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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)

MAJOR AND CONNECTED TRANSACTION
TRANSFER AGREEMENT ON LAND USE RIGHT OF ASIAN
GAMES VILLAGE

On 27 September 2019, the Company and BNSIGC entered into the Transfer Agreement in respect of the Land Use Right of the Land. BNSIGC proposes to transfer and the Company proposes to accept the Land Use Right of the Land. The preliminary appraised value of the transfer price is approximately RMB4,739 million (tax exclusive). The transfer price shall ultimately be determined by both the Company and BNSIGC with reference to the appraised value arrived at in the valuation of the Land by a third-party assets appraiser with relevant qualifications and approved by Beijing SASAC.

For the purpose of safeguarding the interests of the Company and its shareholders, the Company and BNSIGC (as the performance guarantor) entered into the Compensation Agreement on 27 September 2019, which forms an integral part of the Transfer Agreement. Pursuant to the Compensation Agreement, BNSIGC undertakes to compensate the Company for any shortfall of the income generated from the Land and the buildings erected thereon during the Performance Guarantee Period. BNSIGC undertakes that the Guaranteed Income generated from the Land and the buildings erected thereon for each of the full financial years of 2019, 2020 and 2021 shall be no less than RMB808 million, RMB762 million and RMB893 million, respectively.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios on the Transfer calculated pursuant to Rule 14.07 of the Listing Rules exceed 25% but are less than 100%, the Transfer constitutes a major transaction under Chapter 14 of the Listing Rules.

As at the date of this announcement, BNSIGC holds 1,161,000,031 A Shares, representing approximately 34.48% of all issued Shares. BNSIGC is the controlling shareholder of the Company and thus a connected person of the Company. Therefore, the Transfer constitutes a connected transaction of the Company under the Listing Rules.

Therefore, the Transfer is subject to the reporting, announcement, circular, independent financial advice and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

In addition, in accordance with relevant provisions of the Lease Contract, the exercise of the Purchase Option Clause shall be subject to the approval of the Independent H Shareholders of the Company. The Company will convene the H Shareholders' Class Meeting on the Transfer based on the spirit of the Purchase Option Clause.

A circular containing, among other things, (i) information on the Transfer Agreement and the Transfer; (ii) a letter from the independent board committee to the Independent Shareholders on the Transfer Agreement and the Transfer; (iii) a letter from the independent financial adviser containing its advice and recommendation to the independent board committee and the Independent Shareholders on the Transfer Agreement and the Transfer; and (iv) the property valuation report prepared in accordance with Chapter 5 of the Listing Rules will be despatched to the Shareholders more than 15 business days after the publication of this announcement. This is because the transfer price under the Transfer Agreement can only be determined after Beijing SASAC has reviewed and issued approvals on the Valuation Report and the Company requires additional time to prepare the financial information and the property valuation report to be set out in the circular. It is expected that the circular will be despatched to the Shareholders on or before 31 October 2019.

TRANSFER AGREEMENT

On 27 September 2019, the Company and BNSIGC entered into the Transfer Agreement in respect of the Land Use Right of the Land, the principal terms of which are summarized as follows:

Date	:	27 September 2019
Parties	:	(i) The Company, as the transferee (ii) BNSIGC, as the transferor
Subject matter	:	The Land Use Right of the Land, details and background of which are set out in the section headed “Background of and Information on the Land and the Land Use Right” below.
Transfer price	:	The preliminary appraised value of the transfer price is approximately RMB4,739 million (tax exclusive), where the transfer price shall ultimately be determined by both the Company and BNSIGC with reference to the appraised value arrived at in the valuation of the Land by a third-party assets appraiser with relevant qualifications and approved by Beijing SASAC.

The Valuation Report is still subject to the review and approval of Beijing SASAC. Upon the official issuing of the Valuation Report and the review and approval of Beijing SASAC, the Company will convene a separate meeting of the Board to consider the transfer price and other matters. A supplemental agreement will be entered into by the Company and BNSIGC to confirm the transfer price. An announcement will be published by the Company in accordance with the requirements of the Listing Rules after the Company has entered into such supplemental agreement.

