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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  
AND TEMPORARY WORK CONSTRUCTION CONTRACT**

On 10 December 2019, Changsha Binchen, 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 of each segment under the Changsha Project.

On 25 October 2019, Changsha Binchen (as the principal) entered into the Temporary Work Construction Contract with CCSEB First Company (as the contractor) in respect of the construction of the real estate sales center of the Changsha Project, pursuant to which CCSEB First Company agreed to undertake the construction of the Temporary Work of the real estate sales center of the Changsha Project, and be responsible for the civil works, installation and construction, water supply and drainage, fire protection, electrical engineering and other works under the Temporary Work.

## **IMPLICATIONS UNDER THE LISTING RULES**

CCSEB is a substantial shareholder of Hangzhou North Star, a subsidiary of the Company, and CCSEB First Company is a wholly-owned subsidiary of CCSEB. Therefore, CCSEB and CCSEB First Company are connected persons at subsidiary level of the Company. Accordingly, the transactions contemplated under the General Construction Contract and the Temporary Work 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 on an aggregated basis pursuant to Rule 14.07 of the Listing Rules exceed 1% but are less than 5%, the transactions contemplated under the General Construction Contract and the Temporary Work 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 10 December 2019, Changsha Binchen, 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:	10 December 2019
Parties:	(i) Changsha Binchen, 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 of each segment under the Changsha Project, with a GFA of 145,405.38 square meters.
Contract period:	1,000 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 into 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 RMB383,068,637.59, which was determined on arm's length basis after considering (i) all services required by Changsha Binchen 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.

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 Changsha Binchen to CCSEB shall not exceed 97% of the total settlement amount, and the remaining 3%, being 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 Binchen a bank performance guarantee in an aggregate amount equivalent to 10% of the contract price and in the form as required by Changsha Binchen.

## 2. TEMPORARY WORK CONSTRUCTION CONTRACT

On 25 October 2019, Changsha Binchen entered into the Temporary Work Construction Contract with CCSEB First Company in respect of the construction of the real estate sales center of the Changsha Project. The principal terms of the Temporary Work Construction Contract are summarised as follows:

Date:	25 October 2019
Parties:	(i) Changsha Binchen, as the principal (ii) CCSEB First Company, as the contractor
Project scope:	Pursuant to the requirements under the Temporary Work Construction Contract, CCSEB First Company shall undertake the construction of the Temporary Work of the real estate sales center of the Changsha Project, and be responsible for the civil works, installation and construction, water supply and drainage, fire protection, electrical engineering and other works under the Temporary Work, with a GFA of 771.98 square meters.
Contract period:	25 days
Construction contract price:	After conducting internal selection procedures and taking into consideration of various factors including technical experience, professional qualifications, business reputation and project management competence of all the candidates, total expenses and other relevant factors, the Group selected CCSEB First Company as the constructor of the Temporary Work.

The contract price under the Temporary Work Construction Contract was approximately RMB2,169,900.00, which was determined on arm's length basis after considering (i) all services required by Changsha Binchen in respect of the Temporary Work and (ii) prevailing market conditions of the construction project involved in the Temporary Work. The Board is of the view that the contract price is fair and reasonable.

The contract price will be funded by internal resources of the Group.

Payment terms: The contract price shall be payable based on construction progress. However, after the construction project is completed, accepted and settled, the payment made by Changsha Binchen to CCSEB First Company shall not exceed 97% of the total settlement amount, and the remaining 3%, being the quality guarantee deposit, shall be paid upon expiry of the defect liability period.

### **3. REASONS FOR AND BENEFITS OF ENTERING INTO OF THE GENERAL CONSTRUCTION CONTRACT AND THE TEMPORARY WORK CONSTRUCTION CONTRACT**

It is within the ordinary course of business of the Group to further the construction of the Changsha Project and develop properties and build the supporting real estate sales center on the Changsha Land Lot. The abovementioned General Construction Contract is mainly in relation to the property development of the Changsha Project and the relevant properties will be offered for sale upon completion. 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; while the Temporary Work Construction Contract is mainly in relation to the construction of the real estate sales center of the Changsha Project and will offer a suitable sales premise for the abovementioned properties. After prudent internal selection process, the Company selected CCSEB First Company as the constructor of the Temporary Work of the real estate sales center on the Changsha Land Lot. As wholly-owned subsidiaries of CSCEC (one of the top 500 enterprises in the world), both CCSEB and CCSEB First Company possess 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. The Group is of the view that, entering into of the General Construction Contract and the Temporary Work 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 and the Temporary Work 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 and the Temporary Work Construction Contract.

#### **4. IMPLICATIONS UNDER THE LISTING RULES**

CCSEB is a substantial shareholder of Hangzhou North Star, a subsidiary of the Company, and CCSEB First Company is a wholly-owned subsidiary of CCSEB. Therefore, CCSEB and CCSEB First Company are connected persons at subsidiary level of the Company. Accordingly, the transactions contemplated under the General Construction Contract and the Temporary Work 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 on an aggregated basis pursuant to Rule 14.07 of the Listing Rules exceed 1% but are less than 5%, the transactions contemplated under the General Construction Contract and the Temporary Work 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.

#### **5. GENERAL INFORMATION**

The Company is principally engaged in development properties and investment properties (including hotels). Changsha Binchen 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.

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.

## 6. DEFINITIONS

“Board”	the board of Directors of the Company;
“CCSEB”	China Construction Second Engineering Bureau Ltd., a company incorporated in the PRC;
“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;
“Changsha Binchen”	Changsha Binchen Real Estate Co. Limited (長沙濱辰置業有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company;
“Changsha Land Lot”	the land lot No. 077 located at the southeast corner of the intersection of Changwang Road and Yuehua Road, Yuelu District, Changsha City;
“Changsha Project”	the construction and installation works on Changsha Land Lot; and
“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 the Construction and Installation Works on the Land Lot No. 077 (《077號地塊項目建安工程施工總承包合同》) entered into between Changsha Binchen (as principal) and CCSEB (as contractor) in respect of the Changsha Project dated 10 December 2019, 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;
“Temporary Work”	the temporary work of the real estate sales center of the Changsha Project at the southeast corner of the intersection of Changwang Road and Yuehua Road, Yuelu District, Changsha City;
“Temporary Work Construction Contract”	the Contract on the Temporary Work of the Real Estate Sales Center of the Project at the Land Lot No. 077 (《077號地塊項目售樓部臨建工程施工合同》) entered into between Changsha Binchen (as principal) and CCSEB First Company (as contractor) in respect of the Temporary Work dated 25 October 2019, the details of which are set out in the section headed “Temporary Work Construction Contract” in this announcement;
“%”	Percentage.

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

Beijing, the PRC, 10 December 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.*