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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)

2022 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the “**Board**”) of Beijing North Star Company Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2022 (the “**Period**” or “**Reporting Period**”), based on the interim condensed consolidated financial information which has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and relevant requirements of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The 2022 interim condensed consolidated financial information of the Company has not been audited, but has been reviewed by the Board and the audit committee of the Company (the “**Audit Committee**”).

For the Period, the Group achieved revenue of RMB6,840,511,000 representing a decrease of 33.75% over the same period of the previous year. Operating profit was RMB108,959,000 representing a decrease of 92.58% over the same period last year. Loss attributable to the ordinary shareholders of the Company was RMB532,913,000 representing a decrease of RMB794,367,000 over the same period last year, among others, the after-tax core operating results of the Company’s principal business (excluding losses arising from the changes in fair value) recorded a loss of RMB430,832,000 representing a decrease of RMB793,000,000 over the same period last year. Loss attributable to the owners of the Company was RMB405,473,000 (excluding losses arising from the changes in fair value), representing a decrease of RMB840,341,000 over the same period last year. During the Period, the losses (after taxation) on changes in fair value of investment properties was RMB102,081,000.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

| | <i>Note</i> | Unaudited | |
|--|-------------|---------------------------------|-------------------|
| | | Six months ended 30 June | |
| | | 2022 | 2021 |
| | | RMB'000 | <i>RMB'000</i> |
| | | | <i>(Restated)</i> |
| Revenue | 2 | 6,840,511 | 10,325,519 |
| Cost of sales | | (5,989,769) | (8,114,506) |
| | | <hr/> | <hr/> |
| Gross profit | | 850,742 | 2,211,013 |
| Selling and marketing expenses | | (208,231) | (236,002) |
| Administrative expenses | | (409,846) | (382,911) |
| Net provision for impairment losses on financial assets | 3 | (17,713) | (22,565) |
| Other income and losses – net | | (105,993) | (101,375) |
| | | <hr/> | <hr/> |
| Operating profit | | 108,959 | 1,468,160 |
| Finance income | 4 | 50,829 | 54,927 |
| Finance expenses | 4 | (412,167) | (391,898) |
| | | <hr/> | <hr/> |
| Finance expenses – net | 4 | (361,338) | (336,971) |
| Share of net (loss)/profit of investments accounted for using the equity method | | (2,463) | 108,300 |
| | | <hr/> | <hr/> |
| (Loss)/profit before income tax | 2 | (254,842) | 1,239,489 |
| Income tax expense | 5 | (209,617) | (940,605) |
| | | <hr/> | <hr/> |
| (Loss)/profit for the Period | | (464,459) | 298,884 |
| | | <hr/> <hr/> | <hr/> <hr/> |

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (CONTINUED)

| | Unaudited | |
|--|---------------------------------|-------------------|
| | Six months ended 30 June | |
| <i>Note</i> | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | | <i>(Restated)</i> |
| (Loss)/profit for the Period | (464,459) | 298,884 |
| Attributable to: | | |
| Ordinary shareholders of the Company | (532,913) | 261,454 |
| Holders of perpetual bond | 25,359 | 72,700 |
| Non-controlling interests | 43,095 | (35,270) |
| | (464,459) | 298,884 |
| (Losses)/earnings per share attributable to ordinary shareholders of the Company <i>(expressed in RMB cents per share)</i> <i>(basic and diluted)</i> | 6 | |
| | (15.83) | 7.77 |

**INTERIM CONDENSED CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME**

| | Unaudited | |
|---|---------------------------------|-------------------|
| | Six months ended 30 June | |
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| | | <i>(Restated)</i> |
| (Loss)/profit for the Period | (464,459) | 298,884 |
| Other comprehensive (loss)/income | — | — |
| | <hr/> | <hr/> |
| Total comprehensive (loss)/income for the Period | (464,459) | 298,884 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Attributable to: | | |
| Ordinary shareholders of the Company | (532,913) | 261,454 |
| Holder of perpetual bond | 25,359 | 72,700 |
| Non-controlling interests | 43,095 | (35,270) |
| | <hr/> | <hr/> |
| | (464,459) | 298,884 |
| | <hr/> <hr/> | <hr/> <hr/> |

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

| | <i>Note</i> | Unaudited 30 June 2022 RMB'000 | Restated 31 December 2021 RMB'000 |
|---|-------------|---|--|
| ASSETS | | | |
| Non-current assets | | | |
| Right-of-use assets | | 441,940 | 455,018 |
| Investment properties | | 16,584,684 | 16,709,399 |
| Property, plant and equipment | | 2,606,783 | 2,674,399 |
| Investments accounted for using the equity method | | 410,973 | 635,736 |
| Deferred income tax assets | | 1,319,315 | 1,246,148 |
| Other receivables and prepayments | 8 | 1,221,097 | 1,409,524 |
| | | <u>22,584,792</u> | <u>23,130,224</u> |
| Current assets | | | |
| Properties under development | | 25,255,976 | 30,057,808 |
| Completed properties held-for-sale | | 17,532,001 | 15,625,663 |
| Other inventories | | 44,004 | 42,485 |
| Trade and other receivables and prepayments | 8 | 5,101,987 | 4,900,887 |
| Restricted bank deposits | | 1,695,104 | 1,761,332 |
| Cash and cash equivalents | | 10,985,546 | 12,960,953 |
| | | <u>60,614,618</u> | <u>65,349,128</u> |
| Total assets | | <u><u>83,199,410</u></u> | <u><u>88,479,352</u></u> |

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

| | <i>Note</i> | Unaudited 30 June 2022 RMB'000 | Restated 31 December 2021 RMB'000 |
|--|-------------|---|--|
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Long-term borrowings | | 19,230,927 | 19,874,582 |
| Loans from other parties | 9 | 2,874,529 | 2,148,385 |
| Employee termination benefit obligations | | 102,986 | 107,507 |
| Deferred income tax liabilities | | 2,165,634 | 2,165,575 |
| Lease liabilities | | 12,542 | 14,543 |
| Deferred income | | 17,560 | 27,748 |
| | | 24,404,178 | 24,338,340 |
| Current liabilities | | | |
| Trade and other payables | 9 | 10,545,301 | 11,095,778 |
| Loans/advances from other parties | 9 | 2,351,300 | 3,240,608 |
| Contract liabilities | | 11,874,624 | 12,123,853 |
| Current income tax liabilities | | 1,567,101 | 2,147,373 |
| Lease liabilities | | 30,062 | 32,280 |
| Current portion of long-term borrowings | | 8,787,871 | 9,632,587 |
| | | 35,156,259 | 38,272,479 |
| Total liabilities | | 59,560,437 | 62,610,819 |
| Net assets | | 23,638,973 | 25,868,533 |
| EQUITY | | | |
| Share capital | | 3,367,020 | 3,367,020 |
| Other reserves | | 4,907,572 | 4,982,879 |
| Retained earnings | | 12,070,959 | 12,637,542 |
| Capital and reserves attributable to ordinary shareholders of the Company | | | |
| | | 20,345,551 | 20,987,441 |
| Perpetual bond | | – | 1,018,241 |
| Non-controlling interests | | 3,293,422 | 3,862,851 |
| Total equity | | 23,638,973 | 25,868,533 |

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2022 (the “**interim financial information**”) has been prepared in accordance with HKAS 34 ‘Interim Financial Reporting’. The interim financial information does not include all the notes of the type normally included in an annual financial statements. Accordingly, this interim financial information should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021 and any public announcements made by the Company during the interim reporting period.

On 30 June 2022, the Group has acquired 100% equity interest in Beijing International Exhibition Center Co., Ltd. (“**BIEC**”) from Beijing North Star Industrial Group Limited Liabilities Company (“**BNSIGC**”, the ultimate parent of the Company) and the acquisition is considered as a business combination involving entities under common control and has been accounted for by using merger accounting method. Accordingly, the comparative figures as set out in this interim condensed consolidated financial information have been restated to include the historical financial information of BIEC since the date when BIEC first came under the control of BNSIGC and the restated comparative figures are all unaudited.

This interim financial information has been reviewed, not audited.

The accounting policies adopted are consistent with those of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of amended standards and annual improvements as set out below.

The Group has applied the following standards and amendments for the first time for the Group’s financial period beginning on 1 January 2022:

- (a) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to HKAS 16
- (b) Reference to the Conceptual Framework – Amendments to HKFRS 3
- (c) Onerous Contracts – Cost of Fulfilling a Contract – Amendments to HKAS 37
- (d) Annual Improvements to HKFRS Standards 2018–2020 cycle
- (e) Merger Accounting for Common Control Combinations – Amendments to AG 5
- (f) Covid-19-related Rent Concessions – Amendments to HKFRS 16

The adoption of these amended standards and annual improvements does not have any significant financial impact on the interim financial information.

The Group has not early adopted any of the new or amended standards and interpretations which have been published but not yet effective for financial period commencing 1 January 2022. These new or amended standards and interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2. SEGMENT INFORMATION

Management has determined the operating segments based on the internal reports reviewed by the Board, being the major body in making operation decisions, for assessing the operating performance and resources allocation.

The Board considers the business from product/service perspectives. From product/service perspectives, management assesses the performance of the segments of real estate development and convention and exhibition (including hotels) and commercial properties. Real estate development is the segment which involves the sales of developed properties; convention and exhibition (including hotels) and commercial properties is the segment which involves in operation of rental apartments, office buildings, conference centers and hotels.

Other segments of the Group mainly comprise businesses relating to property management, restaurant and recreation operation, the sales of which have not been included within the reportable operating segments, as they are not included within the reports provided to the Board.

The Board assesses the performance of the operating segments based on a measure of adjusted profit before income tax based on assumptions that investment properties are measured at cost less accumulated depreciation. This measurement basis mainly excludes the fair value losses on investment properties and includes land appreciation taxes and the depreciation of investment properties as if they are measured at cost less accumulated depreciation. Other information provided, except as noted below, to the Board is measured in a manner consistent with the segment information as disclosed in this interim condensed consolidated financial information.

Total segment assets mainly exclude deferred income tax assets at corporate level and corporate cash, which are managed on a centralised basis; and the investment properties included in the segment assets are the amounts as if they are measured at cost less accumulated depreciation. These are part of the reconciliation to total balance sheet assets.

Total segment liabilities mainly exclude deferred income tax liabilities, corporate borrowings and other corporate liabilities, all of which are managed on a centralised basis. These are part of the reconciliation to total balance sheet liabilities.