Payment terms : The Company shall pay 95% of the transfer price to BNSIGC within 30 days after the Transfer Agreement comes into effect. The Land Use Right shall be deemed to be delivered to the Company from the date on which the Company has paid 95% of the transfer price (the “**Delivery Date**”), and the Company shall have the right to operate and manage the Land directly or through its associated companies and shall be entitled to all revenue (including but not limited to rental income) and bear costs in relation to the Land Use Right. BNSIGC shall not be entitled to the occupation, use, revenue and any other interests in the Land and shall not control, operate or manage the Land in any forms.

The Company shall pay the remaining 5% of the transfer price to BNSIGC within 7 days after the Land Use Right is transferred under the name of the Company.

Transfer : BNSIGC shall, within 90 days after the Transfer Agreement coming into effect, submit to the competent government authorities the written application and related materials in relation to the transfer of the Land to the Company, and the Company shall provide cooperation.

BNSIGC will submit all the transfer materials to the relevant competent government authorities. If transfer registration procedures are not completed successfully within 12 months after the acceptance of the application, the Company has the right to unilaterally terminate the Transfer Agreement. If the Company terminates the Transfer Agreement, BNSIGC shall return all the transfer price paid by the Company within 90 days after the termination of the Transfer Agreement, and pay the corresponding interests to the Company at the interest rate for deposits for the same period of the People’s Bank of China.

Transition Arrangement : As at the date of this announcement, the Land Use Right of the Land with approximately 167,165.42 sq.m. is leased to the Company by BNSIGC in accordance with the Lease Contract and the Supplemental Lease Agreement. For details, please refer to the section headed “Background of and Information on the Land and the Land Use Right” below.

Upon the expiry of the Lease Contract, the Company shall continue to pay the rentals to BNSIGC based on the rental standard mutually agreed in the Lease Contract and use the Land until the Delivery Date. Upon the expiry of the Lease Contract and before the Delivery Date, BNSIGC shall continue to perform the obligations under the Lease Contract and charge the Company rent based on the rental standard mutually agreed in the Lease Contract. If the Transfer fails to be completed eventually, BNSIGC and the Company will seek other solutions through negotiation in order to allow the Company to continue the operation of the properties erected on the Land.

Conditions precedent :
to the effectiveness
of the Transfer
Agreement

The Transfer Agreement shall be concluded and binding on both parties from the date when it is signed and sealed by both parties, and shall come into effect after all of the following conditions precedent are satisfied:

- (i) The Transfer Agreement and the Transfer having been considered and approved by the board of directors of BNSIGC;
- (ii) Relevant resolutions on the Transfer having been approved at the Board meeting, the general meeting and the H Shareholders' Class Meeting of the Company; and
- (iii) The issuing of the approval on the Valuation Report by Beijing SASAC.

Currently, the above conditions precedent have not been fulfilled.

For items (i) and (iii) of the above conditions precedent, BNSIGC agrees to notify the Company as soon as practicable after any of such conditions precedent are satisfied. For item (ii) of the above conditions precedent, the Company agrees to notify BNSIGC as soon as practicable after such condition precedent is satisfied.

Liability for breach : After the Transfer Agreement being signed and except force majeure, the failure to or the untimely or improper performance of any responsibilities and obligations agreed in the Transfer Agreement or the violation of any representations and warranties made under the Transfer Agreement by either party shall constitute a breach. The breaching party shall continue to perform the obligations, take remedial measures or pay full and sufficient compensation to the non-breaching party based on the request of the non-breaching party. The abovementioned compensation shall cover the economic loss arising from its breach provided that it shall not exceed the possible losses arising from the breach anticipated or should have been anticipated by the breaching party at the time when the Transfer Agreement is signed.

If BNSIGC fails to submit the transfer materials to the relevant competent government authorities as agreed in the Transfer Agreement, BNSIGC shall pay liquidated damages equivalent to 0.0175% of the total transfer price for each overdue day to the Company. Where it delays for over 90 days, the Company shall have the right to terminate the Transfer Agreement. Where the Company terminates the Transfer Agreement, BNSIGC shall refund the transfer price paid by the Company and compensate the Company for the losses arising therefrom.

