC INFORMATION OF BEIJING SHUIMU MODERN STATE-OWNED ENTERPRISES RESEARCH INSTITUTE (北京水木現代國有企業研究院)

Name: Beijing Shuimu Modern State-Owned Enterprises Research Institute (北京水木現代國有企業研究院)

Type: Private non-enterprise institution

Scope of business: systematic theoretical study on the frontier issues regarding the theoretical framework of modern state-owned enterprises with Chinese characteristics, and the reform and development of state-owned assets and state-owned enterprises; provision of guidance on the practice of reform and development of state-owned enterprises; construction of a platform for reform and development of state-owned assets and state-owned enterprises as well as collection of information on state-owned enterprises and sharing of achievements; construction of a platform for publicity, display and gathering of positive energy on reform of state-owned assets and state-owned enterprises; construction of a pool of high-end inter-disciplinary talents for the sector of state-owned assets management and state-owned enterprises; and conduct of other researches concerning the reform of state-owned assets and state-owned enterprises.

III. EFFECTS OF THE COOPERATION ON THE COMPANY

According to Interim Regulations on Registration of Private Non-enterprise Institutions (《民辦非企業單位登記管理暫行條例》), Interim Measures for Registration of Private Non-enterprise Institutions (《民辦非企業單位登記暫行辦法》) and the draft articles of association of the Institute, the research institute which the Company has participated in by making a capital contribution, is not allowed to engage in profit-making activities, distribute its profit or allocate its properties at dissolution. The support for the Institute's research will not pose material effects on the current and future operating results of the Company or the interests of the Company and its investors. Meanwhile, the cooperation will further promote the theoretical research of the Company on the reform of state-owned enterprises. Moreover, by making full use of theories to guide actual practice, the Company will obtain more opportunities to participate in the reform of other state-owned enterprises, which in return will benefit the long-term development of the Company.

IV. DOCUMENTS AVAILABLE FOR INSPECTION

1. Resolution passed at the 119th meeting of the seventh session of the board of directors of Beijing North Star Company Limited;
2. Founders' Agreement and Articles of Association of Beijing Shuimu Modern State-Owned Enterprises Research Institute (北京水木現代國有企業研究院)

Announcement is hereby given.

The board of directors
Beijing North Star Company Limited
22 September 2017