2. SEGMENT INFORMATION (CONTINUED)

The Group's revenue consists of revenue from sales of real estate development properties and revenue generated from the operation of convention and exhibition (including hotels) and commercial properties. Revenues recognised during the six months ended 30 June 2022 and 2021 are as follows:

| | Unaudited | |
|---|---------------------------------|-------------------|
| | Six months ended 30 June | |
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| | | <i>(Restated)</i> |
| Revenue | | |
| Real estate development segment | 5,879,608 | 9,393,733 |
| Convention and exhibition (including hotels) and commercial properties segment | 888,806 | 867,160 |
| | <u>6,768,414</u> | <u>10,260,893</u> |
| Other segments | 72,097 | 64,626 |
| | <u>6,840,511</u> | <u>10,325,519</u> |

For the six months ended 30 June 2022 and 2021, the Group derives revenue from the deliveries of properties, goods and services over time and at a point in time from the following segments:

| | At a point | Over time |
|--|-------------------|------------------|
| | in time | RMB'000 |
| | RMB'000 | RMB'000 |
| For the six months ended 30 June 2022 | | |
| Real estate development segment | 5,879,608 | – |
| Convention and exhibition (including hotels) and commercial properties segment* | 86,245 | 164,722 |
| Other segments | 12,002 | 60,095 |
| | <u>5,977,855</u> | <u>224,817</u> |

2. SEGMENT INFORMATION (CONTINUED)

| | At a point in time <i>RMB'000</i> | Over time <i>RMB'000</i> |
|--|---|-----------------------------|
| For the six months ended 30 June 2021 | | |
| (Restated) | | |
| Real estate development segment | 9,393,733 | – |
| Convention and exhibition (including hotels) and commercial properties segment* | 78,893 | 92,472 |
| Other segments | 13,145 | 51,481 |
| | <u>9,485,771</u> | <u>143,953</u> |

* Rental income from investment properties is recognised on a straight-line basis over the term of the lease and has not been included in the above analysis. For the six months ended 30 June 2022 and 2021, rental income from investment properties amounted to RMB637,839,000 and RMB695,795,000 respectively.

Other segments of the Group mainly comprise property management, restaurant and recreation operation, none of which constitutes a separately reportable segment.

Sales between segments are conducted at terms as mutually agreed. The revenue from external parties reported to the Board is measured in a manner consistent with that in the interim condensed consolidated income statement.

2. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Board for the reportable segments for the six months ended 30 June 2022 and 2021 is as follows:

| Business segment | Real estate development <i>RMB'000</i> | Convention and exhibition (including hotels) and commercial properties <i>RMB'000</i> | Other segments <i>RMB'000</i> | Total <i>RMB'000</i> |
|---|--|---|-------------------------------------|-------------------------|
| Six months ended | | | | |
| 30 June 2022 (Unaudited) | | | | |
| Total segment revenue | 5,879,608 | 924,382 | 93,428 | 6,897,418 |
| Inter-segment revenue | – | (35,576) | (21,331) | (56,907) |
| Revenue from external customers | 5,879,608 | 888,806 | 72,097 | 6,840,511 |
| Adjusted loss before income tax | <u>(23,670)</u> | <u>(51,107)</u> | <u>(44,615)</u> | <u>(119,392)</u> |
| Six months ended | | | | |
| 30 June 2021 (Restated) | | | | |
| Total segment revenue | 9,393,733 | 896,458 | 83,068 | 10,373,259 |
| Inter-segment revenue | – | (29,298) | (18,442) | (47,740) |
| Revenue from external customers | 9,393,733 | 867,160 | 64,626 | 10,325,519 |
| Adjusted profit/(loss) before income tax | <u>793,698</u> | <u>57,488</u> | <u>(39,236)</u> | <u>811,950</u> |

2. SEGMENT INFORMATION (CONTINUED)

The segment information as at 30 June 2022 and 31 December 2021 is as follows:

| Business segment | Real estate development <i>RMB'000</i> | Convention and exhibition (including hotels) and commercial properties <i>RMB'000</i> | Other segments <i>RMB'000</i> | Total <i>RMB'000</i> |
|---|--|---|---|------------------------------------|
| As at 30 June 2022 (Unaudited) | | | | |
| Total segment assets | 53,052,128 | 10,610,918 | 120,689 | 63,783,735 |
| Total assets include: | | | | |
| Investments accounted for using the equity method | 407,652 | 3,321 | – | 410,973 |
| Additions to non-current assets (other than deferred income tax assets) | 7,748 | 27,185 | 907 | 35,840 |
| Total segment liabilities | 45,503,508 | 1,430,078 | 260,423 | 47,194,009 |
| Contract liabilities | 11,702,419 | 164,691 | 7,514 | 11,874,624 |
| | <u><u> </u></u> | <u><u> </u></u> | <u><u> </u></u> | <u><u> </u></u> |
| As at 31 December 2021 (Restated) | | | | |
| Total segment assets | 58,812,728 | 10,994,088 | 104,551 | 69,911,367 |
| Total assets include: | | | | |
| Investments accounted for using the equity method | 632,487 | 3,249 | – | 635,736 |
| Additions to non-current assets (other than deferred income tax assets) | 48,194 | 2,034,955 | 41,236 | 2,124,385 |
| Total segment liabilities | 47,706,581 | 1,728,626 | 175,484 | 49,610,691 |
| Contract liabilities | 11,827,421 | 286,781 | 9,651 | 12,123,853 |
| | <u><u> </u></u> | <u><u> </u></u> | <u><u> </u></u> | <u><u> </u></u> |

2. SEGMENT INFORMATION (CONTINUED)

The amounts provided to the Board with respect to total assets are measured in a manner consistent with that of the interim condensed consolidated financial information. These assets are allocated based on the operations of the segment and the physical location of the assets.

Certain interest-bearing liabilities are not considered to be segment liabilities but rather are managed by the centralised treasury function.

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities.

| | Unaudited | |
|--|---------------------------------|-------------------|
| | Six months ended 30 June | |
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| | | <i>(Restated)</i> |
| <i>Revenue recognised that was included in the contract liability balance at the beginning of the period</i> | | |
| Real estate development | 4,478,208 | 7,782,417 |
| Convention and exhibition (including hotels) and commercial properties | 202,219 | 129,247 |
| Other segments | 9,437 | 32,739 |
| | 4,689,864 | 7,944,403 |

2. SEGMENT INFORMATION (CONTINUED)

Reportable segment (loss)/profit before income tax is reconciled to the Group's (loss)/profit before income tax as follows:

| | Unaudited | |
|--|---------------------------------|-------------------|
| | Six months ended 30 June | |
| | 2022 | 2021 |
| | RMB'000 | <i>RMB'000</i> |
| | | <i>(Restated)</i> |
| (Loss)/profit before income tax for reportable segments | (119,392) | 811,950 |
| Corporate overheads | (79,910) | (61,705) |
| Corporate finance expenses | (298,638) | (216,995) |
| Corporate finance income | 26,270 | 24,211 |
| Other income and losses – net | 31,587 | 7,524 |
| Fair value losses on investment properties | (136,108) | (134,283) |
| Reversal of depreciation and impairment of investment properties | 136,345 | 209,980 |
| Land appreciation tax | 185,004 | 598,807 |
| | <hr/> | <hr/> |
| (Loss)/profit before income tax | (254,842) | 1,239,489 |
| | <hr/> <hr/> | <hr/> <hr/> |

Reportable segment assets are reconciled to the Group's assets as follows:

| | Unaudited | Restated |
|--|-------------------|----------------|
| | As at | As at |
| | 30 June | 31 December |
| | 2022 | 2021 |
| | RMB'000 | <i>RMB'000</i> |
| Total segment assets | 63,783,735 | 69,911,367 |
| Deferred income tax assets at corporate level | 1,024,025 | 960,125 |
| Corporate cash | 8,365,865 | 7,497,052 |
| Accumulated fair value gains on investment properties | 5,656,038 | 5,792,146 |
| Reversal of accumulated depreciation and impairment of investment properties | 3,006,499 | 2,870,154 |
| Receivables due from joint ventures and associates | 1,351,313 | 1,436,573 |
| Other corporate current assets | 11,935 | 11,935 |
| | <hr/> | <hr/> |
| Total assets per balance sheet | 83,199,410 | 88,479,352 |
| | <hr/> <hr/> | <hr/> <hr/> |

2. SEGMENT INFORMATION (CONTINUED)

Reportable segment liabilities are reconciled to the Group's liabilities as follows:

| | Unaudited As at 30 June 2022 RMB'000 | Restated As at 31 December 2021 <i>RMB'000</i> |
|--|---|--|
| Total segment liabilities | 47,194,009 | 49,610,691 |
| Deferred income tax liabilities at corporate level | 2,165,634 | 2,165,575 |
| Corporate borrowings | 7,467,648 | 7,947,941 |
| Other corporate liabilities | 2,733,146 | 2,886,612 |
| Total liabilities per balance sheet | <u>59,560,437</u> | <u>62,610,819</u> |

The Company and its subsidiaries were domiciled in the People's Republic of China ("PRC") and all the revenue from external customers of the Group for the six months ended 30 June 2022 and 2021 are derived in the PRC.

There are no changes from the last annual financial statements in respect of segmentation or measurement of segment profit or loss.

At 30 June 2022 and 31 December 2021, all the Group's non-current assets (other than deferred income tax assets) were located in the PRC.

The Group has a large number of customers and no significant revenue (in excess of 10% of the Group's revenue) was derived from any specific external customers during the six months ended 30 June 2022 and 2021.

3. OPERATING PROFIT

The following items have been credited/(charged) to the operating profit during the period:

| | Unaudited | |
|---|--------------------------|---------------------|
| | Six months ended 30 June | |
| | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | | <i>(Restated)</i> |
| Fair value losses on investment properties charged to profit or loss | (136,108) | (134,283) |
| Provision of impairment for properties under development and completed properties held-for-sale | (264,320) | (502,652) |
| Net provision for impairment losses on financial assets | (17,713) | (22,565) |
| Loss on disposal of property, plant and equipment and investment properties | (9) | (273) |
| Government grants | 3,430 | 18,889 |
| Penalty and compensation and others | 8,186 | 7,456 |
| | <u>8,186</u> | <u>7,456</u> |

4. FINANCE INCOME AND EXPENSES

| | Unaudited | |
|--|--------------------------|-------------------------|
| | Six months ended 30 June | |
| | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | | <i>(Restated)</i> |
| Interest expenses | (892,649) | (953,642) |
| Less: amounts capitalised in properties under development, investment properties and property, plant and equipment | 484,836 | 564,322 |
| Finance expenses | (407,813) | (389,320) |
| Bank charges and others | (4,354) | (2,578) |
| | (412,167) | (391,898) |
| Finance income – Interest income | 50,829 | 54,927 |
| | <u>50,829</u> | <u>54,927</u> |
| Net finance expenses | <u>(361,338)</u> | <u>(336,971)</u> |

5. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits in Hong Kong for the six months ended 30 June 2022 and 2021. The PRC enterprise income tax is computed according to the relevant laws and regulations in the PRC. The applicable enterprise income tax rate for the six months ended 30 June 2022 and 2021 was 25%.

| | Unaudited | |
|-----------------------------|---------------------------------|-------------------|
| | Six months ended 30 June | |
| | 2022 | 2021 |
| | RMB'000 | <i>RMB'000</i> |
| | | <i>(Restated)</i> |
| Current income tax | | |
| – PRC enterprise income tax | 97,721 | 378,836 |
| – PRC land appreciation tax | 185,004 | 598,807 |
| Deferred income tax credit | (73,108) | (37,038) |
| | 209,617 | 940,605 |

6. (LOSSES)/EARNINGS PER SHARE

Basic (losses)/earnings per share is calculated by dividing the (loss)/profit attributable to ordinary shareholders of the Company by the number of shares in issue during the six months ended 30 June 2022 and 2021.