The Company shall pay the transfer price as scheduled based on the provisions of the Transfer Agreement. The Company shall pay liquidated damages equivalent to 0.0175% of the total transfer price for each overdue day to BNSIGC. Where it delays for over 90 days, BNSIGC shall have the right to terminate the Transfer Agreement. Where BNSIGC terminates the Transfer Agreement, BNSIGC shall refund the transfer price paid by the Company yet the Company shall compensate BNSIGC for the losses arising therefrom.

COMPENSATION AGREEMENT

For the purpose of safeguarding the interests of the Company and its shareholders, the Company and BNSIGC entered into the Compensation Agreement on 27 September 2019, which stipulates the performance guarantee provided by BNSIGC to the Company and the relevant compensation arrangements. The Compensation Agreement forms an integral part of the Transfer Agreement, and its principal terms are summarized as follows:

- Date : 27 September 2019
- Parties : (i) The Company
(ii) BNSIGC, as the performance guarantor
- Performance Guarantee Period : For the three full consecutive financial years of 2019, 2020 and 2021
- Effectiveness of the Compensation Agreement : The Compensation Agreement is concluded on the date when it is signed and sealed by the parties thereto, and shall come into effect after all of the following conditions precedent are satisfied:
- (i) the Transfer Agreement coming into effect;
 - (ii) The Compensation Agreement and the transactions contemplated thereunder being considered and approved by the board of directors of BNSIGC;
 - (iii) Relevant resolutions on the transactions contemplated under the Compensation Agreement being approved at the Board meeting, the general meeting and the H Shareholders' Class Meeting of the Company;
 - (iv) The issuing of the approval on the Valuation Report by Beijing SASAC; and
 - (v) The Land being delivered to the Company in accordance with the Transfer Agreement.

Currently, the above conditions precedent have not been fulfilled.

Performance guarantee : BNSIGC undertakes that the income (the “**Guaranteed Income**”) expected to be generated from the Land and the buildings erected thereon for each of the full financial years of 2019, 2020 and 2021 shall be no less than RMB808 million, RMB762 million and RMB893 million, respectively.

Performance compensation arrangements : The Company shall engage an accounting firm with qualifications to carry on securities and futures business to issue special audit opinions on the actual income generated from the buildings erected on the Land within four months after each financial year during the Performance Guarantee Period. If the actual accumulated income generated from the Land and the buildings erected thereon at the end of each financial year during the Performance Guarantee Period is less than the accumulated Guaranteed Income, BNSIGC shall perform the obligation of performance compensation to the Company. The amount of the performance compensation for each period shall be calculated as per the following formula:

Performance compensation amount in that period =
 $(A-B) \times C/D-E$

A = accumulated Guaranteed Income generated from the Land and the buildings erected thereon from the beginning of the Performance Compensation Period to the end of that financial year

B = accumulated actual income generated from the Land and the buildings erected thereon from the beginning of the Performance Compensation Period to the end of that financial year

C = transfer price on the Transfer

D = combined appraised value of the Land and the buildings erected thereon in the Valuation Report

E = accumulated compensated amount on the Land from the beginning of the Performance Compensation Period to the end of that financial year

Where the compensation amount in that year is less than zero, it will be taken as zero, namely that the compensated amount will not be reversed. The total accumulated performance compensation amount paid by BNSIGC shall not exceed the total consideration received from the Transfer by BNSIGC.

BNSIGC shall pay the Company the compensation in cash within 30 days after receiving the notice for performance compensation from the Company.

BACKGROUND OF AND INFORMATION ON THE LAND AND THE LAND USE RIGHT

The Company has owned and operated the ownership of the properties on the Land since its establishment. However, BNSIGC remains as the owner of the Land Use Right of the Land which has a special property right condition of “separation of housing and land”.

