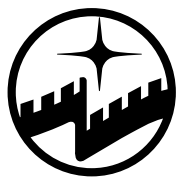


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**DISCLOSEABLE TRANSACTION
CAPITAL INJECTION AND PROVISION OF
FINANCIAL ASSISTANCE TO CENTURY ROYAL**

The Board is pleased to announce that on 29 October 2013, the Company, the Original Shareholder and the Target Company entered into the Framework Agreement, while the three parties and Changsha Riverside entered into the Supplemental Agreement. Pursuant to the Framework Agreement, the Company will increase the registered capital of the Target Company by RMB10.41 million. Upon the capital increase, the Company will become a shareholder of the Target Company with an equity interest of 51% and the equity interest of the Original Shareholder will become 49%. Under the contract on entrusted loans to be entered into pursuant to the Framework Agreement, the Company agrees to extend a loan of RMB550 million to the Target Company by way of entrusted loans at an annual interest rate of not lower than 8.5% and for a term of 1 year. Pursuant to the Supplemental Agreement, the Target Company agrees to dispose of all of its Properties for Sale to Changsha Riverside or its designated company at the agreed price.

LISTING RULES IMPLICATIONS

As the relevant percentage ratios (as defined in Listing Rules) in respect of the Acquisition and the Provision of Financial Assistance exceed 5% but are below 25%, the Acquisition and the Provision of Financial Assistance constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are subject to reporting and announcement requirements as stipulated under the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 29 October 2013, the Company, the Original Shareholder and the Target Company entered into the Framework Agreement, while the three parties and Changsha Riverside entered into the Supplemental Agreement.

FRAMEWORK AGREEMENT

Parties:

- (1) The Company;
- (2) the Original Shareholder; and
- (3) Target Company.

To the best of their knowledge, information and belief and having made all reasonable enquiries, the Directors confirm that Original Shareholder, Target Company and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons (has the meaning ascribed to it under the Listing Rules).

PRINCIPAL TERMS:

Methods of cooperation:

- (1) The Company will increase the registered capital of the Target Company by RMB10.41 million. Upon the capital increase, the Company will become a shareholder of the Target Company with an equity interest of 51% and the equity interest of the Original Shareholder will become 49%. Upon execution of the Framework Agreement, the parties to the agreement will complete the capital increase and relevant registration as soon as possible.
- (2) The Original Shareholder undertakes to secure the release of the current charge over the state-owned land use rights of the Southern Land Parcel and the Northern Land Parcel. Prior to the completion of the release of the existing charge in respect of the Northern Land Parcel, the Original Shareholder agrees to charge its entire equity interest in the Target Company to the Company.
- (3) The Target Company agrees to dispose of its Properties Available-for-sale to Changsha Riverside or its designated company at the selling prices as agreed, pursuant to the Supplemental Agreement. For the principal terms of the Supplemental Agreement, please refer to the section below.

Land development:

The Company will be primarily responsible for the secondary development of the project, including but not limited to commencing construction below ± 0 at the Southern Land Parcel for Phase I of the project no later than the end of 2013.

- Entrusted loans:
- (1) The Company will, pursuant to the contract on entrusted loans to be entered into between the Company and the Target Company and a domestic bank, on the pre-condition that the Original Shareholder or the Target Company has completed either the registration procedures to charge the Southern Land Parcel as collateral or the procedures to charge the Original Shareholder's equity interest disclosed below, the Company will lend, in two separate tranches, RMB350 million before 5 November 2013 and RMB200 million before 10 November 2013, respectively, to the Target Company by way of entrusted loans, totaling RMB550 million. The annual interest rates of such loans will be not lower than 8.5% and the term of the loans will be 1 year.
 - (2) The Target Company will provide for the Target Company's repayment of the above entrusted loans a charge of the state-owned land use rights in relation to the Southern Land Parcel. The Original Shareholder agrees to charge its entire equity interest in the Target Company to the Company before completing the charge in relation to Southern Land Parcel.

Use of loans: The entrusted loans to the Target Company will be mainly used for repaying the debts of the Target Company. Remaining funds will be used as working capital of the Target Company and the use of which be subject to mutual management.

Governance structure: Among the three members in the board of directors of the Target Company, one of which is designated by the Original Shareholder and two of which are designated by the Company.

Profit distribution:

- (1) The Original Shareholder will be be entitled to an extra RMB440 million in addition to its share of profit according to its equity interest when the Target Company generates profit from the development of the above two land parcels.
- (2) If either party fails to invest according to their respective proportion of capital contribution, the proportion of profit distribution among both parties shall be readjusted according to the actual amounts invested by the parties.