Diluted (losses)/earnings per share is equal to the basic (losses)/earnings per share since the Company has no potential dilutive ordinary shares during the six months ended 30 June 2022 and 2021.

| | Unaudited | |
|---|---------------------------------|-------------------|
| | Six months ended 30 June | |
| | 2022 | 2021 |
| | | <i>(Restated)</i> |
| (Loss)/profit attributable to ordinary shareholders of the Company <i>(RMB'000)</i> | (532,913) | 261,454 |
| Number of ordinary shares in issue <i>(thousands)</i> | 3,367,020 | 3,367,020 |
| (Losses)/earnings per share (basic and diluted) <i>(RMB cents per share)</i> | (15.83) | 7.77 |

7. DIVIDENDS

The final dividend that relates to the year ended 31 December 2021 (the “**2021 final dividend**”) amounting to RMB33,670,000 was approved at the annual general meeting in May 2022 (Final dividend related to the year ended 31 December 2020 of RMB101,011,000 was approved at the annual general meeting in May 2021). Total 2021 final dividend which was paid by the Group to the ordinary shareholders of the Company during the six months ended 30 June 2022 amounted to RMB14,990,000. The remaining 2021 final dividend was paid in full in July 2022.

The Board resolved that no interim dividend will be declared in respect of the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

As at 30 June 2022 and 31 December 2021, the Group’s trade and other receivables and prepayments include trade receivables, receivables due from related parties and non-controlling interests of subsidiaries, other prepayments and receivables.

The majority of the Group’s sales are on cash or advance basis. The remaining amounts are with credit terms of 30 to 90 days.

As at 30 June 2022 and 31 December 2021, the ageing analysis of the trade receivables is as follows:

| | Unaudited | Restated |
|-------------------|------------------|----------------|
| | As at | As at |
| | 30 June | 31 December |
| | 2022 | 2021 |
| | RMB’000 | RMB’000 |
| Trade receivables | | |
| 0 – 30 days | 93,397 | 47,770 |
| 31 – 90 days | 8,333 | 1,113 |
| Over 90 days | 83,460 | 52,674 |
| | 185,190 | 101,557 |

9. TRADE AND OTHER PAYABLES AND LOANS FROM OTHER PARTIES

As at 30 June 2022 and 31 December 2021, the Group's trade and other payables and loans from other parties mainly include trade payables, dividends payable, accrued interests, amounts due to related parties, loans/advances from non-controlling interests, commercial mortgage backed securities issued by a subsidiary of the Company and other payables.

As at 30 June 2022 and 31 December 2021, the ageing analysis of the trade payables based on date of services/goods received is as follows:

| | Unaudited As at 30 June 2022 RMB'000 | Restated As at 31 December 2021 <i>RMB'000</i> |
|----------------|---|--|
| Trade payables | | |
| 0 – 180 days | 2,702,994 | 3,170,402 |
| 181 – 365 days | 1,755,817 | 1,923,441 |
| Over 365 days | 2,519,591 | 2,601,694 |
| | 6,978,402 | 7,695,537 |

RECONCILIATION OF CONSOLIDATED INTERIM FINANCIAL INFORMATION

The Group has prepared a separate set of consolidated interim financial information for the six months ended 30 June 2022 in accordance with Basic Standard and 38 specific Standards of the China Accounting Standards for Business Enterprises issued by Ministry of Finance of the PRC on 15 February 2006, and the Application Guidance for Accounting Standard for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter (“CAS”). The differences between the financial information prepared under the CAS and HKFRS issued by the HKICPA are summarised as follows:

| | (Loss)/profit attributable to owners of the Company | | Capital and reserves attributable to owners of the Company | |
|--|---|----------------|--|-------------------|
| | For the six months ended | | As at | As at |
| | 30 June | | 30 June | 31 December |
| | 2022 | 2021 | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| As stated in accordance with CAS | (507,732) | 277,383 | 13,848,652 | 15,508,961 |
| Impact of HKFRS adjustments: | | | | |
| 1. Reversal of depreciation and impairment of investment properties under CAS | 102,259 | 157,485 | 2,254,874 | 2,152,615 |
| 2. Fair value adjustment of investment properties under HKFRS | (102,081) | (100,714) | 4,242,025 | 4,344,106 |
| As stated in accordance with HKFRS (including those attributable to both ordinary shareholders of the Company and holders of perpetual bond) | <u>(507,554)</u> | <u>334,154</u> | <u>20,345,551</u> | <u>22,005,682</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

I. DESCRIPTION OF OUR INDUSTRY AND PRINCIPAL BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD

(I) Summary of the Businesses of the Company

The principal businesses of the Company include real estate development, convention and exhibition (including hotels) as well as commercial properties.

The real estate development business, in recent year, has continued to deepen the regional exploration and development in new cities, a multi-level nationwide scale development layout covering a number of regions is gradually taking shape, and a property development system of different classes and features, covering residential units, apartments, villas, offices and commercial buildings, has been established. As at the end of the Reporting Period, the real estate development projects of the Company have established presence in 15 cities, namely, Beijing, Guangzhou, Changsha, Wuhan, Hangzhou, Chengdu, Suzhou, Nanjing, Langfang, Hefei, Ningbo, Chongqing, Wuxi, Haikou and Meishan, and the development scale of the Company has been continuously enhanced.

The convention and exhibition (including hotels) business, by relying on Capital Convention Group, strengthened resources integration in its convention and exhibition business, exerted continued efforts on the expansion of new businesses and new technologies of exhibition industry, explored and developed various businesses, including management of exhibition venues, sponsoring and undertaking of conventions and exhibitions and supporting services, education and consulting services related to conventions and exhibitions, and security services for high-end state-level and political level activities and events. Meanwhile, the Company, with the convention and exhibition business as a leading player, continued to drive the synergetic development of office buildings, apartments, integrated commercial properties and other business types.

(II) Development of Our Industry

In the first half of 2022, facing the severe and complicated environment from outside and that of resurgence of pandemic in many areas from inside coupled with multiple influence factors, China gave even more priority to steady growth by strengthening the implementation of macro policies and deepening reform and opening up to promote innovation, adhering to carry out the domestic demand expansion strategies, focusing on stimulating market vitality, and improving the internal drivers for development so as to realize the stabilized and improved economy. The growth rate of gross domestic product in the first half of the year reached 2.5%.

1. Real Estate Development

In the first half of 2022, as affected by the sporadic pandemic in China, the real estate market in China faced with unprecedented challenges. Under the guidance of “city-specific policies to promote the healthy cycle and development of the real estate industry” and “supporting local governments to improve real estate policies according to local realities” from the central government of the PRC, all regions across the country actively introduced new policies to stabilize the property market according to local conditions, and encouraged property transactions from multiple dimensions such as lowering down payment proportion, increasing the efforts in attracting talented people, issuing housing subsidies, and increasing provident fund loan amount. A series of innovative measures were introduced, and the frequency of policy introduction hit a record-breaking high for the same period in history, with lightened policy environment in the industry.

Overall, as affected by factors such as the lack of vitality in the real estate market with a high pressure on corporate funds, and mitigated land supply from government, the transaction volume and price of the national residential land market fell year-on-year in the first half of the year, featuring a sharp decline in premium rate index. According to the data from the National Bureau of Statistics, in the first half of 2022, the residential housing sales area in the real estate market of the PRC was 580,570,000 square meters, representing a year-on-year decrease of 26.6%, while the sales amount of residential housing amounted to RMB5,768.3 billion, representing a year-on-year decrease of 31.8%.

Among the first-tier cities, the transaction volume of commodity housing market in Beijing declined, with year-on-year increased average transaction price. The inventory scale recorded slight decrease, but the clearance cycle remained over 20 months. The transaction area of commodity housing market in Guangzhou dropped significantly. The transaction area of commodity housing in second-tier cities decreased significantly, with small rise in average transaction price. Both the average transaction price and transaction volume of commodity housing in third-tier cities decreased year-on-year.

2. *Convention and Exhibition (Including Hotels) and Commercial Properties*

In the first half of 2022, the recurrence of COVID-19 pandemic in China has had a long-lasting impact on the convention and exhibition industry. Under the guidance of the “High-Quality Development of Foreign Trade during the 14th Five-Year Plan Period (《「十四五」對外貿易高質量發展規劃》)” issued by the Ministry of Commerce, which clearly stipulated the policy and guidance of “establishing a marketing system that integrates online and offline business and connects domestic and overseas business” and “building online platforms such as cloud exhibitions to promote digital marketing”, various convention and exhibition enterprises expanded its business through online exhibitions, online promotion conferences, online press conferences and other methods, sought breakthroughs through changes and innovation, promoted the integrated development of industry online and offline business and coordinated marketing, for which showed a more obvious trend of digital transformation of convention and exhibition industry. In the first half of the year, the hotel business was under pressure for results due to the resurgence of pandemic in many places across the nation, with a sluggish and weakened sign of recovery. The net absorption in the Beijing office market declined significantly in the first half of the year, with vacancy rates rising and rental levels falling in general. The average rental in the apartment market declined slightly.

II. ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD

The Company's comprehensive development and operating capacity in the real estate market and the comprehensive brand influence of its convention and exhibition business have become its advantages and core competitiveness. The real estate development business, presenting in multi-type and large-scale form, has become the source of revenue growth of the Company; and the leading convention and exhibition business in the PRC, with its brand effect accumulated over years through serving high-end political and state-level activities and events, drives synergetic development of hotels, office building, apartment and integrated commercial properties and other business types of the Company and provides a basis for stable income for the Company. Such two segments are interdependent and mutually reinforcing, thus giving escort for the steady and healthy development of the Company.

On the one hand, the Company has the ability to develop and operate composite real estate. Property types developed by the Company include luxury homes, villas, apartments, affordable housing, office buildings, commercial properties, etc. It also has strong professional competence and competitiveness in the development of large-scale and comprehensive real estate projects. Since 2007, it has been awarded with the title of "Professional Leading Brand of China Complex Estate" by China TOP10 Real Estate Research Group for fifteen consecutive years. Besides, in recent years, the Company continued to promote its expansion into new cities and regional penetration as well as balanced regional layout. As at the end of the Reporting Period, it has launched real estate development business in 15 cities, representing the Company's foundations and professional capability for nationwide development.

On the other hand, as one of the PRC's largest exhibition venues operators, the Company boasts the comparative advantage in the fields of high-end exhibition and hotel operation and services and exhibition venues management, and its brand awareness and influence have continuously increased. The Company holds and operates more than 1,200,000 square meters of commercial properties (including hotels) in the Asian-Olympic core district in Beijing. With more than 20 years of experience in exhibition and hotel professional operation and the ability in providing internationalized operation service standards and teams, the Company carries out active exploration and practice for the whole value chain covering the operation and management of convention and exhibition venues, sponsoring and undertaking of conventions and exhibitions, informationization of convention and exhibition, and research and development on exhibitions, forming the integration and interaction ability for the whole industry chain of conventions and exhibitions. In recent years, it has successfully delivered hosting services for an array of national, integrated and international conferences such as the Olympic Games, APEC summit, CIFTIS, G20 Hangzhou Summit and "Belt and

Road” Forum for International Cooperation, BRICS Xiamen Summit, China-Arab States Expo, the Qingdao Summit of Shanghai Cooperation Organization, Beijing Summit of the Forum on China-Africa Cooperation, the first session of United Nations World Geospatial Information Congress and Beijing Xiangshan Forum, International Horticultural Exhibition Beijing China and Conference on Dialogue of Asian Civilizations, creating a globally renowned service brand of North Star.