Lease Contract

Based on the Lease Contract and the Supplemental Lease Agreement entered into between the Company and BNSIGC, the Company can use, operate, mortgage and sell the investment property and its ancillary facilities and properties on the Land during the lease period. The Company shall lease the Land from BNSIGC for use every year based on the rentals agreed in the Lease Contract.

Upon the request from BNSIGC and in accordance with Article 214 of the PRC Contract Law, the maximum lease period shall be twenty years. Accordingly, the maximum lease period under the Lease Contract shall be calculated from 1 October 1999 (the official implementation date of the PRC Contract Law) and expire on 30 September 2019 (namely, after twenty years). Therefore, the part of the lease period after 30 September 2019 and the corresponding terms (including terms on rentals and adjustments to rentals) may be regarded as null and void after 30 September 2019.

Upon the early expiry of the period of the Lease Contract and if there is no protection from lawful contractual provisions, BNSIGC shall be obliged to pursue relevant claims to prevent the losses of state-owned assets in accordance with relevant laws on the supervision of state-owned assets in the PRC, including but not limited to (i) requiring the Company not to continue to occupy and use the Land, (ii) requiring the Company to terminate all of the activities currently operating on the Land, (iii) requiring the Company to pay the land occupation fee for the period when the Land is occupied without contracts based on the market rental rate, and (iv) requiring the Company to compensate other economic losses.

BNSIGC has proposed to the Company to renew the Lease Contract at an estimated annual rental of approximately RMB232 million, or for the Company to acquire the Land at a preliminary appraised value of approximately RMB4,739 million. Upon comprehensive assessment, the Board is of the view that:

- (1) in order to continue to lease the Land, the Company is required to renegotiate with BNSIGC on the lease term and annual rental. Most of the Land has a remaining term of 17-48 years, given that such rental will be significantly higher than the actual annual rental in 2018, it will have direct adverse effects on the Company's future operating results. It is expected that the rental expenses will also be higher than the annual depreciation/amortization amount under the Transfer;
- (2) such continuation of the lease of the Land will directly increase the operating costs and cash outflow of the properties erected on the Land, resulting in significant pressure on the net cash flow of the properties erected on the Land; although the annual depreciation/amortization amount under the proposal for the acquisition of the Land will increase by RMB134 million, the operating cash flow of the relevant properties will not be affected; and
- (3) the acquisition of the Land will eliminate the legal and operational risks in respect of the Company's inability to continue to use the Land in the future, create conditions for the future upgrading and transformation of the Company's properties in the Asian Games Village, and realise the "integration of housing and land" to enhance the financing ability of the Company. It has significant benefits to the Company's continued healthy development and protection of the interests of all shareholders of the Company. Please refer to the section headed "Reasons for and Benefits of the Transfer" below for details.

Purchase Option Clause

Pursuant to the Lease Contract, the Company may, as per the needs of its business operations, opt to purchase the Land Use Right from BNSIGC during the terms of the Lease Contract, in which case BNSIGC shall cooperate with the Company to complete the necessary procedures for the transfer and the registration of the Land Use Right under the name of the Company.

In addition, should the Company exercise the above purchase option, the transfer price of the Land Use Right shall be the lower of the appraised value of the Land arrived at by an independent asset valuer at the time of such transaction (the "**Actual Appraised Value**") and the appraised value of the Land (approximately RMB938 million) arrived at by Beifang Real Estate Consulting & Valuation Center* (北方房地產諮詢評估中心) as at 31 December 1996 (the "**1996 Appraised Value**") (such clause relating to purchase option and transfer price above is referred to as the "**Purchase Option Clause**"). According to a preliminary asset valuation, the Actual Appraised Value of the Land is far above the 1996 Appraised Value of the Land.