Liabilities for breach:

- (1) If the Original Shareholder violates the Framework Agreement, resulting in liabilities being imposed on the Company or the Target Company, the amount of liabilities that the Company or the Target Company has suffered shall be deducted from the extra profit of RMB440 million distributed to the Original Shareholder; if such amount is insufficient, then it shall be deducted from the profit to be distributed to the Original Shareholder according to the proportion of capital contribution.
- (2) If any default of the Original Shareholder results in the loss of the land use rights of the Southern Land Parcel and/or Northern Land Parcel of the Target Company prior to the commencement of sales, the Company is entitled to request the Original Shareholder to acquire the equity interest of the Company in the Target Company at double of the amount of the capital increase or the appraisal value (whichever is the higher).

SUPPLEMENTAL AGREEMENT

- Parties:
- (1) The Company;
 - (2) The Original Shareholder;
 - (3) The Target Company; and
 - (4) Changsha Riverside.

To the best of their knowledge, information and belief having made all reasonable enquiries, the Directors confirm that the Original Shareholder, the Target Company, Changsha Riverside and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons (has the meaning ascribed to it under the Listing Rules).

- Subject matter:
- (1) The Target Company will sell houses and townhouses of not more than six storeys of an area of approximately 38,000 square meters out of approximately 210,000 square meters of floor area of the Southern Land Parcel project to Changsha Riverside or an enterprise designated by it, at a selling price of RMB9,000 per square meters. Approximately 8,000 square meter of commercial area at lower storeys will be entirely sold to Changsha Riverside or an enterprise designated by it at a selling price of RMB10,000 per square meter; approximately 30,000 square meters of commercial areas at lower storeys out of approximately 508,700 square meters of floor area of the Northern Land Parcel project will be sold in full to Changsha Riverside or an enterprise designated by it at a selling price of RMB12,000 per square meter. Such selling prices are determined on basis of the costs plus a certain amount of profit of primary and secondary development.

- (2) Within 90 days upon completion of the pre-sale permit of relevant properties of the Target Company above, Changsha Riverside or an enterprise designated by it and the Target Company shall execute a commodity housing sale and purchase agreement in respect of all the above properties in a one-off manner. If Changsha Riverside or an enterprise designated by it does not execute the sale and purchase agreement with the Target Company within the agreed period of time, when the market price is higher than the agreed price, Changsha Riverside will be deemed to have forfeited its right under the Supplemental Agreement and the Target Company is entitled to sell the properties elsewhere. When the market price is lower than the agreed price, the Target Company can request Changsha Riverside to undertake the liabilities for the breach.
- (3) In case of any tremendous changes in costs which result in a less than 30% gross profit margin of the products of the Target Company being sold at the agreed selling price, the selling prices can then be amended so as to ensure that the gross profit margin from the sale of the above properties by the Target Company will reach 30%.

REASONS OF, AND BENEFITS FROM THE TRANSACTION, AND CONSIDERATION BASIS THEREOF

The Target Company holds both the land use rights of the Southern Land Parcel and the Northern Land Parcel, both of which are located at the sub-district of Provincial Government (省政府片區), a popular segment of property development in Changsha City which features a prime geographical location with vast potential demand. At present, the population and average income level within the region have been increasing. Adding the fact that the sub-district is an area strongly recommended by the government for habitation with higher standard of environment as a whole, the operating risk of the project is relatively insignificant. After the capital increase, the Company will become the controlling shareholder of the Target Company and the Company will develop the land held by the Target Company together with the Original Shareholder. The entrusted loans will help the Target Company repay the debts and commence the initial work for the project. Upon completion of the capital increase, the Target Company will become a subsidiary of the Company and its financial statements will be consolidated into the Company's. The sale of the Properties Available-for-sale developed by the Target Company in the Southern Land Parcel and Northern Land Parcel at a certain price by Target Company to Changsha Riverside or its designated enterprise as agreed in the Supplemental Agreement is beneficial to reducing the risks in the latter sales period by the Target Company and securing the interests of the Target Company and the shareholders of the Company.

The amount to be injected under the Framework Agreement was determined with reference to the Company's acquisition of 51% of holding rights in the Target Company, the total amount of the registered capital of the Target Company, and the terms and undertakings under the Framework Agreement and Supplemental Agreement.

The amount of the entrusted loans was determined with reference to the amount of debt to be repaid by the Target Company and the amount to be used as working capital for the Target Company. The interest rates and the term were determined with reference to prevailing market terms.

The capital contribution and entrusted loans will be funded by internal resources of the Group while any proceeds from sales of the Properties Available-for-sale according to the Supplemental Agreement will serve as the working capital of the Group.

The Directors (including independent non-executive Directors) are of the view that the Acquisition and the Provision of Financial Assistance are conducted on normal commercial terms, are fair and reasonable and are in the interest of the Company and its shareholders as a whole.