In addition, fully utilizing the advantages of the “headquarters financing” and leveraging on its good credit level and risk management and controlling ability, the Company has established long-term and stable strategic cooperation relations with many banks and financial institutions, and as a result boasts remarkable advantages in terms of loan interest rates. In the meantime, the Company actively develops diversified financing channels such as medium-term notes, corporate bonds, asset securitization, etc., continuously optimizes its overall debts structure, and maintains its advantage of low financing cost, thus effectively enhancing the anti-risk capacity of the Company.

III. DISCUSSION AND ANALYSIS ON BUSINESS CONDITIONS

In the first half of 2022, the Company kept strategies to its chest by focusing on main business development, advancing the integration of resources with high quality on ongoing basis, and vigorously improving the quality and efficiency in terms of operation and management, thus to continuously drive the synergic development of real estate, convention and exhibition (including hotels) and commercial property sectors. However, due to the impacts from restriction of pandemic and downward trends in the whole industry, the Company experienced varying degrees of slowdown for revenue and profit.

During the Reporting Period, the Company recorded an operating revenue of RMB6,840,511,000, representing a year-on-year decrease of 33.75%. The Company’s loss before tax and loss attributable to ordinary shareholders amounted to RMB254,842,000 and RMB532,913,000, respectively, representing a year-on-year decrease of RMB1,494,331,000 and RMB794,367,000, respectively. In particular, the after-tax core operating results of the Company’s principal activities (excluding losses arising from the changes in fair value) recorded a loss of RMB430,832,000, representing a year-on-year decrease of RMB793,000,000. Losses (after tax) arising from the changes in fair value of investment properties were RMB102,081,000 during the Period. Losses per share were RMB0.1583.

1. Real Estate Development

Under the context of further intensified differentiation in the real estate market and frequent occurrence of debt risk events, the Company strengthened its market research and judgement. While adhering to prudent investment, the Company strived to improve the efficiency of operation and management and control by building a “Big Operation” system, and enhanced the risk prevention ability relating to the Company’s real estate development business.

In the first half of 2022, the real estate development segment recorded an operating income of RMB5,879,608,000 (including parking places), representing a year-on-year decrease of 37.41%, and a loss before tax of RMB23,670,000, representing a year-on-year decrease of RMB817,368,000.

Strengthening Risk Prevention Awareness by Insisting on Prudent Investment.

The Company conducted in-depth research and analysis of land supply information in various cities, formulated targeted land expansion strategies, and focused on first-and second-tier hotspot cities with net population inflow and relatively mature economic development, so as to make full preparation for obtaining high-quality land reserves. As at the end of the Reporting Period, the Company has entered into 15 cities and achieved a total land reserve of 5,390,000 square meters, of which the proportion of land reserve located in first-and second-tier cities was 83.7%. During the Reporting Period, the new construction areas, the new and resumed construction areas and the completed areas were 356,000 square meters, 4,151,000 square meters and 690,000 square meters respectively.

Enriching Marketing Means and Cutting Excess Inventory.

In the first half of the year, against the backdrop of a sluggish real estate sales market in general, the Company flexibly adjusted its marketing strategy and pricing strategy, actively used digital marketing channels such as the Cheng Xiangjia Mini Programme of North Star Real Estate, and vigorously carried out online and offline linkage and customer acquisition and holiday promotion to accelerate project turnover. As at the end of the Reporting Period, the Company achieved contracted sales areas of 322,000 square meters with contracted sales amount of RMB7.86 billion (including parking places). In terms of regional distribution, the contracted sales of Beijing Urban Center, Changsha Urban Center and Hangzhou Urban Center reached RMB3.41 billion, RMB1.50 billion and RMB1.10 billion, respectively.

Strengthening Capital Management and Control to Guarantee Stable Cash Flow.

The Company focused on the collection of sales proceeds and delivery nodes of each period, by dynamically tracking project benefits, and sorting out project funds and debt risks in single basis to ensure stable and controllable cash flows. The Company realized sales proceeds of RMB7.31 billion in the first half of the year.

Enhancing Project Management to Ensure Smooth Project Delivery.

In the first half of the year, the Company followed through on implementing the work of “ensuring the delivery of properties to stabilize people’s livelihood”. None of the projects were suspended due to the pandemic or capital reasons. On this basis, the Company carefully carried out pre-delivery inspection and risk inspection to ensure the quality and quantity of the projects and delivery on schedule. In the first half of the year, a total of 7 projects of the Company completed the delivery of more than 3,800 units.

Table 1: Real Estate Projects during the Reporting Period

Unit: square meter

| No. | Project name | Location | Operating state | Project status | Project interests | Total investment (RMB/100 million) | Actual investment amount during the Reporting Period (RMB/100 million) | Project area | Total floor area | Planned pilot ratio-based gross floor area | Equity area held for development | Land area held for development | New construction area during the Reporting Period | Accumulated development area | Floor area under construction during the Reporting Period | Completed area during the Reporting Period | Accumulated completed area | Saleable area during the Reporting Period | Contracted area during the Reporting Period | Booked area during the Reporting Period | Booked revenue during the Reporting Period | Area to be booked during the Reporting Period |
|-----|-------------------------------------|--------------------|--|--------------------|-------------------|---------------------------------------|---|--------------|------------------|--|----------------------------------|--------------------------------|---|------------------------------|---|--|----------------------------|---|---|---|--|---|
| 1 | Beijing North Star Xianglu | Haidian, Beijing | Residence | Completed | 100% | 28.59 | - | 142,400 | 312,100 | 230,000 | - | - | - | 312,100 | - | - | 312,100 | 304 | 304 | 1,222 | 4,658 | 727 |
| 2 | Beijing North Star Red Oak Villa | Changping, Beijing | Villa | Under Construction | 100% | 34.00 | 1.41 | 287,500 | 213,700 | 150,000 | - | - | - | 213,700 | 40,200 | - | 173,500 | 28,067 | 248 | 1,281 | 6,772 | 1,434 |
| 3 | Beijing Modern Baichen Yue MOMA | Shunyi, Beijing | Owner occupied commodity housing and housing of two limits | Under Construction | 50% | 23.47 | - | 52,800 | 132,500 | 109,300 | 54,700 | - | - | 132,500 | 1,400 | - | 131,100 | 3,153 | - | - | 105 | - |
| 4 | Beijing North Star Villa 1900 | Shunyi, Beijing | Residence | Completed | 100% | 24.45 | - | 101,200 | 213,300 | 140,000 | - | - | - | 213,300 | - | - | 213,300 | 18,881 | 1,851 | 5,282 | 17,890 | 1,019 |
| 5 | Beijing Co. Ltd. | Haidian, Beijing | Villa | Completed | 100% | - | - | - | 6,100 | - | - | - | - | 6,100 | - | - | 6,100 | 3,239 | 3,239 | 3,239 | 11,475 | - |
| 6 | Beijing Jinchun Mansion | Changping, Beijing | Residence | Under Construction | 51% | 53.17 | - | 86,600 | 280,100 | 170,400 | 86,900 | - | - | 280,100 | - | - | 280,100 | 104,854 | 17,903 | 10,148 | 49,721 | 10,080 |
| 7 | Beijing Longfor North Star Lujing | Menqougou, Beijing | Residence | New commencement | 50% | 24.78 | 0.44 | 26,000 | 104,100 | 66,200 | 33,100 | - | 104,100 | 104,100 | 104,100 | - | - | 55,233 | 49,486 | - | - | 49,486 |
| 8 | Changsha North Star Delta | Changsha, Hunan | Residence, commercial and office building, etc. | Under Construction | 100% | 407.08 | 8.34 | 780,000 | 5,200,000 | 3,820,000 | - | 416,700 | - | 4,783,300 | 334,300 | - | 4,449,000 | 155,433 | 75,207 | 6,037 | 10,209 | 254,323 |
| 9 | Changsha North Star Central Park | Changsha, Hunan | Residence | Under Construction | 51% | 24.48 | 1.16 | 336,300 | 927,100 | 720,000 | 367,200 | - | - | 927,100 | 212,800 | 73,900 | 839,100 | 33,428 | 11,148 | 54,212 | 47,242 | 70,393 |
| 10 | Changsha North Star Shigangli | Changsha, Hunan | Residence and commercial | Under Construction | 100% | 12.28 | 0.76 | 27,700 | 145,400 | 107,900 | - | - | - | 145,400 | 145,400 | 111,100 | 111,100 | 40,185 | 7,179 | 67,372 | 60,740 | 4,869 |
| 11 | Wuhan North Star Contemporary Best+ | Wuhan, Hubei | Residence and commercial | Completed | 45% | 21.00 | 0.04 | 104,700 | 313,300 | 241,100 | 108,500 | - | - | 313,300 | - | - | 313,300 | 1,989 | 1,327 | - | - | - |
| 12 | Wuhan North Star Guangqi | Wuhan, Hubei | Commercial Service | Under Construction | 51% | 25.81 | 0.87 | 84,200 | 492,000 | 337,000 | 171,900 | 134,800 | - | 357,200 | 75,100 | - | 282,100 | 45,675 | 1,174 | 4,030 | 5,801 | 3,500 |