When transferring the Land pursuant to the Purchase Option Clause, the Company and BNSIGC shall comply with and not violate any prohibition or restrictive provisions under relevant PRC laws, regulations and regulatory documents effective at the time when such specific transaction takes effect (rather than at the time of entering into the Lease Contract), including but not limited to the Law of the People's Republic of China on the State-Owned Assets of Enterprises promulgated by the Standing Committee of the National People's Congress on 28 October 2008 and implemented on 1 May 2009, and the Interim Measures for the Administration of Assessment of State-owned Assets of Enterprises promulgated by the State-owned Assets Supervision and Administration Commission of the State Council (the "SASAC") on 25 August 2005 and implemented on 1 September 2005. If the transfer price of the Land is lower than the actual appraised value as approved by the SASAC, the transfer shall constitute a "low-price transfer", which would be in breach of the relevant regulation under the current PRC laws, regulations and regulatory documents, and will not be approved by relevant government authorities. Therefore, in view of the fact that the 1996 Appraised Value of the Land will be far lower than its Actual Appraised Value, the Purchase Option Clause is currently not enforceable according to the current PRC laws and regulations.

In accordance with the PRC laws and regulations, the Purchase Option Clause constitutes an undertaking by BNSIGC to the Company. As the changes in the PRC laws, regulations and policies result in the inability to effectively enforce the Purchase Option Clause, BNSIGC intends to change the undertaking under the Purchase Option Clause as follows: "When the Company requires the acquisition of the land use right of the leased land, BNSIGC shall preferentially transfer the land use right to the Company. The transfer price shall be ultimately determined by both BNSIGC and the Company with reference to the appraised value arrived at in the valuation of the land to be transferred by a third-party assets appraiser with relevant qualifications and approved by the competent authorities under the provisions on supervision and administration of state-owned assets". Other matters undertaken under the Purchase Option Clause have not changed.

According to relevant provisions of the Regulatory Guidelines for Listed Companies No. 4 —Undertakings and Performance by Listed Companies and Listed Companies' De Facto Controllers, Shareholders, Related Parties and Acquirers issued by China Securities Regulatory Commission, the abovementioned proposal in relation to the changes in the relevant undertakings is still subject to consideration at the EGM. Relevant parties to the undertakings and related shareholders shall abstain from voting thereon.

Information on the Land Use Right

The Land Use Right was acquired by BNSIGC on 11 April 1997 by assignment. Pursuant to the financial statements of BNSIGC, the tax-inclusive rentals charged by BNSIGC in relation to the Land Use Right for the years of 2017 and 2018 amounted to RMB15,835,300 and RMB16,088,600, respectively.

The Land Use Right is accounted for using cost method in the financial statements of BNSIGC. As at 31 December 2018, the audited original book value, accumulated amortization and net book value of the Land Use Right were RMB943,281,600, RMB351,118,400 and RMB592,163,200, respectively. As at 31 May 2019, the unaudited original book value, accumulated amortization and net book value of the Land Use Right were RMB943,281,600, RMB359,089,000 and RMB584,192,600, respectively.

As at the date of this announcement, the valuation of the Land Use Right is still in process. The Company will convene a Board meeting to consider the transaction price (among other things) after the Valuation Report is officially issued and approved by the Beijing SASAC.

REASONS FOR AND BENEFITS OF THE TRANSFER

Since the period of the Lease Contract will expire soon, the Company and BNSIGC agree to seek solutions acceptable to both parties in order to allow the Company to continue the normal operation of the properties erected on the Land.

Eliminating potential legal and operating risks

If there is no protection from lawful contractual provisions, BNSIGC shall be obliged to hold the Company accountable to prevent the losses of state-owned assets in accordance with relevant laws on the supervision of state-owned assets in the PRC, including but not limited to: requiring the Company not to continue to occupy and use the Land, requiring the Company to terminate all activities currently operating on the Land and requiring the Company to compensate other economic losses. The Transfer will directly eliminate potential legal and operating risks arising from the expiry of the valid period of the Lease Contract and enhance the integrity of the assets and the stability of the business operation of the Company.