GENERAL INFORMATION

1. Information on the Target Company

The Target Company holds the state-owned land use rights of the Southern Land Parcel and the Northern Land Parcel, with an effective land area of 105,038.72 square meters and 231,249.96 square meters, respectively. Both land parcels will serve as the land parcels to be granted for residential purpose for a term expiring on 12 July 2077. The consolidated plot ratios of both land parcels are 2.14 and the floor area available for construction thereof is 720,948.58 square meters. The land parcels currently feature seven connections, 70% of which have been leveled. All relevant tax fees relating to the land parcels have been settled.

In accordance with the financial statement prepared by the Target Company pursuant to the PRC Accounting Standards for the two financial years ended 31 December 2012, which is audited by the auditor of the Target Company. The audited net asset value of the Target Company as at 31 December 2012 amounted to RMB6,665,166.70. The audited net profits before and after tax for the two years ended 31 December 2012 are indicated in the following table:

	For the year ended 30 December 2012	For the year ended 30 December 2011
	<i>RMB</i>	<i>RMB</i>
Net profit (before tax)	(960,155.88)	(215,650.26)
Net profit (after tax)	(960,155.88)	(215,650.26)

2. Information on the Group

The Group is mainly engaged in property development, property leasing, the operation of hotels and department stores as well as property management.

3. Information on Original Shareholder

The Original Shareholder's principal businesses include the consultancy of economic information (excluding securities, insurance, fund, banking, financial business, talent agency services and other restricted projects). As at the date hereof, the Original Shareholder holds 100% equity interest of the Target Company.

4. Information on Changsha Riverside

The scope of business of Changsha Riverside include investment and establishment of the domestic technology business, technology consultancy and introduction of technology, industrialization of highly effective technological achievement, corporate investment consultancy and capital operation, as well as the development, production and sales of telecommunications equipment and products.

HONG KONG LISTING RULES IMPLICATIONS

As the relevant percentage ratios (as defined in Listing Rules) in respect of the Acquisition and the Provision of Financial Assistance exceed 5% but are below 25%, the Acquisition and the Provision of Financial Assistance constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are subject to reporting and announcement requirements as stipulated under the Listing Rules.

DEFINITIONS

“Acquisition and Provision of Financial Assistance”	the capital contribution and financial assistance under the Framework Agreement and Supplemental Agreement
“Board”	the board of directors of the Company;
“Century Royal” or “Target Company”	Changsha Century Royal Real Estate Co., Ltd. (長沙世紀御景房地產有限公司), a company established in the PRC;
“Changsha Riverside”	Changsha Riverside Technology Investment Group Co., Ltd., (長沙江灣科技投資集團有限公司), a limited company established in Changsha, the PRC;

“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 Stock Exchange and the Shanghai Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules;
“Directors”	the directors of the Company;
“Framework Agreement”	the framework agreement on joint development entered into by the Company, the Original Shareholder and the Target Company on 29 October 2013;
“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 of Hong Kong Limited;
“Northern Land Parcel”	State-owned land No. CGY (2010) 049445, a guarantee pledge in relation to bank loan is currently in place for this land parcel;
“Original Shareholder”	Shenzhen City Jiang Wan Consultancy Co., Ltd. (深圳市江灣信息諮詢有限公司), a limited company established in the PRC;
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan;

“Properties Available-for-sale”	houses and townhouses of not more than six storeys of an area of approximately 38,000 square meters out of approximately 210,000 square meters of floor area of the Southern Land Parcel project, approximately 8,000 square meters of commercial properties at lower storeys of the Southern Land Parcel project and approximately 30,000 square meters commercial properties at lower storeys out of approximately 508,700 square meters of floor area of the Northern Land Parcel project;
“RMB”	Renminbi, the lawful currency of the PRC;
“Southern Land Parcel”	State-owned land No. CGY (2010) 049444, a guarantee pledge in relation to bank loan is currently in place for this land parcel;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplemental Agreement”	the supplemental agreement to the Framework Agreement entered into by the Company, Original Shareholder, the Target Company and Changsha Riverside on 29 October 2013; and
“%”	per cent.

By order of the Board
Beijing North Star Company Limited
HE Jiang-Chuan
Chairman

Beijing, the PRC, 30 October 2013

As at the date of this announcement, the Board of the Company comprises 9 directors, of which Mr. HE Jiang-Chuan, Mr. LI Chang-Li, Ms. ZHAO Hui-Zhi, Mr. HE Wen-Yu, Mr. LIU Jian-Ping and Mr. ZENG Jin are executive directors and Mr. LONG Tao, Mr. GAN Pei-Zhong and Mr. WONG Yik Chung are independent non-executive directors.