| No. | Project name | Location | Operating state | Project status | Project interests | Total investment (RMB'00 million) | Actual investment amount during the Reporting Period (RMB'00 million) | Project area | Total floor area | Planned plot ratio-based gross floor area | Equity area held for development | Land area held for development | New construction area during the Reporting Period | Accumulated development area | Floor area under construction during the Reporting Period | Completed area during the Reporting Period | Accumulated completed area | Saleable area during the Reporting Period | Contracted area during the Reporting Period | Booked area during the Reporting Period | Booked revenue during the Reporting Period | Area to be booked during the Reporting Period |
|-----|---|--------------------|--------------------------|--------------------|-------------------|--------------------------------------|--|--------------|------------------|---|----------------------------------|--------------------------------|---|------------------------------|---|--|----------------------------|---|---|---|--|---|
| 13 | Wuhan Blue City | Wuhan, Hubei | Residence and commercial | Under Construction | 100% | 102.68 | 2.35 | 358,000 | 980,100 | 716,000 | - | 217,700 | - | 762,400 | 17,000 | - | 745,400 | 50,268 | 3,855 | 6,641 | 6,780 | 3,205 |
| 14 | Wuhan Gemdale • North Star • China Chic | Wuhan, Hubei | Residence | Under Construction | 51% | 13.51 | 0.36 | 41,800 | 178,900 | 127,000 | 64,900 | - | - | 178,900 | - | - | 178,900 | 1,395 | 353 | 1,043 | 2,279 | 2 |
| 15 | Wuhan North Star Peacock City | Wuhan, Hubei | Residence | Completed | 60% | 9.88 | 0.06 | 75,200 | 220,400 | 172,800 | 103,700 | - | - | 220,400 | - | - | 220,400 | 35,906 | 75 | 7,421 | 4,181 | 750 |
| 16 | Hangtian Mansion | Wuhan, Hubei | Residence and commercial | Under Construction | 80% | 12.42 | 1.11 | 50,500 | 177,200 | 126,200 | 101,000 | - | - | 177,200 | 177,200 | 177,200 | 177,200 | 51,556 | 9,712 | 19,817 | 14,426 | 17,775 |
| 17 | Wuhan North Star Jingsaiyuan+ (Lot 067) | Wuhan, Hubei | Residence and commercial | Under Construction | 80% | 16.38 | 0.64 | 63,200 | 227,700 | 158,100 | 126,500 | - | - | 227,700 | 227,700 | - | - | - | - | - | - | - |
| 18 | Wuhan North Star Jinyiyang Time | Wuhan, Hubei | Residence and commercial | Under Construction | 49% | 18.72 | 0.53 | 50,500 | 212,100 | 151,400 | 74,200 | - | - | 212,100 | 166,600 | 36,700 | 83,300 | 35,702 | 5,197 | - | - | - |
| 19 | Hangzhou North Star Shuishan Project | Hangzhou, Zhejiang | Residence and commercial | Completed | 80% | 23.13 | 0.12 | 83,900 | 317,500 | 235,000 | 188,000 | - | - | 317,500 | - | - | 317,500 | 7,324 | 87 | 474 | 2,067 | 88 |
| 20 | Hangzhou Honor Mansion Grand Lot | Hangzhou, Zhejiang | Residence and commercial | Completed | 35% | 14.85 | - | 41,900 | 108,400 | 75,000 | 26,300 | - | - | 108,400 | - | - | 108,400 | - | - | - | - | - |
| 21 | Hangzhou Honor Mansion Small Lot | Hangzhou, Zhejiang | Residence and commercial | Completed | 35% | 4.90 | - | 13,400 | 32,600 | 23,000 | 8,100 | - | - | 32,600 | - | - | 32,600 | - | - | - | - | - |
| 22 | Hangzhou North Star Gosongfu | Hangzhou, Zhejiang | Residence | Completed | 100% | 16.60 | 0.21 | 21,900 | 69,900 | 48,200 | - | - | - | 69,900 | - | - | 69,900 | - | - | - | 441 | - |
| 23 | Hangzhou Tintu Art Villa of City | Hangzhou, Zhejiang | Residence and commercial | Completed | 25% | 5.50 | - | 57,400 | 209,700 | 144,000 | 36,000 | - | - | 209,700 | - | - | 209,700 | - | - | - | - | - |
| 24 | Hangzhou North Star Lingchao Mansion | Hangzhou, Zhejiang | Residence | Under Construction | 100% | 12.43 | 1.01 | 12,200 | 44,400 | 25,700 | - | - | - | 44,400 | 44,400 | - | - | 22,487 | 21,368 | - | - | 21,368 |
| 25 | Hangzhou North Star Chenshun Lancheng | Hangzhou, Zhejiang | Residence | Under Construction | 100% | 37.34 | 2.49 | 69,000 | 276,900 | 179,500 | - | - | - | 276,900 | 276,900 | - | - | 38,229 | 657 | - | - | 657 |

| No. | Project name | Location | Operating state | Project status | Project interests | Total investment (RMB'00 million) | Actual investment amount during the Reporting Period (RMB'00 million) | Project area | Total floor area | Planned plot ratio-based gross floor area | Equity area held for development | New construction area during the Reporting Period | Accumulated development area | Floor area under construction during the Reporting Period | Completed area during the Reporting Period | Accumulated completed area | Saleable area during the Reporting Period | Contracted area during the Reporting Period | Booked area during the Reporting Period | Booked revenue during the Reporting Period | Area to be booked during the Reporting Period |
|-----|--|------------------|--------------------------|--------------------|-------------------|--------------------------------------|--|--------------|------------------|---|----------------------------------|---|------------------------------|---|--|----------------------------|---|---|---|--|---|
| 26 | Ningbo Beichuan | Ningbo, Zhejiang | Residence | Completed | 100% | 44.63 | 0.42 | 47,300 | 189,700 | 137,400 | - | - | 189,700 | - | - | 189,700 | 8,665 | - | 667 | 2,998 | 136 |
| 27 | Ningbo Mansion • Jintian | Ningbo, Zhejiang | Residence and commercial | Completed | 51% | 32.40 | 0.62 | 133,000 | 404,800 | 292,500 | 149,200 | - | 404,800 | - | - | 404,800 | 930 | 785 | 785 | 2,074 | - |
| 28 | Ningbo Xianglu Bay | Yuyao, Zhejiang | Residence | Under Construction | 100% | 22.45 | 1.69 | 68,700 | 166,500 | 116,800 | - | - | 166,500 | 166,500 | - | - | 60,507 | 10,345 | - | - | 62,402 |
| 29 | Nanjing North Star CIFI Park Mansion • Jin Ling | Nanjing, Jiangsu | Residence | Completed | 51% | 14.73 | 0.02 | 25,300 | 105,000 | 70,700 | 36,100 | - | 105,000 | - | - | 105,000 | - | - | - | 250 | - |
| 30 | Suzhou North Star CIFI No. 1 Courtyard | Suzhou, Jiangsu | Residence and commercial | Completed | 50% | 17.28 | 0.02 | 178,700 | 273,900 | 180,500 | 90,300 | - | 273,900 | - | - | 273,900 | 914 | 912 | 912 | 1,304 | - |
| 31 | Suzhou Guanlan Mansion | Suzhou, Jiangsu | Residence and commercial | Under Construction | 100% | 65.70 | 2.14 | 170,000 | 392,900 | 268,800 | - | - | 392,900 | 168,500 | - | 224,500 | 85,929 | 13,348 | 17,380 | 25,106 | 6,693 |
| 32 | Wuxi Tianyi Juzhu | Wuxi, Jiangsu | Residence | Completed | 49% | 28.60 | 0.11 | 88,000 | 255,400 | 196,000 | 96,000 | - | 255,400 | - | - | 255,400 | - | - | - | - | - |
| 33 | Wuxi Times City | Wuxi, Jiangsu | Residence | Under Construction | 40% | 46.79 | 0.25 | 137,900 | 535,400 | 413,800 | 165,500 | - | 535,400 | - | - | 535,400 | - | - | - | - | - |
| 34 | Chengde North Star • Landsea Southern Gate Green Shire | Chengde, Sichuan | Residence and commercial | Completed | 40% | 9.90 | 0.06 | 63,600 | 237,000 | 158,600 | 63,400 | - | 237,000 | - | - | 237,000 | 2,989 | 792 | 792 | 1,033 | 735 |
| 35 | Chengde North Star • Xianglu | Chengde, Sichuan | Residence and commercial | Completed | 100% | 16.22 | 0.04 | 40,400 | 148,300 | 96,900 | - | - | 148,300 | - | - | 148,300 | 883 | 52 | 496 | 1,403 | 362 |
| 36 | Chengde North Star • South Lake Xianglu | Chengde, Sichuan | Residence | Completed | 100% | 27.32 | 0.39 | 88,000 | 297,100 | 210,000 | - | - | 297,100 | - | - | 297,100 | 10,830 | 461 | 974 | 1,536 | 2,230 |
| 37 | Chengde North Star • Royal Palace | Chengde, Sichuan | Residence and commercial | Completed | 100% | 19.02 | 0.38 | 26,600 | 120,000 | 79,800 | - | - | 120,000 | - | - | 120,000 | 20,904 | 4,133 | 9162 | 17,326 | 2,336 |
| 38 | Chengde North Star • Lunning Mansion | Chengde, Sichuan | Residence and commercial | Under Construction | 80% | 23.10 | 1.00 | 80,100 | 227,100 | 160,300 | 128,200 | - | 227,100 | 227,100 | 227,100 | 227,100 | 7,797 | 268 | 95,762 | 140,134 | 854 |
| 39 | Sichuan North Star • Gousongtu | Meishan, Sichuan | Residence and commercial | Completed | 100% | 16.24 | 0.60 | 59,900 | 197,400 | 149,800 | - | - | 197,400 | - | - | 197,400 | 66,740 | 6,924 | 13,878 | 11,322 | 3,900 |
| 40 | Sichuan North Star • Longtai | Meishan, Sichuan | Residence and commercial | Under Construction | 100% | 10.94 | 1.22 | 69,900 | 126,600 | 84,000 | - | - | 126,600 | 126,600 | - | - | 13,334 | 1,081 | - | - | - |

| No. | Project name | Location | Operating state | Project status | Project interests | Total investment (RMB/100 million) | Actual investment amount during the Reporting Period (RMB/100 million) | Project area | Total floor area | Planned plot ratio-based gross floor area | Equity area held for development | Land area held for development | New construction area during the Reporting Period | Accumulated development area | Floor area under construction during the Reporting Period | Completed area during the Reporting Period | Accumulated completed area | Saleable area during the Reporting Period | Contracted area during the Reporting Period | Booked area during the Reporting Period | Booked revenue during the Reporting Period | Area to be booked during the Reporting Period | |
|-----|---|----------------------|--------------------------|--------------------|-------------------|---------------------------------------|---|--------------|------------------|---|----------------------------------|--------------------------------|---|------------------------------|---|--|----------------------------|---|---|---|--|---|---|
| 41 | Langfang North Star Xianglu | Langfang, Hebei | Residence and commercial | Under Construction | 100% | 31.28 | 1.37 | 140,700 | 357,700 | 296,800 | - | - | - | 357,700 | 223,300 | - | 134,400 | 76,443 | 14,085 | 3,155 | 5,329 | 44,189 | |
| 42 | Langfang North Star Blue City (Lot 2018-4) | Langfang, Hebei | Residence | Under Construction | 100% | 30.76 | 0.28 | 82,500 | 241,600 | 164,800 | - | 147,900 | - | 93,700 | 93,700 | - | - | - | - | - | - | - | - |
| 43 | Langfang Xingchenli (Lot 2019-3) | Langfang, Hebei | Commercial | In the pipeline | 100% | 5.75 | 0.26 | 21,100 | 72,800 | 52,800 | - | 72,800 | - | - | - | - | - | - | - | - | - | - | - |
| 44 | Langfang North Star Chennu (Lot 2020-5) | Langfang, Hebei | Residence | In the pipeline | 100% | 13.45 | 0.37 | 46,200 | 138,300 | 92,000 | - | 138,300 | - | - | - | - | - | - | - | - | - | - | - |
| 45 | Hebei North Star CIFI Park Mansion • Luzhou | Hebei, Anhui | Residence and commercial | Completed | 50% | 21.07 | 0.19 | 141,700 | 356,200 | 239,000 | 119,500 | - | - | 356,200 | - | - | 356,200 | 1,211 | 295 | 1,437 | 2,117 | 1,024 | |
| 46 | Chongqing North Star Xianglu | Yubei, Chongqing | Residence and commercial | Under Construction | 100% | 116.11 | 6.16 | 429,100 | 1,274,000 | 918,000 | - | 120,400 | 251,600 | 1,153,600 | 691,800 | 57,800 | 519,500 | 125,332 | 21,040 | 41,215 | 67,331 | 173,916 | |
| 47 | Chongqing North Star Xianglu | Yubei, Chongqing | Residence | Under Construction | 100% | 24.08 | 2.00 | 68,200 | 150,400 | 102,200 | - | - | - | 150,400 | 150,400 | - | - | 60,137 | 12,713 | - | - | 45,004 | |
| 48 | North Star Mansion in Haikou | Haikou, Hainan | Residence and commercial | Under Construction | 70% | 36.31 | 2.21 | 106,800 | 281,100 | 206,000 | 144,200 | - | - | 281,100 | 129,700 | 5,600 | 166,000 | 73,589 | 20,120 | 33,983 | 63,571 | 68,043 | |
| 49 | Haikou Changyu Shijia | Haikou, Hainan | Residence | Under Construction | 100% | 12.35 | 1.11 | 30,500 | 134,700 | 106,800 | - | - | - | 134,700 | 134,700 | - | - | - | - | - | - | - | - |
| 50 | Guangzhou Laning Xianglu (Lot 116) | Guangzhou, Guangdong | Residence and commercial | Under Construction | 51% | 11.19 | 0.44 | 25,900 | 113,700 | 77,800 | 39,700 | - | - | 113,700 | 113,700 | - | - | - | - | - | - | - | - |
| 51 | Guangzhou Laning Xianglu (Lot 114) | Guangzhou, Guangdong | Residence and commercial | Under Construction | 49% | 9.66 | 0.26 | 25,100 | 110,600 | 76,600 | 37,500 | - | - | 110,600 | 110,600 | - | - | 14,145 | 4,337 | - | - | - | - |
| | Total | - | - | - | - | 1,628.50 | 45.51 | 5,363,500 | 18,303,700 | 13,222,500 | 2,620,600 | 1,248,500 | 355,800 | 17,055,100 | 4,150,600 | 689,500 | 13,645,800 | 1,364,585 | 322,237 | 408,815 | 587,622 | 851,321 | |