Creating conditions for the upgrading and transformation of the Company's properties in the Asian Games Village by the Company in the future

Currently, the Company does not own the complete interests of the land in the Asian Games Village, which restricts its ability to conduct the overall upgrading and transformation of the Asian Games Village. After the “integration of housing and land”, the Company has the flexibility and freedom to plan the upgrading and development of the land in the Asian Games Village, including the plan to turn the Asian Games Village into an “urban reception hall” with diversified business types, open space, pleasant environment and full of green intelligence through improving ancillary functional facilities, introducing cutting-edge industries and optimizing the green structure of the Asian Games Village as well as other measures. If the subsequent upgrading and transformation of the Asian Games Village are realised, it will enhance the level, market image and rentals of the surrounding properties, which will increase the revenue of the Company and is in the interest of all Shareholders.

Solving the problem on asset integrity

For the core properties of the Company such as Beijing International Convention Centre, Continental Grand Hotel and Hui Yuan Apartment, the Company does not own the Land Use Right of the corresponding lands. It obtained the right of use through leasing from BNSIGC and paying rentals every year. The Company will be able to realise the full ownership of the Land Use Right on core properties through the acquisition of the Land Use Right, which would be able to safeguard the asset integrity.

Enhancing financing ability

The current status of the Land with “separation of housing and land” restricts the financing ability of the Group. After the completion of the Transfer, the property right of the Land will be improved, which will further enhance the financing ability of the Company and reinforce its flexibility in capital operation.

FINANCIAL IMPACT OF THE TRANSFER

Upon the completion of the Transfer and if only taking into account of the purchase consideration proposed to be paid and the deed tax proposed to be borne, it is expected that the investment properties and the asset of land use rights of the Group will increase by RMB4,881 million in aggregate. Further information on the financial impacts of the Transfer on the Group will be set out in the circular to be despatched by the Company in relation to, among other things, the Transfer.

Directors are of the view that the terms of the Transfer Agreement are fair and reasonable and the Transfer is in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios on the Transfer calculated pursuant to Rule 14.07 of the Listing Rules exceed 25% but are less than 100%, the Transfer constitutes a major transaction under Chapter 14 of the Listing Rules.

As at the date of this announcement, BNSIGC holds 1,161,000,031 A Shares, representing approximately 34.48% of all issued Shares. BNSIGC is the controlling shareholder of the Company and thus a connected person of the Company. Therefore, the Transfer constitutes a connected transaction of the Company under the Listing Rules.

Therefore, the Transfer is subject to the reporting, announcement, circular, independent financial advice and independent shareholders’ approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

In addition, in accordance with relevant provisions of the Lease Contract, the exercise of the Purchase Option Clause shall be subject to the approval of the Independent H Shareholders of the Company. The Company will convene the H Shareholders' Class Meeting on the Transfer based on the spirit of the Purchase Option Clause.

The transaction contemplated under the Lease Contract constitutes a continuing connected transaction of the Company. According to the transitional arrangement under the Transfer Agreement, both BNSIGC and the Company agree that, upon the expiry of the Lease Contract, the Company shall continue to pay the rentals to BNSIGC based on the rental standard mutually agreed in the Lease Contract and use the Land. Effectively, the existing continuing connected transaction under the Lease Contract will continue to be proceeded according to the transitional arrangement until the Delivery Date.

EGM AND H SHAREHOLDERS' CLASS MEETING

The Company will propose ordinary resolutions at the EGM and the H Shareholders' Class Meeting to be convened to approve, among other things, the Transfer Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) information on the Transfer Agreement and the Transfer; (ii) a letter from the independent board committee to the Independent Shareholders on the Transfer Agreement and the Transfer; (iii) a letter from the independent financial adviser containing its advice and recommendation to the independent board committee and the Independent Shareholders on the Transfer Agreement and the Transfer; and (iv) the property valuation report prepared in accordance with Chapter 5 of the Listing Rules will be despatched to the Shareholders more than 15 business days after the publication of this announcement. This is because the transfer price under the Transfer Agreement can only be determined after Beijing SASAC has reviewed and issued approvals on the Valuation Report and the Company requires additional time to prepare the financial information and the property valuation report to be set out in the circular. It is expected that the circular will be despatched to the Shareholders on or before 31 October 2019.

GENERAL INFORMATION

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

BNSIGC is a state-owned enterprise, which is principally engaged in real estate development, convention and exhibition as well as operation and management of ancillary properties.