Notes:

1. Total investment represents the estimated total investment amounts for each project.
2. Planned plot ratio-based gross floor area and equity area represent the data calculated with reference to the conditions of assignment at the time of project auction.
3. Equity area (i.e. area of cooperative development projects) represents the plot ratio-based gross floor area attributable to the percentage of interest in the Company.
4. Land area held for development represents the gross construction area of undeveloped portion of project land.
5. During the Reporting Period, total land reserve of the Company was 5,390,200 square meters and equity land reserve was 4,811,800 square meters, with no newly added real estate reserve; new construction area was 355,800 square meters, representing a year-on-year decrease of 12.86%; area for new and resumed construction was 4,150,600 square meters, representing a year-on-year decrease of 24.80%; the completed area was 689,500 square meters, representing a year-on-year increase of 10.21%; sales area was 322,237 square meters, representing a year-on-year decrease of 46.00%; sales amount was RMB7,876,000,000, representing a year-on-year decrease of 28.79%; settlement area was 408,815 square meters, representing a year-on-year decrease of 44.35%; the settlement amount was RMB5,880,000,000, representing a year-on-year decrease of 37.41%; the area to be booked as at the end of the Reporting Period was 855,154 square meters, representing a year-on-year decrease of 29.36%.

2. Convention and Exhibition (Including Hotels) and Commercial Properties

Facing the adverse situation of recurrence of pandemic domestically and abroad and the general impact on the tertiary industry, the Company, based on the strategic positioning of the capital city, accelerated the integration of resources and digital empowerment, and promoted the coordinated development of asset-heavy investment business and asset-light service business with brand output as the link.

In the first half of 2022, the convention and exhibition (including hotels) and commercial properties segments achieved operating income of RMB888,806,000, representing a year-on-year increase of 2.50%, and loss before tax of RMB51,107,000, representing a year-on-year decrease of RMB108,595,000. The losses on the changes in fair value of investment properties for the Period was RMB136,108,000.

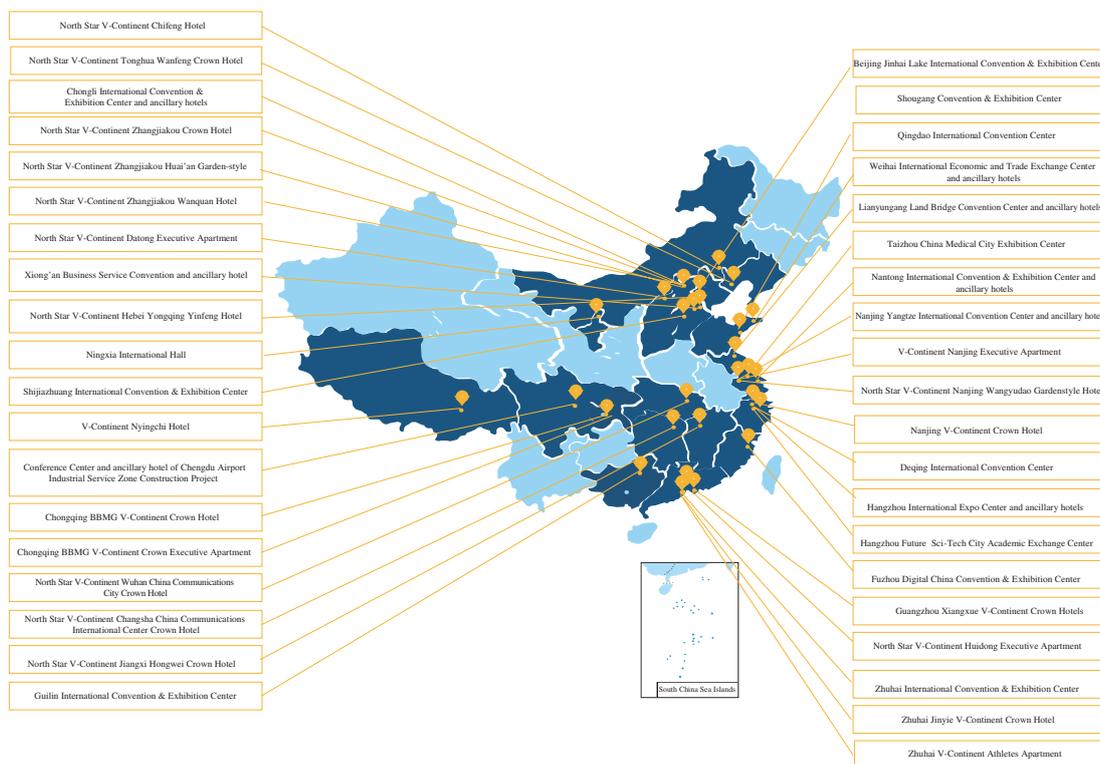
1) Convention and Exhibition (Including Hotels)

As a people-intensive industry, convention and exhibition was particularly affected by the pandemic. In particular, since April this year, convention and exhibition and hotels in Beijing have been completely shut down, and the performance of this segment has been under pressure in the short term. To this end, on the basis of strengthening pandemic prevention and control, the Company actively carried out post-event coordination such as postponement of the exhibition, and promoted income sources and cost reduction by accelerating upstream business innovation and controlling business costs and labor costs.

Accelerating the Expansion of Light-Asset Service Business

In respect of the operation of convention and exhibition venues and hotels, the Company focused on light-asset operation and leveraged on its own experience and brand advantages in guarantee services for the high-end state-level and political affairs, and continued to promote the operation and management output of convention and exhibition venues and hotel brands. During the Reporting Period, the Company overcame the impact of the pandemic by newly entering into 5 entrusted management projects of Shougang Convention & Exhibition Center, Guilin International Convention & Exhibition Center, Nanjing V-Continent Crown Hotel, V-Continent Nanjing Executive Apartment, Zhuhai V-Continent Athletes Apartment. The Company also entered into 4 new consultancy projects in provinces and cities such as Shandong, Guangzhou, Jiangsu and Anhui. Through years of business development, the Company's exhibition and hotel brand output projects have been widely penetrated into five major city clusters, including the Bohai Circle, the Yangtze River Delta, the Greater Bay Area, the middle reaches of the Yangtze River and Chengdu-Chongqing region. The number of entrusted management projects and management scale ranked first in China, and consolidating its leading position in the industry.

Figure 1: Convention and exhibition venue and hotel projects under entrusted management as of the end of the Reporting Period



In terms of undertaking the convention and exhibition business, the Company completed the development of the China Beijing International Audiovisual Conference, the World Technology Congress, the International Elderly Health Industry and the Life Cycle Health Expo project during the Reporting Period on the basis of undertaking large-scale exhibitions such as the CIFTIS and the Zhongguancun Forum (Science Expo). The Company also acquired Beijing International Exhibition Center Co., Ltd., the host company of the exhibition industry based on the light-asset operation model, to further improve the upstream industrial chain of the exhibition and extend the layout of light-asset.

Successfully Consummating Services for Winter Olympic Games and Winter Paralympic Games

InterContinental Beijing Beichen Hotel, Beijing North Star V-Continent Beijing Parkview Wuzhou Hotel, Beijing Continental Grand Hotel and the National Convention Center of the Company were selected as the venues for hotels for the Olympic family. As the headquarters of the International Olympic Committee and the International Paralympic Committee at the time of the event and the command center for event operation and coordination, they were responsible for receiving the main officials of the Olympic Committee. Meanwhile, the National Convention Center Hotel and the Asian Games Village Hotel were contracted as hotels to receive services for the media and technical officials of the Winter Olympics. The Company gave full play to its experience in providing professional services and the advantages of “Beijing Service” accumulated over the years, followed the requirements of organizing “Simple, Safe and Wonderful” competition, established a set of international event service guarantee system with close connection, smooth information, timely response and efficient operation, completed the service guarantee work of Beijing 2022 Winter Olympic Games and Winter Paralympic Games with high standards, and integrated the Company’s development into the overall plan of the Beijing construction, and helped it promote the city card of “Dual-Olympic City”.

In-Depth Exploration of Digital Transformation of Convention and Exhibition

In order to seize the new opportunities arising from the digital economy, the Company has conducted in-depth exploration and practice in the digital transformation of convention and exhibition. In terms of convention and exhibition operation, the Company has built a digital platform for the CIFTIS, and has completed the construction of functional modules such as the CIFTIS APP cloud conference, cloud live broadcast and cloud negotiation. The Company has developed an online certificate system, a booth sales system and a public CRM system to comprehensively improve customer experience. Meanwhile, during the period when the CIFTIS was closed, the Company continued to hold more than 50 regular activities, including overseas promotion conferences, by relying on digital platforms such as cloud meetings and live broadcasts, to truly create a long-lasting CIFTIS; in terms of exhibition research, the Company launched the exhibition knowledge management system, and classified and stored the exhibition and related industry information in a digital way, which was effectively applied to employee training and business development. In the future, the system will continue to be improved, and it will become a comprehensive cloud analysis service platform for exhibition and related industry development consulting, competition intelligence (CI) analysis, and enterprise management consulting.