Please also refer to the Announcement on Related Party Transaction of Beijing North Star Company Limited and the Announcement on Undertakings of Beijing North Star Company Limited in relation to the Proposed Change of Controlling Shareholder published on the date of this announcement in the form of an overseas regulatory announcement and on the Shanghai Stock Exchange by the Company.

DEFINITIONS

“1996 Appraised Value”	has the meaning ascribed to it in the section headed “Background of and Information on the Land and the Land Use Right” in this announcement;
“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);
“Actual Appraised Value”	has the meaning ascribed to it in the section headed “Background of and Information on the Land and the Land Use Right” in this announcement;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Beijing SASAC”	State-owned Assets Supervision and Administration Commission of the People’s Government of Beijing Municipality;
“BNSIGC”	Beijing North Star Industrial Group Limited Liabilities Company, the controlling shareholder of the Company, holding approximately 34.48% equity interests of the Company as at the date of this announcement;
“Board”	the board of Directors of the Company;
“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;

“Compensation Agreement”	the performance guarantee and compensation agreement entered into between the Company and BNSIGC on 27 September 2019, pursuant to which, BNSIGC undertakes to compensate the Company for any shortfall of the income generated from the properties erected on the Land during the Performance Guarantee Period. The Compensation Agreement forms an integral part of the Transfer Agreement;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Delivery Date”	has the meaning ascribed to it in the section headed “Transfer Agreement” in this announcement;
“Director(s)”	the directors of the Company;
“EGM”	the extraordinary general meeting to be convened and held by the Company to consider and, if thought fit, approve, among other things, the Transfer Agreement and the transactions contemplated thereunder;
“Group”	the Company and its subsidiaries;
“Guaranteed Income”	has the meaning ascribed to it in the section headed “Transfer Agreement” in this announcement;
“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);
“H Shareholders’ Class Meeting”	the H Shareholders’ class meeting to be convened and held by the Company to consider and, if thought fit, approve, among other things, the Transfer Agreement and the transactions contemplated thereunder;
“H Shareholder(s)”	holder(s) of H Share(s);
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent H Shareholder(s)”	H Shareholder(s) who is/are also Independent Shareholder(s) at the same time;

“Independent Shareholder(s)”	shareholder(s) other than BNSIGC and its associates (if any);
“Land”	part of the land within the Asian Games Village at No. 8 Bei Chen Dong Road, Chao Yang District, Beijing with an area of approximately 235,516.67 sq.m.;
“Land Use Right”	the land use right of the Land;
“Lease Contract”	the Lease Contract on the State-Owned Land Use Right entered into by the Company and BNSIGC on 18 April 1997, pursuant to which, BNSIGC leases the Land Use Right of the Land with approximately 195,165.42 sq.m. to the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Performance Guarantee Period”	the three full consecutive financial years of 2019, 2020 and 2021;
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“PRC Contract Law”	the Contract Law of the People’s Republic of China promulgated by the Standing Committee of the National People’s Congress on 15 March 1999 and implemented on 1 October 1999;
“Purchase Option Clause”	has the meaning ascribed to it in the section headed “Background of and Information on the Land and the Land Use Right” in this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	share(s) of nominal value of RMB1.00 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Supplemental Lease Agreement”	the supplemental agreement dated 28 July 2003 in relation to the Lease Contract entered into between the Company and BNSIGC, pursuant to which the area of the Land leased to the Company under the Lease Contract was changed from approximately 195,165.42 sq.m. into approximately 167,165.42 sq.m.;
“Transfer”	the transactions contemplated under the Transfer Agreement;
“Transfer Agreement”	the transfer agreement on land-use right dated 27 September 2019 entered into between the Company and BNSIGC in respect of the Land Use Right of the Land, of which the Compensation Agreement forms an integral part;
“Valuation Report”	the asset appraisal report on the Land Use Right of the Land issued by a third-party asset valuation agency with relevant qualifications;
“%”	Percentage.

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

Beijing, the PRC, 27 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.