2) *Commercial Properties*

Establishing a Commercial Management Company to Gather Development Synergy.

In order to improve the efficiency of commercial property management and continue to promote the coordinated development of the Company's main business, the Company invested in the establishment of a wholly-owned subsidiary, Beijing North Star Commercial Management Co., Ltd. (北京北辰商業管理有限公司), with an aim to drive the synergic development of office buildings, apartments, integrated commercial properties and other business types with convention and exhibition as a leading player, and achieve refined management of self-owned properties. In the future, Beijing North Star Commercial Management Co., Ltd. will build a professional commercial property service brand with light asset output capability by establishing a unified operation and management center model, empowering property operation and management with intelligent technology, and creating a new strategic support point for the Company.

Stable Operation of Commercial Properties and Other Business Types

In respect of the office building business, as affected by the pandemic and the fluctuations in the internet and online education industries, the office building market showed a trend of sluggish demand and declining trading activity in the first half of the year. While maintaining existing customers and ensuring the renewal rate, the Company enriched online and offline diversified customer expansion channels, by focusing on improving the conversion rate of house visiting customers. During the Reporting Period, the renewal rate was close to 90%, the sell-through rate reached 60%. In terms of apartment business, the Company gave full play to the advantages of residential nature of long-term residential apartments and introduced a number of high-quality corporate long-term customers, and revenue increased year-on-year, which not only stabilized the basic long-term residential property, but also played a demonstration and leading role in the Company's further expansion of the long-term customer market.

Table 2: Operating and Leasing of Real Estate during the Reporting Period

Unit: 0'000 Currency: RMB

| No. | Region | Project | Operation format | Construction area of the real estate leased (square meter) | Rental income of the real estate leased | Equity proportion (%) | Whether to adopt the fair value measurement model |
|-----|--|---|---------------------------|---|---|-----------------------|---|
| 1 | No. 7 Tian Chen Dong Road, Chao Yang District, Beijing | National Convention Center | Convention and exhibition | 270,800 | 9,443 | 100 | No |
| 2 | No. 8 Bei Chen Dong Road, Chao Yang District, Beijing | Beijing International Convention Center | Convention and exhibition | 58,000 | 2,601 | 100 | No |
| 3 | No. 8 Bei Chen Dong Road, Chao Yang District, Beijing | Hui Bin Offices | Office building | 37,800 | 3,276 | 100 | No |

| No. | Region | Project | Operation format | Construction area of the real estate leased (square meter) | Rental income of the real estate leased | Equity proportion (%) | Whether to adopt the fair value measurement model |
|-----|--|---|------------------|---|---|-----------------------|---|
| 4 | No. 8 Bei Chen Dong Road, Chao Yang District, Beijing | Hui Xin Offices | Office building | 40,900 | 3,037 | 100 | No |
| 5 | No. 8 Bei Chen Dong Road, Chao Yang District, Beijing | North Star Times Tower | Office building | 131,300 | 8,724 | 100 | No |
| 6 | No. 8 Bei Chen Xi Road, Chao Yang District, Beijing | North Star Century Center | Office building | 149,800 | 11,759 | 100 | No |
| 7 | No. 8 Bei Chen Dong Road, Chao Yang District, Beijing | Hui Zhen Building Property | Office building | 8,400 | 1,094 | 100 | No |
| 8 | No. 8 Bei Chen Dong Road, Chao Yang District, Beijing | Beijing Continental Grand Hotel | Hotel | 42,000 | 3,832 | 100 | No |
| 9 | No. 8 Bei Chen Xi Road, Chao Yang District, Beijing | National Convention Center Hotel | Hotel | 42,900 | 3,351 | 100 | No |
| 10 | No. 8 Bei Chen Dong Road, Chao Yang District, Beijing | V-Continent Beijing Parkview Wuzhou Hotel | Hotel | 60,200 | 4,022 | 100 | No |
| 11 | No. 8 Bei Chen Xi Road, Chao Yang District, Beijing | Intercontinental Beijing North Star Hotel | Hotel | 60,000 | 5,483 | 100 | No |
| 12 | No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province | Intercontinental Changsha | Hotel | 79,200 | 5,023 | 100 | No |
| 13 | No. 8 Bei Chen Dong Road, Chao Yang District, Beijing | North Star Hui Yuan Apartment | Apartment | 184,300 | 10,640 | 100 | No |

| No. | Region | Project | Operation format | Construction area of the real estate leased (square meter) | Rental income of the real estate leased | Equity proportion (%) | Whether to adopt the fair value measurement model |
|-----|--|---|---------------------------|---|---|-----------------------|---|
| 14 | A13 Beiyuan Road, Chao Yang District, Beijing | B5 Commercial Area of North Star Green Garden | Commercial | 49,700 | 1,863 | 100 | No |
| 15 | No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province | Changsha North Star Delta Joy City | Commercial | 100,000 | 5,489 | 100 | No |
| 16 | No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province | Changsha North Star International Convention Center | Convention and Exhibition | 39,100 | 1,069 | 100 | No |
| 17 | No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province | Changsha North Star International Hotel | Hotel | 62,500 | 1,845 | 100 | No |

- Notes:**
1. The B5 Commercial Area of North Star Green Garden has been leased to Beijing Shopin Retail Development Co., Ltd. (北京市上品商業發展有限責任公司) since August 2016.
 2. Construction area of the real estate leased represents the total construction area of the project.
 3. The rental income of real estate leased is the operating income of the projects.
 4. Construction area and operating revenue of North Star Times Tower have included the construction area and operating revenue of the Xinchenli Shopping Center commercial project.

3. Financing

The Company attached great importance to the safety and stability of cash flow. On the one hand, it accelerated the collection of project development proceeds. On the other hand, by virtue of its good credit level and risk management and control capabilities, it actively expanded financing channels in the capital market by reasonably controlling the scale of financing, thus achieving further reduction of comprehensive financing costs. The monetary funds amounted to RMB12.681 billion as at the end of the Reporting Period, with capital risks remaining controllable.

Table 3: Financing of the Company during the Reporting Period

Unit: 0'000 Currency: RMB

| Total financing amount at the end of the period | Overall average financing cost (%) | Interest capitalised |
|--|---|-----------------------------|
| 2,861,577 | 5.26 | 48,484 |

IV. INDUSTRY LANDSCAPE AND TREND

In the second half of 2022, China will continue to endeavor in the economic work in the second half of the year, adhering to the general tone of seeking progress while maintaining stability, fully, accurately and comprehensively implementing the new development concept, accelerating the construction of a new development pattern, focusing on promoting high-quality development, fully implementing the requirements of pandemic prevention, economic stability and safety development, consolidating the positive trend of economic recovery, focusing on stabilizing employment and prices, so as to maintain economic operation within a reasonable range, and strive to achieve the best results.

For the real estate development business, China will continue to adhere to the principle of stabilizing the real estate market, adhering to the general keynotes of “housing for living instead of speculation”, making full use of the policy toolbox according to the city-specific policies, support the rigid housing needs and home purchases aiming at a better living environment, consolidate the responsibilities of local governments, ensure the delivery of properties, stabilize people’s livelihood, optimize the supervision of pre-sale proceeds of commercial properties, and promote the stable and healthy development of the real estate market.

For convention and exhibition (including hotels) and commercial properties, under the guidance of the Notice of the General Office of the Ministry of Commerce on Innovating Exhibition Service Models and Cultivating New Driving Forces for the Development of the Exhibition Industry (《商務部辦公廳關於創新展會服務模式培育展覽業發展新動能有關工作的通知》), while coordinating the prevention and control of the COVID-19 pandemic, China will continue to accelerate the transformation, upgrading and innovative development of the exhibition industry, actively build a new platform for online exhibitions, promote the integrated development of online and offline exhibitions, and cultivate leading enterprises and brand exhibitions online. The Company paid attention to the efficient coordination of the upstream, midstream and downstream of the industry, promoted the coordinated development of multiple fields, and improved the spillover effect of the value-added of the exhibition industry chain. The Company fully released the new momentum of the exhibition economy by means of “Exhibition +” industrial cluster, “Exhibition +” business circle, “Exhibition +” advantageous industry and other modes. Based on this, the commercial property sectors such as exhibition, hotel and office buildings and other business types in China will have more room and opportunities for development.

V. DEVELOPMENT STRATEGY OF THE COMPANY

The Company will closely follow the theme of high-quality development through focusing on serving the overall national plans and the strategic positioning in the capital city, thus to build a new pattern of mutual support, complementary advantages and coordinated development of the real estate, convention and exhibition and commercial property sectors by accelerating the operation of the entire industrial chain of convention and exhibition and forging real estate with features.

1. Real Estate Development

Against the backdrop of strengthened regulation and intensified competition in the industry, the Company will continue to strengthen its foundation, improve the quality and efficiency of operation through refined management, enhance its core competitiveness in investment, products and operation, and promote the sustainable and healthy development of the real estate sector.

In terms of development strategy, the Company will strengthen the awareness of risk prevention, scientifically study and judge land information, increase complementary cooperation, focus on key city clusters with more resilient demand in Beijing-Tianjin-Hebei, Yangtze River Delta, Greater Bay Area, Chengdu-Chongqing region and Central China, seize urban structural opportunities, and strive to achieve precise layout. In terms of development model innovation, the Company will further give priority to product quality, combine product standardization with brand IP

development, meet customer needs with more diversified and clear product lines, and continuously improve the market competitiveness of products. In terms of project operation, the Company will make every effort to promote the construction of the “Big Operation” system, continuously align with benchmark enterprises in terms of decision-making mechanism, incentive mechanism and operational efficiency. The Company will also strengthen the whole process control such as sales management, cost control and budget management, and further improve project revenue.

In the second half of 2022, it is expected that the new construction area of the Company will be 310,000 square meters, the equity area for new construction projects will be 310,000 square meters, the area for new and resumed construction will be 4,050,000 square meters and the completed area will be 1,290,000 square meters. The Company will strive to achieve sales area of 550,000 square meters with contracts signed (including parking spaces) amounting to RMB9.1 billion.

2. Convention and Exhibition (Including Hotels) and Commercial Properties

The Company will further focus on serving the overall national plans and the strategic positioning of the capital city, by integrating high-quality resources to consolidate and strengthen the convention and exhibition business of the Company, and drive the synergic development of hotels, office buildings, apartments, integrated commercial and other business types, with convention and exhibition as the leading player.

In respect of the convention and exhibition business segment, in the second half of the year, the Company will, on the basis of regular prevention and control of the pandemic, make every effort to undertake the operation of the CIFTIS, increase the efforts in attracting business and recruiting exhibitions, and improve the level of market-oriented operation of the CIFTIS. Relying on the concept of industrial digitalization and data value, the Company will guide the market expansion and product R&D and innovation of the exhibition business, strengthen the operation of smart exhibition projects and the construction of smart venues, and comprehensively improved the digital service level of the exhibition segment. Meanwhile, the Company will give full play to the spillover effect of the CIFTIS to efficiently integrate the convention and exhibition resources, improve the Company’s convention and exhibition industry chain, expand the upstream business by cultivating and introducing exhibition projects, focus on the midstream business of convention and exhibition with the output of venues, and improve the downstream business such as convention and exhibition planning and design based on project needs, so as to continuously expand the brand influence of convention and exhibition business.

In the commercial property sector, the Company will fully utilize the platform advantages of Beijing North Star Commercial Management Co., Ltd., optimize and integrate internal systems and resources, explore the construction of intelligent buildings, improve the comprehensive service supporting capabilities in office buildings, further realize intelligent operation, and improve rental income and brand influence; in terms of apartments, we will build smart service apartments, strengthen market penetration and form a strong growth point; in terms of integrated commercial business, the Group will further integrate the scattered commercial assets and accelerate the establishment of a diversified, multi-dimensional and standardized management model. In the future, Beijing North Star Commercial Management Co., Ltd. will actively expand the external market on the basis of operating and managing the self-owned projects of the Company, and gradually form an asset-light operation model and a sustainable development system for commercial property operation services and brand output.

3. Financing and Capital Expenditure

The Company will pay close attention to market and industry changes by grasping policy cycle, making full use of the advantages of the “headquarters financing” model, actively expanding diversified financing channels for real estate, further optimizing the structure of debt and equity financing, and promoting the positive cycle of the Company’s funds. We will also attach great importance to risk management and control in business development and make both ends meet, balanced the relationship between the expansion and development of main business and the adjustment of financing scale, and maintained financial stability.

In the second half of 2022, the Company’s estimated fixed asset investment is RMB400,000,000, and the payment will be made according to the construction progress. The source of funds will be funded by internal funds.

VI. POTENTIAL RISKS FACED

1. Risks in relation to the Novel Coronavirus Pneumonia Pandemic

The recurrence and uncertainty of the pandemic may lead to the suspension of production and work of real estate project companies, delay in project construction, which may lead to a prolonged cycle of project sales and cash collection of the Company. The operation of convention and exhibition and commercial properties will also be affected to a certain extent in the short term.

In response to the above risks, the Company will carry out pandemic prevention and control work in a scientific, standardized, timely and orderly manner, take effective measures to control the spread and spread of the pandemic, ensure the normal work and daily life of the Company, and minimize or resolve the adverse impact of the pandemic on the operations of the Company.

2. Policy Risk

The development of the real estate industry is closely related to the direction of national policies. Despite the relaxation of industry policies in the first half of the year, China has continued to implement “City-specific Policies” and the “One City, One Policy”. In the second half of the year, the regulatory policies and credit environment will not be ruled out for further adjustment and optimization, which may bring certain risks to real estate enterprises in terms of land acquisition, project development and construction, sales and financing.

In response to the aforesaid risks, the Company will pay close attention to relevant national policies, macroeconomic environment, market changes, among others. Meanwhile, the Company will continue to optimize its direction of business development according to the policy orientation based on the actual situation, enhance the sustainable development potential of the real estate development business, and improve its comprehensive competitiveness.

3. Market Risk

In recent years, the competition in the land market has intensified, land costs have increased, and the competition in the real estate market has become increasingly fierce. High land price projects have a significant impact on the profit margins of enterprises, which may lead to a slowdown in the growth of corporate profits and a significant decline in profit margins.

In response to the aforesaid risks, the Company will closely follow the development trend of the market, strengthen the evaluation of new projects, select projects in cities and regions featuring mature market, the good investment environment with the net population inflow and relatively reasonable housing price-to-income ratio, and, in the meaning time, make endeavors in the development and sales of existing projects, sort out and refine the management and control links, shorten the development cycle and accelerate the turnover rate, improve the cash recovery rate, and prevent market risks.

4. Short-term Risks of Talent Reserve

As the Company has continuously strengthened the national layout of real estate development and exhibition business in recent years, the domestic real estate projects and entrusted management projects of convention and exhibition and hotel have increased rapidly. The Company's demand for various talents, especially professional talents and senior management talents, has increased significantly, and may be exposed to the risk of talent shortage in the near future.

In response to the aforesaid risks, the Company has established a talent work leading group to improve the talent team construction mechanism, strengthen the combination of internal selection and training and market-oriented talent introduction, broaden the vision of talent selection and appointment and talent introduction channels, select professional managers in a market-oriented manner, increase the discovery, training and reserve of outstanding young cadres, increase the introduction and training of fresh graduates, implement the "Excellent Training Programme", strengthen the construction of basic talent teams, and optimize the echelon allocation of leaders. The Company has held training courses for middle-level leaders and young reserve personnel to improve their operation and management capabilities. North Star Research Institute has cooperated with North Star Party School to formulate training programmes for high-level, middle-level and outstanding young talents, and promote the construction of high-quality professional cadres. Through the three-tier talent training system featuring "Strong Eagle, Flying Eagle, Elite Eagle (雄鷹、飛鷹、精鷹)" of the Convention Group and "Navigating, Voyaging, Sailing (領航、遠航、啟航)" of the Real Estate Group; and to strengthen the construction of basic talents by increasing the introduction and cultivation of various fresh graduates.

DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE

Financial Resources and Liquidity

As at 30 June 2022, the equity attributable to ordinary shareholders of the Company decreased by 3.06% compared with 31 December 2021.

The Group's bank and other borrowings (excluding bonds) as at 30 June 2022 amounted to RMB20,543,386,000. At the end of the Period, net values of the Group's 5-year corporate bonds, 5-year medium term notes and 2-year medium term notes were RMB3,444,679,000, RMB3,616,004,000 and RMB259,765,000, respectively; and the asset-backed securities were RMB751,937,000.

Current assets of the Group, which mainly comprise cash at bank and on hand, completed properties held for sale and properties under development, amounted to RMB60,614,618,000, whereas the current liabilities amounted to RMB35,156,259,000. As at 30 June 2022, the balance of cash at bank and on hand amounted to RMB10,985,546,000 (excluding restricted bank deposits) and none of the bonds in issue were exposed to redemption and payment risks. During the Period, the Company did not engage in any transaction on financial products or derivative instruments.

As at 30 June 2022, the Group had secured borrowings from banks and other financial institutions of RMB15,267,853,000 with certain investment properties, hotels, properties under development and completed properties held for sale as the collaterals. The asset-liability ratio calculated by total liabilities divided by total assets for the Group was 72% as at the end of the Reporting Period (31 December 2021: 71%).

The Group's operations take place within the territory of mainland China and all transactions are settled in Renminbi. Accordingly, there is no exposure to the risk of exchange rate fluctuations.

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. The above mentioned financial guarantees provided in phases have no material impact on the financial position of the Group. As at 30 June 2022, the outstanding amount of financial guarantees provided in phases was RMB13,623,048,000 (31 December 2021: RMB13,901,298,000).

SHARE CAPITAL AND SHAREHOLDERS

Share Capital

The Company's registered capital as at 30 June 2022 totalled 3,367,020,000 shares in issue, comprising:

| | | |
|---|----------------------|----------------------|
| Domestic-listed circulating A shares | 2,660,000,000 shares | Representing 79.002% |
| Foreign-listed H shares | 707,020,000 shares | Representing 20.998% |

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2022, the following person, other than a director, supervisor or chief executive of the Company, had 5% or more interests or short positions in the shares and underlying shares of the relevant class of issued share capital of the Company as recorded in the register of interests in the shares and short positions required to be kept under Section 336 of Part XV of the Securities and Futures Ordinance ("SFO"):

Interests and Short Positions in Shares of the Company

| Name of shareholder | Nature of interest | Capacity | Class of shares | Number of shares held | Percentage of the relevant class of share capital | Percentage of total share capital |
|---|--------------------|------------------|-----------------|-----------------------|---|-----------------------------------|
| Beijing North Star Industrial Group Limited Liabilities Company | Corporate interest | Beneficial owner | A shares | 1,161,000,031 | 43.65% | 34.48% |

Save as disclosed above, based on the register required to be kept under Section 336 of Part XV of the SFO, the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as at 30 June 2022.

INTERESTS OF DIRECTORS AND SUPERVISORS OF THE COMPANY

As at 30 June 2022, none of the directors, supervisors, chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the “**Model Code**”).

CORPORATE GOVERNANCE

The Company has strived to maintain and establish a high level of corporate governance, and the Company has fully complied with all code provisions set out in the “**Corporate Governance Code**” contained in Appendix 14 of the Listing Rules during the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code. Having made specific enquiries to all directors and supervisors of the Company, the Company confirms that its directors and supervisors have complied with the required standards as set out in the Model Code during the six months ended 30 June 2022.

AUDIT COMMITTEE

The Audit Committee has been established by the Company to review and supervise the financial reporting process and internal control measures of the Company. The Group’s unaudited interim results for the six months ended 30 June 2022 have been reviewed by the Audit Committee and the Board. The Audit Committee comprises three independent non-executive directors of the Company, namely, Dr. CHOW Wing-Kin, Anthony, Mr. GAN Pei-Zhong and Mr. CHEN De-Qiu.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company had not redeemed any of its listed securities during the Period. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company’s listed securities during the Period.

DESIGNATED DEPOSITS AND DUE FIXED DEPOSITS

As at 30 June 2022, the Group had no designated deposits that were placed with financial institutions in the PRC. All of the Group's cash deposits have been placed with commercial banks in the PRC in compliance with relevant laws and regulations. The Group has not experienced any incidents of not being able to withdraw bank deposits when due.

EMPLOYEES

As at 30 June 2022, the Company had 5,597 employees. Adjustments of employees' remuneration will be made according to the Company's results and profitability and are determined by assessing the correlation between the total salary paid to employees and the economic efficiency of the Company. The policy contributes to the management of the Company's remuneration expenses while employees will be motivated to work hard for good results and development of the Company. Save for the remuneration policies disclosed above, the Company does not maintain any share option scheme for its employees and the employees do not enjoy bonus. The Company regularly provides administrative personnel with trainings on various subjects, including operation management, foreign languages, computer skills, industry know-how and policies and laws, in different forms, such as seminars, site visits and study tours.

STAFF QUARTERS

During the Period, the Company did not provide any staff quarters to its staff.

PUBLICATION OF INTERIM REPORT

The Company's 2022 interim report which sets out all the information required by the Listing Rules will be published on the designated website of the Stock Exchange at <http://www.hkexnews.hk> and on the website of the Company at <http://www.beijingns.com.cn> in due course.

DOCUMENT FOR INSPECTION

The original copy of the 2022 interim report, signed by the Chairman, will be available for inspection at the head of the office of the Board, of which the address is:

Beijing North Star Company Limited
12th Floor, Tower A, Hui Xin Building
No. 8 Bei Chen Dong Road
Chao Yang District
Beijing, the PRC

By order of the Board
Beijing North Star Company Limited
LI Wei-Dong
Chairman

Beijing, the PRC
25 August 2022

As at the date of this announcement, the Board comprises eight directors, of which Mr. LI Wei-Dong, Ms. LI Yun, Mr. YANG Hua-Sen, Ms. ZHANG Wen-Lei and Mr. GUO Chuan are executive directors and Dr. CHOW Wing-Kin, Anthony, Mr. GAN Pei-Zhong and Mr. CHEN De-Qiu are independent non-executive directors.

Should there be any differences between the Chinese and English versions of this announcement, the Chinese version shall prevail.